

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PLANT-  
BASED INVESTMENT CORP. (the "**Applicant**")

**APPLICATION RECORD  
(Returnable May 1, 2023)**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE -  
COMMERCIAL LIST**

Proceeding commenced at **TORONTO**

**APPLICATION RECORD  
(Returnable May 1, 2023)**

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Tel: 403.298.2418

Lawyers for the Applicant

**TAB 1: Notice of Application, returnable May 1, 2023**



Court File No.: CV-23-

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
c.C-36 AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PLANT-BASED INVESTMENT CORP.

**NOTICE OF APPLICATION**

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on May 1, 2023 at 12:00 p.m. in front of a Judge of the Superior Court of Justice (Commercial List)

- In person  
 By telephone conference  
 By video conference

at the following location

Zoom link to be uploaded on Caselines.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO

OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID  
MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: May 1, 2023

Issued by \_\_\_\_\_  
Local registrar

Address of court office 330 University Avenue 7<sup>th</sup>  
Floor  
Toronto, Ontario  
M5G 1R7

TO: **TO THE SERVICE LIST ATTACHED AS SCHEDULE "A"**

## APPLICATION

1. The Applicant, Plant-Based Investment Corp. (“**PBIC**” or the “**Applicant**”) makes an Application for an Initial Order substantially in the form attached at Tab ● of the Application Record (the “**Initial Order**”), among other things:
  - (a) Abridging the time for service of the Notice of Application and dispensing with service on any person other than those served;
  - (b) Declaring that PBIC is a company to which the CCAA applies;
  - (c) Appointing msi Spergel inc. (“**Spergel**”) as Monitor of PBIC in these proceedings (the “**Proposed Monitor**” and, if appointed, the “**Monitor**”);
  - (d) Granting an initial stay of proceedings to May 11, 2023 (the “**Stay Period**”);
  - (e) Authorizing PBIC to carry on business in a manner consistent with the preservation of its Property (as defined in the proposed Initial Order) and the restructuring proposed and to make certain payments in connection with their business and the proceedings taken herein;
  - (f) Granting an initial administration charge in the amount of \$150,000 in favour of counsel for PBIC, and the Monitor and its counsel;
  - (g) Granting a charge in favour of the DIP Lender in the amount of \$200,000;
  - (h) Authorizing PBIC to continue utilizing its cash management system (the “**Cash Management System**”); and
  - (i) Authorizing PBIC to cease incurring further expenses in relation to the Securities Filings (as defined in the Initial Order) that may be required by the Securities



Provisions (as defined in the Initial Order) and declaring that none of the directors, officers, employees, and other representatives of PBIC, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by PBIC to make Securities Filings by the Securities Provisions during the Stay Period.

**THE GROUNDS FOR THE APPLICATION ARE:**

**A. Background and Purpose of CCAA Proceeding**

2. PBIC is a public corporation incorporated under the *Canada Business Corporations Act* (the “CBCA”) that is listed on the Canadian Securities Exchange (the “Exchange”) under the symbol “PBIC”. Its head office is located in Toronto, Ontario.
3. PBIC is an investment corporation that invests in public and private companies that derive a portion of their revenues, earnings or intellectual property-based value from products, equipment, services and/or technologies related to plant-based industries, including the cannabis plant family and its various compounds, the fungi industry (including medicinal, functional and psychedelics), super-foods and/or organic ingredients industries in addition to investing in specialty retail locations, functional medicine and wellness-based clinics and treatment centers (the “Plant-Based Industry”).
4. PBIC makes debt and equity investments in the Plant-Based Industry. It makes active and passive investments in public companies, and also invests in private companies.
5. PBIC has no funded debt. Its liabilities, which exceed \$5,000,000, are materially comprised of accounts payable and contingent litigation claims.

6. As a result of the secular downturn in the market for Plant-Based Investments, PBIC is facing a liquidity crisis. Its total asset value has declined \$25,000,000 over the past four years. PBIC is effectively out of cash and its remaining investments are rapidly losing value because PBIC cannot financially support them.
7. On or around March 6, 2023, the Ontario Securities Commission issued a “failure to file” cease trade order (“**CTO**”) against PBIC, for failure to make timely filing of audited annual financial statements for its 2022 fiscal year. PBIC cannot raise equity investment until the CTO is lifted.
8. In late March 2023, PBIC’s Chief Executive Officer, believed that he found a short-term solution to PBIC’s cash flow issues by way of a \$500,000 secured loan from an arms-length lender (the “**March Loan Agreement**”). The March Loan Agreement would have allowed PBIC to, among other things, finalize its 2022 audited financial statements. Following negotiation and funding of the March Loan Agreement, two then-members of PBIC’s board of directors (the “**Board**”), Mr. Conacher and Mr. Johnston, refused to attend a Board meeting to approve the March Loan Agreement. The March Loan Agreement funds were returned to the lender in full on April 24, 2023.
9. Mr. Conacher resigned from the Board, effective April 18, 2023.
10. On April 27, 2023, at 8:47 a.m. EST, PBIC issued a press release confirming, among other things, the resignation of Mr. Conacher as a Director of PBIC.
11. That same day, at 1:30 p.m. EST, a Board meeting was held to authorize PBIC’s filing for CCAA protection and approval of the DIP Loan (defined below). Mr. Johnston did

not attend the meeting, despite having called the meeting. Nevertheless, quorum existed, and the CCAA filing and DIP Loan was approved by the Board.

12. PBIC has no available financing or liquidity other than the DIP Loan (defined below), and is left with no choice but to file for protection from its creditors. PBIC is no longer able to meet its obligations as they come due, including paying rent, financing its investments, defending litigation, and paying its insurance.
13. There is significant value in certain of PBIC's long-term, illiquid investments that must be protected through these proceedings. However, PBIC must continue to make capital contributions towards these investments, in order to maintain their value.
14. To allow for the continued operations of PBIC, PBIC has negotiated a \$500,000 loan as debtor-in-possession financing for these proceedings (the "**DIP Loan**"), from the same lender that was willing provide the loan under the March Loan Agreement.
15. CCAA protection will provide PBIC with the breathing space necessary to search for a strategic investment partner for its valuable, but illiquid, Plant-Based Industry investments, and in parallel monetize its liquid assets for the benefit of all creditors.
16. If the proposed Initial Order is granted, PBIC will immediately begin to focus on the development of a sale and investment solicitation process ("**SISP**").
17. If the proposed Initial Order is not granted, it is likely that PBIC will make an assignment into bankruptcy and material value in its assets and long-term investments will be lost to the detriment of stakeholders.

**B. The Business**

18. PBIC was incorporated pursuant to the CBCA on October 19, 2017, under the name “Cannabis Growth Opportunity Corporation”. On January 15, 2021, Cannabis Growth Opportunity Corporation changed its name to Plant-Based Investment Corp..
19. As of April 27, 2023, PBIC has 27,502,894 common shares issued and outstanding. Using the share price at the date of the CTO (March 6, 2023), \$0.05 per share, PBIC’s market capitalization is approximately \$1,375,145.
20. PBIC directly or indirectly owns a 100% interest in the following corporations:
  - (a) PBIC USA Corp. [Nevada];
  - (b) PBIC Finance Corp. [Nevada];
  - (c) 483 Driggs Avenue Inc. (“**483 Driggs**”) [New York];
  - (d) 12750961 Canada Corp.;
  - (e) 1000175475 Ontario Inc.;
  - (f) 1000175476 Ontario Inc.
  - (g) the Manager; and
  - (h) 2163777 Ontario Inc.
21. All of these entities are wholly-owned, direct subsidiaries of PBIC, except PBIC Finance Corp., which is a wholly-owned direct subsidiary of PBIC USA Corp.
22. PBIC is a joint venture partner in 13095223 Canada Corp. (d/b/a “**Cali-Brands**”).

23. PBIC directly funds, as necessary, certain expenses of 483 Driggs and Cali-Brands. In particular, PBIC pays (i) rent, utilities, and insurance on behalf of 483 Driggs in respect of an investment lease; and (ii) rent, utilities, and insurance, as well as leasehold improvements, on behalf of Cali-Brands. PBIC funds these obligations because the leases have material underlying value, which value will be eroded or lost if the related obligations are not kept current
24. As at April 28, 2023, PBIC has no full time employees, one part-time employee, and three independent contractors.

**C. Cash Flow Forecast**

25. PBIC, with the assistance of the Proposed Monitor, has prepared a projected two-week cash flow forecast (the “**Cash Flow Forecast**”) for the week ending May 8, 2023, that is premised on, among other things, the assumption that the Applicant will be granted CCAA protection and the DIP Loan will be advanced.
26. The Cash Flow Forecast demonstrates that PBIC will have sufficient liquidity to operate through the proposed initial Stay Period.

**D. Proposed Monitor**

27. The Applicant proposes that Spergel be appointed Monitor in these CCAA proceedings. Spergel has consented to act as Monitor, subject to Court approval, and its written consent is at Exhibit ● of the Affidavit of Paul Crath.
28. Spergel has reviewed, and assisted in the preparation of, the Cash Flow Forecast, and has provided guidance and assistance in the commencement of these CCAA proceedings.

29. Spergel is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

**E. Administration Charge**

30. The Applicant seeks a super-priority charge over the Applicant's Property (as defined in the Initial Order) in favour of the Monitor, counsel to the Monitor, and counsel to the Applicant (the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order (the "**Administration Charge**").

31. The proposed Administration Charge being sought at the initial CCAA Application is for a maximum amount of \$150,000 in order to secure the payment of fees and expenses incurred in connection with moving for the within relief sought and for the initial ten (10) day protection period leading up to the first Comeback Hearing. The Administration Charge is proposed to rank as a first-priority charge on the Property.

**F. DIP Loan and DIP Lender's Charge**

32. On April 26, 2022, PBIC entered into a debtor-in-possession term sheet with the Lender (the "**DIP Term Sheet**") to provide the DIP Loan.

33. The material terms of the DIP Term Sheet are as follows:

(a) DIP Facility – Non-revolving facility in the maximum principal amount of \$500,000.

(b) Purpose – Fund: (i) working capital needs of the Borrower in accordance with the cash flow projections approved by the Monitor and the Lender from time to time (the "**Cash Flow Projections**"); (ii) the Lender's Fees and Expenses; (iii)

professional fees and expenses incurred by the Borrower and the Monitor in respect of the CCAA Proceedings and the SISP; and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.

- (c) Advances – (i) Upon the issuance of the Initial Order, \$200,000, or such lesser amount as may be approved by the Initial Order, shall be advanced to the Borrower to finance working capital requirements for the 10-day period immediately following the date of the Initial Order (the “**First Advance**”); and (ii) upon the issuance of the Amended and Restated Initial Order (the “**ARIO**”), the balance of the DIP Facility, being \$300,000 (the “**Second Advance**”).
  - (d) Interest – Interest on the principal amount of each Advance outstanding from time to time shall be calculated at a rate equal to 12% per annum.
  - (e) Fee – The Borrower shall pay a commitment fee in the amount of \$10,000, representing 2% of the total amount available.
  - (f) Security - All debts, liabilities and obligations of the Borrower to the Lender under or in connection with the DIP Loan, the DIP Term Sheet and any other documents delivered in connection therewith shall be secured by a Court-ordered priority charge.
  - (g) Funding Conditions – (i) The First Advance is conditional on the Court issuing the Initial Order; and (ii) the Second Advance is conditional on the Court issuing the ARIO.
34. PBIC seeks a charge on PBIC’s Property in favour of the DIP Lender (the “**DIP Lender’s Charge**”). The proposed DIP Lender’s Charge will secure only the First

Advance until the Comeback Hearing. The DIP Lender's Charge is proposed to rank as a second-priority charge on the Property.

35. Based on, among other things, the Cash Flow Forecast, PBIC believes that the DIP Loan is both reasonable and necessary.

**G. Stay of Proceedings**

36. Given the challenges faced by the Applicant described herein, PBIC requires a stay of proceedings to maintain the *status quo* and to give the Applicant the breathing space it requires to develop a restructuring plan in consultation with its advisors and the Monitor including undertaking a SISP.
37. The Initial Order contemplates a stay of all proceedings against the Applicant and its Property for an initial Stay Period of ten days, in accordance with the CCAA

**H. Comeback Hearing**

38. If the Initial Order is granted, the Applicant intends to return to Court no later than May 11, 2023 (the "**Comeback Hearing**") to seek the issuance of an order (the "**Amended and Restated Initial Order**") that would, among other things:

- (a) Extend the Stay Period; and
- (b) Increase the DIP Lender's Charge to \$500,000 plus interest and expenses.

**K. Authorization to Incur no Further Costs in Connection with Securities Filings**

39. The Applicant seeks authorization to dispense with certain securities filing requirements. In particular, the Applicant seeks authorization for PBIC to incur no further expenses in relation to the Securities Filings (as defined in the Initial Order) that may be required by



the Securities Provisions (as defined in the Initial Order), provided that it will not prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of PBIC failing to make any Securities Filings required by the Securities Provisions during the Stay Period.

40. Incurring the time and costs associated with preparing the Security Filings will detract from the Applicant's successful restructuring. Further, there is no prejudice to stakeholders given that detailed financial information and other information regarding the Applicant will continue to be made publically available through the materials filed in these CCAA proceedings.

#### **GENERAL**

41. The provisions of the CCAA including sections 2, 3, 11, 11.02, 11.2 and 11.7;
42. Rules 2.03, 3.02, 14.05, 16.04, and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg 194, as amended; and
43. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

#### **THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

1. The Affidavit of Paul Crath, sworn April 28, 2023 and the exhibits annexed thereto;
2. The Factum of the Applicant;

3. Such further and other evidence as counsel may advise and as this Honourable Court may admit.

April 28, 2023

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Lawyers for the Applicant

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PLANT-BASED INVESTMENT CORP. (the “Applicant”)

**ONTARIO  
SUPERIOR COURT OF JUSTICE -  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF APPLICATION  
(RETURNABLE MAY 1, 2023)**

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Lawyers for the Applicant

TAB 2: Affidavit of Paul Crath, sworn April 28, 2023

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**AFFIDAVIT OF PAUL CRATH  
(Sworn APRIL 28, 2023)**

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**AFFIDAVIT OF PAUL CRATH  
(Sworn APRIL 28, 2023)**

**I, PAUL CRATH**, of the City of Brooklyn, in the State of New York, **MAKE OATH  
AND SAY AS FOLLOWS:**

1. I have been the Chief Executive Officer, Vice President Corporate Development, and General Counsel of Plant-Based Investment Corp. ("**PBIC**" or the "**Applicant**"), since November 26, 2020. As such, I have personal knowledge of the matters to which I herein depose. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true. I swear this Affidavit in my capacity as CEO and not General Counsel and do not waiver privilege by any statement herein.

2. All references to currency in this Affidavit are references to Canadian dollars, unless otherwise indicated.

## **PART I - INTRODUCTION**

### **A. Background & Overview of the Proposed Proceeding**

3. PBIC is a publicly listed corporation incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44 (the “**CBCA**”) that is listed on the Canadian Securities Exchange (the “**Exchange**”) under the symbol “PBIC”. PBIC is currently subject to a cease trade order as further described in Paragraph 11 below.

4. PBIC is an investment corporation that invests in public and private companies that derive revenues, earnings, or intellectual property-based value from products, equipment, services, and/or technologies related to plant-based industries, including the cannabis plant family and its various compounds, the fungi industry (including medicinal, functional and psychedelics), super-foods, and/or organic ingredients industries, in addition to investing in specialty retail locations, functional medicine, and wellness-based clinics and treatment centers (collectively, the “**Plant-Based Industry**”).

5. PBIC invests in both debt and equity. PBIC directly holds certain investments, while others are made through wholly-owned direct or indirect subsidiaries that are not subject to this proceeding.

6. PBIC’s income is generated from its investments in the Plant-Based Industry, primarily in the form of dividends, interest payments, and gains on its investments.

7. PBIC has no funded debt. Its liabilities, which exceed \$5,000,000, are materially comprised of accounts payable and contingent litigation claims.



8. PBIC's financial position has suffered from the downturn in the market for Plant-Based Industry securities. From and including its 2019 fiscal year, PBIC has operated at a net loss. Over the past four years, PBIC has lost over \$25,000,000 in total asset value: from \$39,805,931 at the end of its 2019 fiscal year to \$14,744,220 as at July 31, 2022 (and very likely even lower as of today). Further, PBIC is effectively out of cash.

9. PBIC can no longer financially support its investments. As such, the majority of my tenure as CEO has been devoted to finding a strategic partner, and monetizing short term assets to fund ongoing operations and support primary investments; over the past 18 months, approximately 80% of my time as CEO has been dedicated to these tasks. Without a strategic partner, PBIC is not a viable business.

10. In early 2023, it became clear that PBIC would not have cash sufficient to complete its audited consolidated financial statements and related management discussion and analysis for its fiscal year ending October 31, 2022 (the "**2022 Financial Statements**"). Therefore, on or around February 14, 2023, PBIC applied for a management cease trade order ("**MCTO**") from the Ontario Securities Commission (the "**OSC**").

11. The MCTO was not granted and PBIC failed to make a timely filing of its 2022 Financial Statements. On or around March 6, 2023, the OSC issued a "failure to file" cease trade order ("**CTO**") against it, which ordered that general trading, whether direct or indirect, of PBIC's securities cease. A copy of the CTO is attached hereto as **Exhibit "A"**. Until the CTO is revoked, PBIC cannot raise equity financing.

12. In late March 2023, I believed that I had secured a short-term solution to PBIC’s cash flow issued by way of a \$500,000 secured loan (the “**March Loan Agreement**”) from an arms-length, third party lender, 1000492681 Ontario Inc. (the “**Lender**”). The March Loan Agreement would have allowed PBIC to, among other things, advance its 2022 Financial Statements, which are critical to revoking the CTO to resume trading on the Exchange, and continue its efforts to find a long-term strategic partner.

13. The March Loan Agreement was executed in late March 2023, and funded on or around April 3, 2023. Following funding, two of the then members of PBIC’s board of directors (the “**Board**”) refused to attend an emergency Board meeting to approve the March Loan Agreement. However, these dissenting then Board members offered no alternative solutions. The March Loan Agreement funds were never used by PBIC and returned to the Lender on or around April 24, 2023.

14. Without the funds from the March Loan Agreement, PBIC is unable to meet its obligations as they come due, including paying legal fees to defend against material ongoing litigation, advancing its 2022 Financial Statements to revoke the CTO to resume trading on the Exchange, and continuing to operate. As a result, PBIC is left with no choice but to file for protection from its creditors to protect the remaining value in certain of PBIC’s long-term, illiquid assets.

15. To finance these proceedings and the continued operations of PBIC, the Lender is willing to provide the previously offered \$500,000 loan as debtor-in-possession financing in these proceedings (the “**DIP Loan**”).

16. PBIC, with the assistance of its professional advisors, has determined that a CCAA filing is the prudent and responsible course of action. CCAA protection will provide PBIC with the breathing space necessary for one final attempt to find a strategic partner, while at the same time monetizing liquid assets for the benefit of all creditors. If the proposed Initial Order is granted, PBIC will immediately begin to focus on the development of a sale and investment solicitation process (“**SISP**”). However, given that no strategic partner has yet been found despite my efforts over the past 18 months, I expect that an orderly wind-down will be the likely outcome of this proceeding.

17. If the proposed Initial Order is not granted, it is likely that PBIC will make an assignment into bankruptcy and material value in its long-term assets will be lost to the detriment of stakeholders.

## **B. Relief Sought**

18. For the reasons set out in this Affidavit, I believe that PBIC ought to be granted protection under the CCAA. Accordingly, this Affidavit is sworn in support of an application (the “**Application**”) for an Initial Order substantially in the form attached at Tab 4 of the Application Record herein, granting PBIC protection from its creditors and certain ancillary relief including, among other things:

- (a) abridging the time for service of the Notice of Application and dispensing with service on any person other than those served;
- (b) declaring that PBIC is a company to which the CCAA applies;

- (c) appointing msi Spergel Inc. (“**Spergel**”) as monitor of PBIC in these proceedings (the “**Proposed Monitor**” and, if appointed, the “**Monitor**”);
- (d) granting an initial stay of proceedings to May 11, 2023 (the “**Stay Period**”);
- (e) authorizing PBIC to carry on business in a manner consistent with the preservation of its Property (as defined in the proposed Initial Order) and the restructuring proposed, and to make certain payments in connection with their business and the proceedings taken herein;
- (f) granting an initial administration charge in the amount of \$100,000 (the “**Initial Administration Charge**”) in favour of counsel for PBIC, and the Monitor and its counsel;
- (g) granting a charge in favour of the Lender in the amount of \$200,000 (“**DIP Lender’s Charge**” and together with the Initial Administration Charge, the “**Priority Charges**”);
- (h) authorizing PBIC to continue utilizing its cash management system (the “**Cash Management System**”); and
- (i) authorizing PBIC to cease incurring further expenses in relation to the Securities Filings (as defined in the Initial Order) and declaring that none of the directors, officers, employees, and other representatives of PBIC, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by PBIC to make the Securities Filings.

## PART II - CORPORATE STRUCTURE AND BUSINESS

### A. PBIC

19. PBIC was incorporated pursuant to the CBCA on October 19, 2017, under the name “Cannabis Growth Opportunity Corporation”, with its head and registered office located in Toronto, Ontario. On January 15, 2021, Cannabis Growth Opportunity Corporation changed its name to Plant-Based Investment Corp. Attached hereto as **Exhibit “B”** is a copy of the federal corporate profile report dated April 24, 2023 in respect of PBIC.

20. As of the date of writing, PBIC has 27,502,894 common shares issued and outstanding. Using the share price at the date of the CTO (March 6, 2023), \$0.05 per share, PBIC’s market capitalization is approximately \$1,375,145.

21. PBIC is an investment corporation that invests in the Plant-Based Industry through securities and other contractual rights. In particular, PBIC invests in the following categories of companies operating in, investing in, or otherwise deriving a portion of their earnings from the Plant Based Industry:

- (a) public companies for which PBIC does not receive rights to elect one or more directors and does not become actively involved in (the “**Passive Public Portfolio**”)
- (b) public companies for which PBIC receives rights to elect one or more directors or otherwise becomes actively involved in (the “**Active Public Portfolio**” and, together with the Passive Public Portfolio, the “**Public Portfolio**”); and

- (c) private companies (the “**Private Portfolio**”).

*Management of the Investment Portfolio*

22. The Active Public Portfolio and the Private Portfolio are managed by PBIC.
23. StoneCastle Investment Management Inc. (the “**StoneCastle**”) formerly acted as the Corporation’s investment manager regarding the Passive Public Portfolio. StoneCastle resigned on or around September 16, 2022. Since the StoneCastle’s resignation, a majority of the Passive Public Portfolio has been transferred to an investment advisor at Canaccord Genuity Corp. to act in a similar capacity as StoneCastle.

*Management of PBIC’s Business*

24. Prior to May 12, 2022, CGOC Management Corp. (the “**Manager**”) acted as manager and promoter of PBIC and provided management services to PBIC, including making all decisions regarding PBIC’s business, pursuant to a management agreement.
25. On May 12, 2022, PBIC acquired and internalized the Manager through a share purchase agreement dated May 1, 2022 (the “**Manager Share Purchase Agreement**”). PBIC acquired 100% ownership of the Manager by purchasing:
- (a) 50% of the common shares of the Manager directly; and
  - (b) 100% of the common shares of 2163777 Ontario Inc., which held the remaining 50% of the common shares of the Manager (the “**Manager Transaction**”).

A copy of the Manager Share Purchase Agreement is attached hereto as **Exhibit “C”**.

26. The purchase price for the Manager Transaction was settled through the sale, transfer, and assignment by PBIC of an aggregate of 31,650,000 common shares in the capital of Grown Rogue International Inc. (“**Grown Rogue**”), a PBIC investee company. The total consideration for the transaction was valued at \$2,215,000 based on the fair value of the Grown Rogue block of common shares on May 12, 2022. PBIC assumed \$41,737 of the Manager’s liabilities.

**B. Corporate Structure**

27. PBIC directly or indirectly owns a 100% interest in the following corporations:

- (a) PBIC USA Corp. [Nevada];
- (b) PBIC Finance Corp. [Nevada];
- (c) 483 Driggs Avenue Inc. (“**483 Driggs**”) [New York];
- (d) 12750961 Canada Corp.;
- (e) 1000175475 Ontario Inc.;
- (f) 1000175476 Ontario Inc.
- (g) the Manager; and
- (h) 2163777 Ontario Inc.

28. All of these entities are wholly-owned, direct subsidiaries of PBIC, except PBIC Finance Corp., which is a wholly-owned direct subsidiary of PBIC USA Corp.

29. PBIC is a joint venture partner in 13095223 Canada Corp. (d/b/a “**Cali-Brands**”), which is described in greater detail at paragraph 74 below.

30. PBIC directly funds, as necessary, certain expenses of 483 Driggs and Cali-Brands. In particular, PBIC pays (i) rent, utilities, and insurance on behalf of 483 Driggs in respect of an investment lease (the “**483 Driggs Lease**”); and (ii) rent, utilities, and insurance, as well as leasehold improvements, on behalf of Cali-Brands. PBIC funds these obligations because the leases have material underlying value, which value will be eroded or lost if the related obligations are not kept current.

### **C. PBIC’s Directors & Officers**

#### *Directors*

31. As at the date of this Affidavit, the Board is made up of me, Graham Simmonds, and Michael Johnston. Graham Simmonds is the only independent member of the Board.

32. Within the past twelve months, at various times, Ashish Kapoor, Gerald Goldberg, and Sean Conacher were members of the Board.

#### *Ashish Kapoor*

33. Mr. Kapoor was a Director of PBIC from November 26, 2020, until his resignation on February 14, 2023. Mr. Kapoor resigned to focus on other opportunities.



*Gerald Goldberg*

34. Mr. Goldberg was announced as a Director of PBIC on February 14, 2023. Mr. Goldberg was intended to replace Mr. Kapoor. Following his acceptance as Director, Mr. Goldberg discovered that he was in a potential conflict of interest and resigned from the Board on April 21, 2023.

*Sean Conacher*

35. On August 15, 2019, Mr. Conacher became one of the Manager's appointees to the Board. On May 11, 2022, as a condition of the Manager Share Purchase Agreement, Mr. Conacher tendered a signed notice of resignation effective upon satisfaction of certain closing obligations, which closing obligations were satisfied on April 18, 2023.

36. A copy of Mr. Conacher's signed resignation is attached hereto as **Exhibit "D"**.

37. The closing obligations for Mr. Conacher's resignation to become effective were satisfied as follows:

- (a) payment by PBIC of an aggregate of \$24,500 in connection with certain debt settlement agreements in connection with the Manager Share Purchase Agreement;  
and
- (b) Payment by PBIC of outstanding legal fees of the Vendors under the Manager Share Purchase Agreement.

38. These payments were made on April 18, 2023. Mr. Conacher's resignation from the Board was therefore effective in accordance with the terms of his resignation on April 18, 2023.

39. PBIC's corporate filings have not yet been updated to reflect the resignations of Mr. Goldberg and Mr. Conacher.

### *Officers*

40. I am currently the Chief Executive Officer, General Counsel, and Vice President Corporate Development of PBIC. Mr. Johnston is the Chief Financial Officer and Corporate Secretary of PBIC.

41. Mr. Conacher was formerly PBIC's Chief Strategy Officer.

42. On April 14, 2023, Mr. Conacher sent a letter to PBIC claiming that he had been constructively dismissed from his role as Chief Strategy Officer of PBIC citing, among other things, non-payment of his salary since February 2022. A copy of Mr. Conacher's April 14, 2023 letter is attached hereto as **Exhibit "E"**.

43. April 26, 2023 PBIC wrote to Mr. Conacher, acknowledging that he was no longer an officer of PBIC, and confirming that his resignation from the Board was effective April 18, 2023. A copy of PBIC's April 26, 2023, letter is attached hereto as Exhibit **"F"**.

### *Events Leading to The Board Meeting Authorizing This CCAA Filing*

44. On April 25, 2023, Mr. Johnston stated that he and Mr. Conacher wished to call a meeting of the Board for April 27, 2023. A copy of Mr. Johnston's email is attached hereto as **Exhibit "G"**.

45. On April 26, 2023, I sent an email to Mr. Johnston stating, among other things, that I and Mr. Simmonds would attend proposed Board meeting but that Mr. Conacher, who had resigned from the Board, could not attend and could not receive confidential PBIC information.

46. That evening, Mr. Johnston responded “Understood regarding Sean, I will not communicate any confidential PBIC matters or information with Sean. I was not aware of his resignation being effective and would have only communicated information with him that he would have been entitled to as a director.” A copy of my email and Mr. Johnston’s reply is attached hereto as **Exhibit “H”**.

47. On April 27, 2023, at 8:47 a.m. EST, PBIC issued a press release announcing, among other things:

- (a) that Mr. Conacher had resigned as a Director of PBIC, effective April 18, 2023;
- (b) that Mr. Conacher had resigned as Chief Strategy Officer of PBIC, effective April 14, 2023, as a result of alleged constructive dismissal;
- (c) that Mr. Conacher is seeking \$405,000 in unpaid wages and \$750,000 in damages from PBIC; and
- (d) that Mr. Goldberg resigned as a director of PBIC effective April 21, 2023.

A copy of this press release is attached hereto as **Exhibit “I”**.

48. Later that day, Mr. Johnston wrote to me “I am writing to cancel the Board meeting scheduled for today at 1:30pm. I have just received an email sent by Gowlings indicating that

Sean's resignation has not been released from escrow. Until we know who the directors are we can't have a proper Board meeting."

49. I responded:

As per my note yesterday this is a private board communication

To be clear Sean's resignation was a condition of the SPA for CGOC Mgmt Corp and the transaction has closed. We received his resignation at our lawyers at closing subject to certain liabilities being satisfied. They have all been satisfied. Gowlings is not required to release it from Escrow. As noted PBIC has the opinion of two independent law firms that Sean has resigned from the Board effective April 18, 2023 and we have press released to that fact.

Our lawyers have confirmed that the PBIC Board consists of 3 members, you, myself and Graham.

One of the main purposes of this emergency Board meeting is to discuss how we protect ourselves from litigation, including Sean's significant constructive dismissal claim as well as from other looming creditors.

Sean is not on the Board and we do not think it is appropriate for any director to take the position that he is. Please keep these communications confidential.

We will proceed with the meeting at 1:30pm.

A copy of Mr. Johnston's email and my reply is included in **Exhibit "G"**.

50. The Board meeting proceeded as scheduled, and was attended by Graham Simmonds and me, and therefore the necessary quorum existed. PBIC's securities law counsel and insolvency law counsel were also present. Mr. Johnston did not attend. The within CCAA proceeding, and related DIP Loan, was approved by a resolution signed by Mr. Simmonds and me. A copy of the signed Director's resolution is attached hereto as **Exhibit "J"**.

**D. Employees**

51. As at April 27, 2023, PBIC has no full time employees, one part-time employee, and three independent contractors. An employee is classified as full time when working equal to or greater than 35 hours per week. An employee is classified as part time when working less than 35 hours per week.

**E. Banking & Cash Management**

52. PBIC does not maintain traditional bank accounts. PBIC instead maintains two brokerage accounts and one global payments account, each of which can be used to send and receive funds (together, the “**Cash Management System**”):

- (a) CIBC World Markets Inc. brokerage account (the “**CIBC Brokerage Account**”);
- (b) Canaccord Genuity Corp. brokerage account; and
- (c) Cambridge Mercantile Corp. d/b/a “Corpay” global payments account.

53. The majority of PBIC’s transactions run through the CIBC Brokerage Account.

**PART III - BUSINESS & OPERATIONS**

**A. PBIC’s Investment Portfolio**

54. As at July 31, 2022, PBIC’s investment portfolio was as follows.

<b>Investment Category</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage (Fair Value)</b>
Equities	\$29,007,158	\$9,160,613	78%

Warrants	1,536,713	86,884	1%
Convertible Debentures	4,079,462	1,881,812	16%
Loans	3,073,875	593,224	5%
<b>Total Investments</b>	<b>\$37,697,208</b>	<b>\$11,722,533</b>	<b>100%</b>

<b>Portfolio Allocation</b>	<b>Cost</b>	<b>Fair Value</b>	<b>Percentage (Fair Value)</b>
Active Public	\$11,434,535	\$3,087,664	26%
Passive Public	6,076,321	3,292,928	28%
Private	20,186,352	5,341,941	46%
<b>Total</b>	<b>\$37,697,208</b>	<b>\$11,722,533</b>	<b>100%</b>

55. I believe that based on market movement since July 31, 2022, the value of these investments has declined. The information in the table above was in the process of being updated in the course of preparing PBIC's audited annual financial statements for its 2022 fiscal year, but this exercise has not been completed.

## **B. Lease**

56. PBIC holds a head lease for investment purposes for a building and surrounding appurtenant lands municipally known as 209820 Highway 26 in the Town of Blue Mountains in Ontario (the "**Leased Premises**") pursuant to a lease with Craig 26 Developments Inc. (the "**Landlord**"), commencing December 1, 2022 (the "**Highway 26 Lease**"). The Highway 26 Lease runs until November 30, 2027 and Rent (as defined thereunder) is \$72,000 per year (or \$6,000 per

month). PBIC is currently \$24,000 in arrears under the Highway 26 Lease. PBIC is a co-developer of a planned real estate development project on the Leased Premises for investment purposes (the “**Project**”). A copy of the Highway 26 Lease is attached hereto as **Exhibit “K”**.

57. PBIC holds a 26.66% equity interest in the Landlord. The Landlord has plans to complete the Project on the Leased Premises. PBIC is accordingly responsible for 26.66% of all cash calls and will receive 26.66% of net cash flows from the project. A \$13,332 cash call is currently due and payable by PBIC.

58. PBIC’s lease payments help fund underlying mortgage payments. If PBIC cannot bring the lease current, or fails to satisfy its cash call, PBIC risks losing its development rights and potentially its equity in the Landlord. There is significant interest in the Leased Premises and the related development rights, but PBIC will not be able to attract a partner or sell its position if the underlying mortgage is in default.

## **PART IV - FINANCIAL STATUS**

### **A. July 31, 2022 Unaudited Condensed Interim Consolidated Financial Statements**

59. PBIC’s most recently filed financial statements are its unaudited condensed interim consolidated financial statements for the period ended July 31, 2022 (the “**July 2022 Financial Statements**”). Attached hereto as **Exhibit “L”** is a copy of the July 2022 Financial Statements.

60. The July 2022 Financial Statements indicate that as of July 31, 2022, PBIC had assets of \$14,744,220 and liabilities of \$2,525,327, details of which are set out below.

#### **i. Assets**

61. According to the July 2022 Financial Statements, as at July 31, 2022, PBIC had total consolidated assets in the amount of \$14,744,220, composed of the following:

- (a) Cash and cash equivalents of \$22,680;
- (b) Interest receivable in the amount of \$305,489;
- (c) Investments in the amount of \$11,722,533;
- (d) Income tax receivable in the amount of \$1,133;
- (e) Intercompany receivables in the amount of \$1,593,291;
- (f) Other receivables in the amount of \$904,094; and
- (g) Other assets in the amount of \$195,000.

**ii. Liabilities**

62. According to the July 2022 Financial Statements, as at July 31, 2022, PBIC had total consolidated liabilities in the amount of \$2,525,327, composed of the following:

- (a) Accounts payable and accrued liabilities of \$1,487,746; and
- (b) A provision of \$1,037,581 on account of a demand letter made against PBIC in relation to a guarantee.

63. On July 12, 2022, a Statement of Claim bearing Ontario Superior Court of Justice File Number CV-22-00683888-0000 (the “**Canadabis Claim**”) was issued against PBIC, seeking damages of \$11,000,000. The Canadabis Claim was not reflected in the July 31, 2022 financial



statements because PBIC did not have sufficient time to evaluate its merit. A copy of the Canadabis Claim is attached hereto as **Exhibit “M”**

**B. Increase in Liabilities Since July 31, 2022**

64. Since the date of PBIC’s last financial statements, July 31, 2022, PBIC’s liabilities have increased:

- (a) accounts payable and accrued liabilities have increased by approximately \$895,215 consisting primarily of unpaid executive salaries, unpaid consultants’ fees, and unpaid legal bills; and
- (b) approximately \$500,000 of litigation claims, in addition to the \$11,000,000 Canadabis Claim, were issued against PBIC (described below).

65. In addition, PBIC owes approximately \$37,000 in arrears to the Canada Revenue Agency.

**i. Litigation**

66. The Plaintiff in the Canadabis Claim seeks, among other things, \$11,000,000 in damages from PBIC for the loss of value of Canadabis’ market capitalization. PBIC has defended the Canadabis Claim, and counterclaimed. Pleadings closed on or around October 17, 2022. Discovery has not occurred.

67. On November 7, 2022, Complaint was issued against PBIC bearing Nevada District Court Case No. A-22-860709-C (the “**Pearson Claim**”). The Plaintiff, Jamie L. Pearson, seeks approximately US\$344,000 in damages from PBIC, and one of its investee corporations Bhang

Corporation, related to the termination of her employment. Depositions are in the process of being scheduled. A copy of Pearson Claim is attached hereto as **Exhibit “N”**.

68. On March 23, 2023, a Notice of Claim bearing Provincial Court of British Columbia (Small Claims Court) Registry File Number 2372994 (the “**Proactive Claim**”) was issued against PBIC. The Plaintiff, Proactive Investors North America, seeks \$29,411.12 from PBIC in satisfaction of an alleged unpaid service fee. PBIC has not yet filed a defence. A copy of the Proactive Claim is attached hereto as **Exhibit “O”**.

### **C. Secured Indebtedness**

69. PBIC does not have any secured indebtedness. PBIC has one registration against it under the under the *Personal Property Security Act* (Ontario). This registration is in favour of the Lender, who is also the proposed DIP Lender, regarding the March Loan Agreement funds that were advanced and then returned in full. Attached hereto as **Exhibit “P”** is a copy of a Personal Property Security Registration System Enquiry Response Certificates current to April 24, 2023, in respect of PBIC.

## **PART V - CAUSES OF CURRENT FINANCIAL CHALLENGES.**

### **A. Market Challenges and PBIC’s Response**

70. PBIC’ historically focused its investments exclusively in cannabis companies through its Passive Public Portfolio, which have suffered from depreciated stock prices across the industry. As a result, the value of PBIC’s Passive Public Portfolio investments had substantially been declining over time, many of which PBIC has since monetized at a loss.

71. In response to industry trends, in May 2021, PBIC passed bylaws that allowed it to diversify its portfolio to permit investment in all the Plant-Based Industries, and to allow PBIC to focus on the Active Public Portfolio.

72. The Active Public Portfolio in particular holds significant interests in companies like Bhang Inc. Although most of PBIC's Active Public Portfolio investments are not liquid, these investments hold significant value to the company and its stakeholders, and PBIC should not be forced to liquidate, and instead be given time to find a strategic partner through these CCAA proceedings, because there is real value in PBIC's portfolio if appropriate capital contributions can be made to PBIC's investee companies. Conversely, if such capital contributions are not made, many of PBIC's investments will be worthless.

73. Over the past three years, the value of four of PBIC's investee companies – 20702099 Ontario Inc., Fume Growth Fund, Konnectcom, and Aion Therapeutic Inc. – has gone to zero. 207 Inc. was party to a joint venture for the development of an endogenous anti-addiction mechanism; Fume was a cannabis-plant distribution company based in California; Konnectcom developed intellectual property for the treatment of mental illness using Ketamine; and Aion was involved in various cannabis-related businesses. In each case, PBIC's inability to make timely capital contributions was a material contributing factor to the decline in value.

74. I expect a similar fate for Cali-Brands if PBIC does not find a long-term strategic partner. Cali-Brands leases a facility in Ontario in the process of being licensed for the processing and manufacturing cannabis and/or cannabinoids and related products. This lease is long-term and at below market rates, and the facility is in a prime location, giving the Cali-Brands lease significant value. To date, PBIC funding has been used for leasehold improvements and the installation of a

clean manufacturing room. The facility is only \$25,000 short of completion, but construction has been stalled because PBIC has not been able to provide funding. PBIC must continue paying rent, utilities and insurance on the Cali-Brand lease, and finish the leasehold improvements, in order to realize value from Cali-Brands.

75. Similarly, PBIC must make the monthly payments for the 483 Driggs Lease. PBIC has already been late on two monthly lease payments. The 483 Driggs Lease provides that if more than two monthly payments are late, the Landlord thereunder can exercise a guarantee against PBIC.

76. The vast majority of my time as CEO has been dedicated to financially restructuring PBIC. As stated above, over the past 18 months, I canvassed the debt and equity markets to address PBIC's liquidity issues. However, other than the March Loan Agreement, these efforts have been unsuccessful, due to (I believe) PBIC's extremely low stock price over the past year and general negative investor sentiment regarding cannabis securities. In addition, I sought co-investors as an alternative to using PBIC funds to fund investee expenses, but that effort was also unsuccessful.

77. In order to provide PBIC as much financial runway as possible, I have not taken a salary since approximately November 2022, and am owed in excess of \$400,000 in wages. The majority of most Directors' fees have also not been since approximately November 2022.

## **PART VI - NEED FOR CCAA PROTECTION**

### **A. Eligibility**

78. PBIC is insolvent because it cannot meet its obligations as they come due, and has ceased paying current obligations in the ordinary course of business.

79. As described above, the aggregate amount of claims being made against PBIC is more than \$5,000,000.

**B. Funding of the CCAA Proceedings**

80. On April 27, 2022, PBIC entered into a debtor-in-possession term sheet with the Lender (the “**DIP Term Sheet**”) to provide the DIP Loan.

81. Capitalized terms used and not otherwise defined in this section are as defined in the DIP Term Sheet

82. The material terms of the DIP Term Sheet are as follows:

- (a) DIP Facility – Non-revolving facility in the maximum principal amount of \$500,000.
- (b) Purpose – Fund: (i) working capital needs of the Borrower in accordance with the cash flow projections approved by the Monitor and the Lender from time to time (the “**Cash Flow Projections**”); (ii) the Lender’s Fees and Expenses; (iii) professional fees and expenses incurred by the Borrower and the Monitor in respect of the CCAA Proceedings and the SISP; and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.
- (c) Advances – (i) Upon the issuance of the Initial Order, \$200,000, or such lesser amount as may be approved by the Initial Order, shall be advanced to the Borrower to finance working capital requirements for the 10-day period immediately following the date of the Initial Order (the “**First Advance**”); and (ii) upon the

issuance of the Amended and Restated Initial Order (the “**ARIO**”), the balance of the DIP Facility, being \$300,000 (the “**Second Advance**”).

- (d) Interest – Interest on the principal amount of each Advance outstanding from time to time shall be calculated at a rate equal to 12% per annum.
- (e) Fee – The Borrower shall pay a commitment fee in the amount of \$10,000, representing 2% of the total amount available.
- (f) Security - All debts, liabilities and obligations of the Borrower to the Lender under or in connection with the DIP Loan, the DIP Term Sheet and any other documents delivered in connection therewith shall be secured by a Court-ordered priority charge.
- (g) Funding Conditions – (i) The First Advance is conditional on the Court issuing the Initial Order; and (ii) the Second Advance is conditional on the Court issuing the ARIO.

83. A copy of the DIP Term Sheet is attached to my Affidavit as **Exhibit “Q”**.

84. Based on, among other things, the Cash Flow Forecast described below, PBIC believes that the DIP Loan is both reasonable and necessary.

## **PART VII - CASH FLOW FORECAST**

### **A. Cash Flow Forecast**

85. The Applicant has worked with the Proposed Monitor who has prepared a two-week cash flow forecast (the “**Cash Flow Forecast**”) for the week ending May 8, 2023. The Cash Flow

Forecast is premised on, among other things, the assumption that PBIC will be granted CCAA protection and that the DIP Term Sheet and DIP Lender's Charge will be approved as part of the Initial Order. I believe that the Cash Flow Forecast is a reasonable forecast of PBIC's cash flow for the Stay Period. Attached hereto as **Exhibit "R"** is a copy of the Cash Flow Forecast.

86. The Cash Flow Forecast indicates a closing cash balance of approximately \$3,572 over the week ending May 8, 2023.

## **PART VIII - PROPOSED INITIAL ORDER**

87. PBIC is seeking an Initial Order substantially in the form attached as Tab 4 to the Application Record.

### **A. The Stay of Proceedings in Favour of PBIC**

88. The Initial Order contemplates a stay of proceedings against PBIC and its Property for an initial period of ten (10) days. As set out below, I anticipate that PBIC will bring a motion during that period for an Order, among other things, extending the Stay Period and increasing the Priority Charges.

### **B. Initial Administration Charge**

89. PBIC seeks a super-priority charge over its Property in favour of the Monitor, counsel to the Monitor, and counsel to PBIC (collectively, the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order (the "**Administration Charge**").

90. The proposed Administration Charge being sought at the initial CCAA Application is for a maximum amount of \$100,000 in order to secure the payment of fees and expenses incurred in connection with moving for the within relief sought and for the initial ten (10) day protection period leading up to the first Comeback Hearing. The Administration Charge is proposed to rank as a first-priority charge on the Property.

91. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed and will continue to contribute to the restructuring of PBIC's business, and will ensure that there is no unnecessary duplication of roles among them.

92. Accordingly, I believe the quantum of the Administration Charge sought is reasonably necessary at this time to secure the professional fees of the Professionals Group.

#### **C. DIP Lender's Charge**

93. PBIC seeks a charge on PBIC's Property in favour of the DIP Lender (the "**DIP Lender's Charge**"). The proposed DIP Lender's Charge will secure only advances made until the Comeback Hearing, which are anticipated to be \$200,000. The DIP Lender's Charge is proposed to rank as a second-priority charge on the Property.

#### **D. Cash Management System**

94. PBIC seek the Court's authority to continue to utilize its existing Cash Management System.



95. PBIC requires use of the Cash Management System to continue operations during the CCAA proceedings.

96. The Cash Management System will be monitored by the Proposed Monitor throughout the CCAA proceedings. If appointed, and as part of its monitoring procedures, the Proposed Monitor will, among other things:

- (a) monitor PBIC's receipts and disbursements; and
- (b) monitor all payments, obligations and any transfers as between PBIC, consistent with the Cash Management System.

#### **E. Securities Filings**

97. PBIC seeks authorization to dispense with certain Securities Filing requirements. In particular, PBIC seeks authorization for PBIC to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions that may be required.

98. Incurring the time and costs associated with preparing the Securities Filings would detract from PBIC's successful restructuring by unnecessarily diverting important and limited financial and non-financial resources.

#### **PART IX - INTENTION TO SEEK SECOND ORDER**

99. As referred to above, PBIC plans to return to Court within the Stay Period following the Initial Order to seek an ARIO granting an extension of the Stay Period, and increasing the initial Administration Charge and the DIP Lender's Charge, as well as certain other relief.

## **PART X - THE PROPOSED MONITOR**

100. PBIC seeks the appointment of Spergel as Monitor of PBIC in these CCAA proceedings. Spergel has assisted in the preparation of the Cash Flow Statements and has provided guidance and assistance in the commencement of these CCAA proceedings.

101. As a result, Spergel has developed critical knowledge about PBIC, the business operations, financial challenges, strategic initiatives, and restructuring efforts to date.

102. Spergel is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* (Canada), and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

103. Spergel has consented to act as the Monitor, subject to Court approval. A copy of the Proposed Monitor's consent to act is attached hereto as **Exhibit "S"**.

## **PART XI - CONCLUSION**

104. I believe that PBIC ought to be granted protection under the CCAA. I am confident that granting the draft Initial Order is in the best interests of PBIC as well as its employees, creditors and other stakeholders. As set out above, I believe that given sufficient "breathing room" under the CCAA, PBIC will be able to solicit interest in its Active Public Investments that will maximize value for stakeholders.

105. I swear this affidavit in support of an Application under the CCAA for an Initial Order in the form contained at Tab 4 of the Application Record, and for no other purpose.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 28<sup>th</sup> day of  
April 2023, in accordance with O. Reg.  
431/20 Administering Oath or Declaration  
Remotely.

*patrick corvey*

---

Commissioner for Taking Affidavits



---

PAUL CRATH

---

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF PLANT-BASED INVESTMENT CORP.

Court File No.: CV-23-

---

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced at Toronto

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**AFFIDAVIT OF PAUL CRATH**  
**(Sworn April 28, 2023)**

---

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Tel: 403.298.2418

Lawyers for the Applicant

This is Exhibit "A" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario



## IN THE MATTER OF

**PLANT-BASED INVESTMENT CORP.** (the **Issuer**)

### **CEASE TRADE ORDER**

**Under the securities legislation of Ontario (Legislation)**

#### **Background**

1. This is the order of the Ontario Securities Commission (the **Decision Maker**).
2. The Issuer has not filed the following periodic disclosure required by the Legislation:
  - audited annual financial statements for the year ended October 31, 2022;
  - management's discussion and analysis relating to the audited annual financial statements for the year ended October 31, 2022;
  - certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.
3. As a result of this order, if the Issuer is a reporting issuer in a jurisdiction in which Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, a person or company must not trade in or purchase a security of the issuer in that jurisdiction, except in accordance with the conditions that are contained in this order, if any, for so long as this order remains in effect.
4. Further, this order takes automatic effect in each jurisdiction of Canada that has a statutory reciprocal order provision, subject to the terms of the local securities legislation.

#### **Interpretation**

Terms defined in the Legislation, National Instrument 14-101 *Definitions* or National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions* have the same meaning if used in this order, unless otherwise defined.

#### **Order**

5. The Decision Maker is satisfied that the decision concerning the cease trade meets the test set out in the Legislation to make this decision.
6. It is ordered under the Legislation that trading, whether direct or indirect, cease in respect of each security of the Issuer.
7. Despite this order a beneficial security holder of the Issuer who is not, and was not at the date of this order, an insider or control person of the Issuer, may sell securities of the Issuer acquired before the date of this order if both of the following apply:

- (a) the sale is made through a “foreign organized regulated market”, as defined in section 1.1 of the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; and
- (b) the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.

**DATED** at Toronto this 6<sup>th</sup> day of March 2023.

Ontario Securities Commission

*“Michael Balter”*

---

Michael Balter  
Manager  
Corporate Finance Branch

This is Exhibit "B" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

---

A Commissioner for Oaths in and  
for the Province of Ontario






# Government

[Canada.ca](#) → [Innovation, Science and Economic Development Canada](#) → [Corporations Canada](#)

→ [Search for a Federal Corporation](#)

## Federal Corporation Information - 1047488-6

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

### Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

### Corporation Number

1047488-6

### Business Number (BN)

786363085RC0001

### Corporate Name

CGOC Management Corp.

### Status

Active

### Governing Legislation

*Canada Business Corporations Act - 2017-10-31*

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

## Registered Office Address

340 Richmond Street West  
Toronto ON M5V 1X2  
Canada

This is Exhibit "C" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario

**FOUR ELEVEN TECHNICAL SERVICES INC.  
GRAYFOR 2017 TRUST  
2017 BLUNDELL FAMILY TRUST**

as Vendors

and

**PLANT-BASED INVESTMENT CORP.**

as Purchaser

---

**SHARE PURCHASE AGREEMENT**

**May 1, 2022**

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## SHARE PURCHASE AGREEMENT

Share Purchase Agreement dated May 1, 2022, between Four Eleven Technical Services Inc., Grayfor 2017 Trust, and 2017 Blundell Family Trust (each a “**Vendor**” and collectively, the “**Vendors**”) and Plant-Based Investment Corp. (the “**Purchaser**”).

### ARTICLE 1 INTERPRETATION

#### Section 1.1 **Defined Terms.**

As used in this Agreement, the following terms have the following meanings:

“**Agreement**” means this share purchase agreement.

“**Ancillary Agreements**” means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

“**Assets**” means, with respect to a Person, all property and assets of the Person of every nature and kind and wheresoever situate.

“**Authorization**” means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

“**Books and Records**” means, with respect to a Person, all information in any form relating to the business of such Person, including, as applicable, books of account, financial and accounting information and records, personnel records, Tax records, sales and purchase records, and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices and applications).

“**Business**” means the business of the Corporation, being the provision of management services (and for greater certainty, excluding the business of any client to whom the Corporation provides management services).

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

“**Closing**” means the completion of the transaction of purchase and sale contemplated in this Agreement.

**“Closing Date”** means the earlier of (i) the Outside Date, or (ii) three Business Days following the satisfaction of all conditions of Closing to be satisfied before the time of Closing, or such earlier or later date as the Parties may agree in writing.

**“Constituting Documents”** means (a) articles of incorporation, amalgamation, or continuation, as applicable, and by-laws, (b) declarations of trust, (c) partnership agreements, or (d) other applicable governing instruments, and all amendments thereto.

**“Contracts”** means all agreements to which the Corporation is a party including all contracts, leases of real or personal property and commitments of any nature, written or oral.

**“Corporate Records”** means, in respect of a Person that is not an individual, the corporate records of such Person, including, as applicable (i) all Constituting Documents, (ii) all minutes of meetings and resolutions of securityholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and register of directors.

**“Corporation”** means CGOC Management Corp.

**“Corporation Debt”** means the principal amount of the debt and all accrued and unpaid interest thereon, due and owing by the Corporation set out in the Vendor Disclosure Letter.

**“Corporation Financial Statements”** means the unaudited, management-prepared financial statements of the Corporation, consisting of a statement of financial position as at October 31, 2021, and a statement of profit and loss for the financial year ended October 31, 2021.

**“Corporation Interim Balance Sheet”** means the unaudited, management-prepared statement of financial position of the Corporation dated as at the Corporation Interim Balance Sheet Date.

**“Corporation Interim Balance Sheet Date”** means February 28, 2022.

**“CSE”** means the Canadian Securities Exchange.

**“Damages”** has the meaning specified in Section 9.1.

**“Direct Claim”** means any cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Party to make a claim for indemnification under this Agreement.



**“Governmental Entity”** means (i) any international, multinational, national, federal, provincial, state, county, municipal, local or other governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, board, bureau, agency, commissioner, tribunal or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any stock exchange and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

**“Grown Rogue”** means Grown Rogue International Inc., a corporation existing under the Laws of the Province of Ontario.

**“Intellectual Property”** means domestic and foreign: (i). patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trademarks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) software; and (viii) any other intellectual property and industrial property.

**“Interim Period”** means the period between the close of business on this date and the Closing.

**“Laws”** means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws, (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity and (iii) policies, guidelines, notices and protocols of any Governmental Entity, in each case binding on or affecting the Person referred to in the context in which the word is used.

**“Lien”** means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature or any other arrangement or condition which, in substance, secures payment or performance of an obligation.

**“Numberco”** means 2163777 Ontario Inc.

**“Numberco Financial Statements”** means unaudited, management-prepared financial statements of the Corporation, consisting of a statement of financial position as at September 30, 2021, and a statement of profit and loss for the financial year ended September 30, 2021.

**“Ordinary Course”** means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

**“Outside Date”** means May 6, 2022.

**“Parties”** means each of the Vendors and the Purchaser, and any other Person who may become a party to this Agreement.

**“Person”** means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

**“Proportionate Interest”** means, with respect to any Vendor, the quotient obtained by dividing: (i) the number of Purchase Consideration Shares deliverable to such Vendor in exchange for such Vendor’s Purchased Shares, by (ii) the total number of Purchase Consideration Shares.

**“Purchase Consideration Shares”** means 31,650,000 common shares in the capital of Grown Rogue.

**“Purchase Price”** has the meaning specified in Section 2.2.

**“Purchased Shares”** means collectively, the Technical Purchased Shares and the Trust Vendors Purchased Shares.

**“Purchaser”** means Plant-Based Investment Corp.

**“Purchaser’s Indemnified Persons”** has the meaning specified in Section 9.1.

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

**“Taxes”** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized

sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

**"Technical"** means Four Eleven Technical Services Inc.

**"Technical Purchased Shares"** means 500,000 common shares in the capital of the Corporation, representing 50% of the issued and outstanding common shares of the Corporation and of all of the issued and outstanding equity of the Corporation of all classes, which are owned by Technical.

**"Third Party Claim"** means any action, suit, proceeding, arbitration, claim, demand, inquiry, investigation, hearing, application, injunction, order or appeal that is instituted or asserted by a third party, including a Governmental Entity, against an Indemnified Party which entitles the Indemnified Party to make a claim for indemnification under this Agreement.

**"Trust Vendors"** means Grayfor 2017 Trust and 2017 Blundell Family Trust.

**"Trust Vendors Purchased Shares"** means 100 Class A common shares in the capital of Numberco owned by Grayfor 2017 Trust, and 100 Class A common shares in the capital of Numberco owned by 2017 Blundell Family Trust, which collectively represent all of the issued and outstanding shares of all classes and 100% of the equity of, Numberco.

**"Vendor Disclosure Letter"** means the disclosure letter dated the date of this Agreement executed by the Vendors and delivered to the Purchaser in connection with the execution of this Agreement.

**"Vendors"** means, collectively, Technical and each of the Trust Vendors.

**Section 1.2 Gender and Number.**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

**Section 1.3 Headings, etc.**

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

**Section 1.4 Currency.**

All references in this Agreement to dollars, or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

**Section 1.5 Certain Phrases, etc.**

In this Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. Unless otherwise specified, the words “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

**Section 1.6 Knowledge.**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Vendors, it will be deemed to refer to the actual knowledge of [REDACTED], after having made due and diligent inquiry of such Persons as they consider necessary as to the matters that are the subject of the representations and warranties.

**Section 1.7 References to Persons and Agreements.**

Any reference in this Agreement to a Person includes its heirs, administrators, executors, legal personal representatives, successors and permitted assigns. The term “Agreement” and any reference in this Agreement to this Agreement, or any other agreement or document includes, and is a reference to, this Agreement, or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and includes all schedules to it.

**Section 1.8 Statutes.**

Any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted up to the Closing Date.

Section 1.9 **Non-Business Days.**

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

**ARTICLE 2**  
**PURCHASED SHARES AND PURCHASE PRICE**

Section 2.1 **Purchase and Sale.**

Subject to the terms and conditions hereof, at the Closing, in exchange for the Purchase Price, (i) each of the Trust Vendors agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Trust Vendors, the Trust Vendors Purchased Shares; and (ii) Technical agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from Technical, the Technical Purchased Shares.

Section 2.2 **Purchase Price.**

The consideration (the "**Purchase Price**") payable by the Purchaser to the Vendors for the Purchased Shares is the Purchase Consideration Shares, which the parties have determined have an aggregate fair market value equal to **\$1,400,000**.

Section 2.3 **Payment of the Purchase Price.**

- (1) The Purchase Price for the Purchased Shares shall be satisfied at the Closing as follows:
  - (a) The Purchaser shall sell, assign and transfer each of the Trust Vendors (as the Trust Vendors jointly direct in writing at least three Business Days before the Closing Date) an aggregate number of Purchase Consideration Shares equal to one quarter (25%) of the total number of Purchase Consideration Shares; and
  - (b) The Purchaser shall sell, assign and transfer to Technical (as Technical direct in writing at least three Business Days before the Closing Date) an aggregate number of Purchase Consideration Shares equal to one half (50%) of the total number of Purchase Consideration Shares.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES OF THE VENDORS**

Section 3.1 **Representations and Warranties of the Vendors with respect to the Vendors.**

Each Vendor, on its own behalf, represents and warrants as follows to the Purchaser, and acknowledges and agrees that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Shares. The Purchaser acknowledges that it has had the opportunity to conduct due diligence and investigation with

respect to the transactions contemplated by this Agreement and that, to the extent that the Purchaser, or any of the Purchaser's agents or representatives, by reason of that due diligence and investigation or otherwise, knew or ought to have known that any representation and warranty made by a Vendor in this Agreement is or might be inaccurate or untrue, the Purchaser releases and waives all rights and remedies, including the right to indemnity, against that Vendor arising out of the breach of that representation and warranty.

- (a) **Existence of Vendor.** If the Vendor is a corporation, it is duly incorporated and validly existing under the Laws of its jurisdiction of incorporation. If the Vendor is a trust, it has been duly established and is a validly existing trust the Laws of its jurisdiction of organization.
- (b) **Capacity and Authority.**
  - (i) If the Vendor is a corporation, it has all necessary corporate power and authority to execute, deliver, and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
  - (ii) If the Vendor is a trust, the individual executing this agreement on behalf of the Vendor (a) is qualified to act for and on behalf of the Trust in a representative capacity, and (b) has full authority, power and right to execute, deliver, and perform this Agreement and each Ancillary Agreement, for and on behalf of and in the name of the Trust, and to sell, assign and transfer the Trust Vendors Purchased Shares to the Purchaser in the manner contemplated herein.
- (c) **Authorization.** The execution and delivery of, and performance by the Vendor of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action or trustee proceedings, as applicable, on the part of the Vendor.
- (d) **No Conflict.** The execution and delivery of and performance by the Vendor this Agreement and each of the Ancillary Agreements to which it is a party:
  - (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of the such Vendor's Constating Documents;
  - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any of the terms or provisions of any

Contracts, Leases or instruments to which such Vendor is a party or pursuant to which any of its Assets or property may be affected;

- (iii) does not and will not result in the violation of any Law.
- (e) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which such Vendor is a party have been duly executed and delivered by such Vendor and constitute legal, valid and binding agreements of them enforceable against them in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other Laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (f) **No Other Agreements to Purchase.** Except for the Purchaser's right under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition from the Vendor of any of the Purchased Shares.
- (g) **Title to Purchased Shares.** The Vendor is the legal owner of the Purchased Shares set forth beside its name in Schedule 2.3, with a good title, free and clear of all Liens other than those restrictions on transfer contained in the articles of the Corporation. At Closing, the Vendor will have the absolute and exclusive right to sell those Purchased Shares to the Purchaser as contemplated by this Agreement.
- (h) **Residence of the Vendors.** The Vendor is not a non-resident of Canada within the meaning of the Tax Act.
- (i) **Litigation.** There are no (i) actions, suits or proceedings, at Law or in equity, by any Person, (ii) any grievance, arbitration or alternative dispute resolution process, or (iii) administrative or other proceeding by or before (or to the knowledge of the Vendors, any investigation by) any Governmental Entity, pending, or, to the knowledge of the Vendor, threatened against or affecting the Vendor that might reasonably be expected interfere with the ability of the Vendor to consummate the transactions contemplated hereby and, to the knowledge of the Vendors, there is no valid basis for any such action, complaint, grievance, suit, proceeding, arbitration or investigation.

### Section 3.2 **Representations and Warranties of the Vendors with respect to the Corporation.**

The Vendors jointly and severally represent and warrant as follows to the Purchaser, and acknowledge and agree that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Purchased Shares. For greater certainty, such representations and warranties are made solely with respect to the Corporation and the Business, and not with respect to the Purchaser or its business. The Purchaser acknowledges that it has had the opportunity to conduct due diligence and investigation with respect to the transactions contemplated by this Agreement and that, to the extent that the Purchaser, or any of the Purchaser's agents or representatives, by reason of that due diligence and investigation or otherwise, knew or ought to have known that any representation and warranty made by a Vendor in this Agreement is or might be inaccurate or untrue, the Purchaser releases and waives all rights and remedies, including the right to indemnity, against that Vendor arising out of the breach of that representation and warranty.

#### **Corporate Matters**

- (a) **Incorporation and Qualification.** The Corporation is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation, and the Corporation is qualified, licensed or registered to carry on business in each of the jurisdictions in which the nature of its Assets or its business makes such qualification necessary or where the Corporation conducts any material business.
- (b) **Corporate Authorization.** The performance by the Corporation of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of the Corporation.
- (c) **No Conflict.** The execution and delivery of and performance by the Corporation of each of the Ancillary Agreement to which it is a party:
  - (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of the Corporation's Constatng Documents; and
  - (ii) do not and will not result in the violation of any Law.
- (d) **Required Authorizations.** There is no requirement to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion by the Corporation of the transactions contemplated by this Agreement.



- (e) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Corporation is a party have been duly executed and delivered by the Corporation and constitute legal, valid and binding agreements of it enforceable against it in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (f) **Authorized and Issued Capital.** The authorized capital of the Corporation consists of an unlimited number of common shares of which 1,000,000 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable, and 500,000 of such common shares are legally owned by Technical and 500,000 of such common shares are legally owned by Numberco. All of the Purchased Shares have been issued in compliance with all applicable Laws including applicable securities Laws. The Corporation is not a reporting issuer under the securities laws of any jurisdiction of Canada, and there is no published market for the Purchased Shares. The Corporation is a "private issuer" as defined in s. 2.4 of National Instrument 45-106.
- (g) **No Other Agreements to Purchase.** Except for the Purchaser's right under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Corporation.
- (h) **Dividends and Distributions.** Since the Corporation Interim Balance Sheet Date, the Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so.
- (i) **Corporate Records.** The Corporate Records of the Corporation are complete and accurate and all corporate proceedings and actions reflected in the Corporate Records of the Corporation have been conducted or taken in material compliance with all applicable Laws and with the articles and by-laws of the Corporation. Without limiting the generality of the foregoing (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of

shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any Tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be. The Corporation has never been subject to, or affected by, any unanimous shareholders agreement.

- (j) **Tax Registration.** The Corporation is a registrant for purposes of any Taxes imposed under Part IX of the *Excise Tax Act* (Canada).

### **General Matters Relating to the Business**

- (k) **Conduct of Business in Ordinary Course.** Since the Corporation Interim Balance Sheet Date, the Business has been carried on in the Ordinary Course consistent with its past practices. Without limiting the generality of the foregoing, the Corporation has not entered into any Contract or incurred, assumed or guaranteed any obligation, debt or liability of any kind, or authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing, other than in the Ordinary Course.
- (l) **Compliance with Laws.** The Corporation is conducting and has always conducted the Business and any past business in compliance with all applicable Laws, other than acts of non-compliance which, individually or in the aggregate, are not material.
- (m) **Authorizations.** The Corporation owns, holds, possesses or lawfully uses in the operation of the Business, all Authorizations which are necessary for it to conduct the Business as presently or previously conducted in compliance with all applicable Laws.
- (n) **Title to the Assets.** The Corporation owns (with good title) all of the Assets (whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Corporation in its financial Books and Records. The Corporation has legal and beneficial ownership of its Assets free and clear of all Liens. No other Person owns any property or assets which are being used in the Business, except the Purchaser.
- (o) **No Options, etc. to Purchase Assets.** No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from the Corporation of any of its Assets.
- (p) **Contracts.** Except for this Agreement or as disclosed in the Vendor Disclosure Letter, the Corporation is not a party to or bound by any Contract.

- (q) **Intellectual Property Rights.** There is no material Intellectual Property used in whole or in part in, or required for the carrying on of, the Business. To the knowledge of the Vendors, the conduct of the Business does not infringe upon the intellectual property of any other Person.
- (r) **Equity Interests.** Except as disclosed in the Vendor Disclosure Letter, the Corporation holds no shares or other ownership, equity or proprietary interests in any other Person.

### **Financial Matters**

- (s) **Books and Records.** All accounting and financial Books and Records have been fully, properly and accurately kept and completed. The Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not available to the Corporation at all times.
- (t) **Financial Statements.** The Corporation Financial Statements and the Corporation Interim Balance Sheet are materially accurate as at the dates of and for the periods referred to in such documents.
- (u) **No Liabilities.** Except as disclosed in the Vendor Disclosure Letter, the Corporation has, and at the time of Closing will have, no liabilities or obligations of any nature whatsoever, whether known, unknown, due, to become due, direct, indirect, absolute, contingent or otherwise and whether or not required to be accrued on the Corporation Financial Statements and to the knowledge of the Vendors, no matter, fact, circumstance or event has occurred which will give rise to any liability or obligation after Closing.
- (v) **Bank Accounts.** On the Closing Date, the Corporation will not have any bank account.
- (w) **Brokerage Fees.** Neither the Vendors nor the Corporation have retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker's commission, finder's fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement.

### **Particular Matters Relating to the Business**

- (x) **Employees.** The Corporation has no employees and has not received notice of any outstanding claims, complaints, investigations or orders under any Laws related to employment or human rights, and to the knowledge of the Vendors there is no basis for such claim. All amounts due or accrued due to any current

or former directors, officers and employees of the Corporation, for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits of any kind have been paid and are accurately reflected in the Books and Records.

- (y) **Taxes.** The Corporation has filed or caused to be filed, within the times and in the manner prescribed by Law, all federal, provincial, local and foreign Tax returns and Tax reports which are required to be filed by or with respect to the Corporation. The information contained in such returns and reports is correct and complete and, to the knowledge of each Vendor, such returns and reports reflect accurately all liability for Taxes of the Corporation for the periods covered thereby. All federal, provincial, local and foreign income, profits, franchise, sales, use, occupancy, excise and other Taxes and assessments (including interest and penalties) that are or may become payable by or due from the Corporation have been fully paid or fully disclosed and fully provided for in the Books and Records and the Corporation Financial Statements and Corporation Interim Financial Statements. The federal income Tax liability of the Corporation has been assessed for all fiscal years to and including its fiscal year ended on October 31, 2020. Except as disclosed in the Vendor Disclosure Letter, there are no outstanding agreements or waivers extending the statutory period providing for an extension of time with respect to the assessment or re-assessment of Tax or the filing of any Tax return by, or any payment of any Tax by the Corporation, no notice of assessment or reassessment has been received and to the knowledge of the Vendor, no examination of any Tax return of the Corporation is currently in progress. There are no claims, actions, suits or proceedings (or, to the knowledge of the Vendor, any investigation) pending, or to the knowledge of the Vendor, threatened against the Corporation relating to Taxes and the Vendor knows of no valid basis for any such claim, action, suit, proceeding, investigation or discussion. The Corporation has withheld from each payment made by it the amount of all Taxes and other deductions required to be withheld therefrom and has paid the same to the proper taxing or other authority within the time prescribed under any applicable Law.

Section 3.3      **Representations and Warranties of the Trust Vendors with respect to Numberco.**

The Trust Vendors jointly and severally represent and warrant as follows to the Purchaser and acknowledge and agree that the Purchaser is relying upon the representations and warranties in connection with its purchase of the Trust Vendors Purchased Shares:

- (a)      **Authorized and Issued Capital.** The authorized capital of Numberco consists of (i) an unlimited number of Class A common shares of which 200 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable, and 100 of such Class A common shares are legally owned

by [REDACTED], in his capacity as trustee for Grayfor 2017 Trust, and 100 of such Class A common shares are legally owned by [REDACTED] as trustee for 2017 Blundell Family Trust. All of the Trust Vendors Purchased Shares have been issued in compliance with all applicable Laws including applicable securities Laws. Numberco is not a reporting issuer under the securities laws of any jurisdiction of Canada, and there is no published market for the Trust Vendors Purchased Shares. Numberco is a "private issuer" as defined in s. 2.4 of National Instrument 45-106.

- (b) **Representations Incorporated by Reference.** Except for Section 3.2(f), Section 3.2(i), Section 3.2(j), Section 3.2(k), Section 3.2(n), Section 3.2(p), Section 3.2(q), Section 3.2(s), Section 3.2(t), Section 3.2(u), and Section 3.2(y), Section 3.2 of this Agreement is incorporated by reference in its entirety, in this Section 3.3 as if such representations and warranties were repeated in this section and made by the Trust Vendors to the Purchaser, except that any references to "Corporation" in such provisions shall be replaced with references to "Numberco", and the phrase "knowledge of the Vendors" shall be replaced with the phrase, "knowledge of the Trust Vendors".
- (c) **No Business.** Numberco does not carry on any active business, nor has it ever carried on any active business. Without limiting the generality of the foregoing, Numberco has not entered into any Contract or incurred, assumed or guaranteed any obligation, debt or liability of any kind, or authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.
- (d) **Title to the Assets.** Numberco owns (with good title) all of the Assets (whether tangible or intangible) that it purports to own. Numberco has legal and beneficial ownership of its Assets free and clear of all Liens.
- (e) **Contracts.** Except for this Agreement, Numberco is not a party to or bound by any Contract.
- (f) **Equity Interests.** Except for 500,000 common shares in the capital of the Corporation, Numberco holds no shares or other ownership, equity or proprietary interests in any other Person.
- (g) **Financial Statements.** The Numberco Financial Statements are materially accurate as at the dates of and for the periods referred to in such documents.
- (h) **No Liabilities.** Numberco has, and at the time of Closing will have, no material liabilities or obligations of any nature whatsoever, whether known, unknown, due, to become due, direct, indirect, absolute, contingent or otherwise and whether or not required to be accrued on the Numberco Financial Statements

and no matter, fact, circumstance or event has occurred which will give rise to any material liability or obligation after Closing.

- (i) **Taxes.** Numberco has filed or caused to be filed, within the times and in the manner prescribed by Law, all federal, provincial, local and foreign Tax returns and Tax reports which are required to be filed by or with respect to Numberco. The information contained in such returns and reports is correct and complete and, to the knowledge of each Trust Vendor, such returns and reports reflect accurately all liability for Taxes of Numberco for the periods covered thereby. All federal, provincial, local and foreign income, profits, franchise, sales, use, occupancy, excise and other Taxes and assessments (including interest and penalties) that are or may become payable by or due from Numberco have been fully paid or fully disclosed and fully provided for in the Books and Records and the Numberco Financial Statements. The federal income Tax liability of Numberco has been assessed for all fiscal years to and including its fiscal year ended on September 30, 2021. There are no outstanding agreements or waivers extending the statutory period providing for an extension of time with respect to the assessment or re-assessment of Tax or the filing of any Tax return by, or any payment of any Tax by Numberco, no notice of assessment or reassessment has been received and to the knowledge of the Trust Vendors, no examination of any Tax return of Numberco is currently in progress. There are no claims, actions, suits or proceedings (or, to the knowledge of the Trust Vendors, any investigation) pending, or to the knowledge of the Trust Vendors, threatened against Numberco relating to Taxes and the Trust Vendors know of no valid basis for any such claim, action, suit, proceeding, investigation or discussion. Numberco has withheld from each payment made by it the amount of all Taxes and other deductions required to be withheld therefrom and has paid the same to the proper taxing or other authority within the time prescribed under any applicable Law.

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

##### **Section 4.1 Representations and Warranties of the Purchaser.**

The Purchaser represents and warrants as follows to the Vendors and acknowledges that the Vendors are relying upon the representations and warranties set forth below in connection with the transactions contemplated by this Agreement:

- (a) **Incorporation and Corporate Power.** The Purchaser is a corporation incorporated and existing under the Laws of its jurisdiction of incorporation and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement.

- (b) **Corporate Authorization.** The execution and delivery of, and performance by the Purchaser of, this Agreement have been authorized by all necessary corporate action on the part of the Purchaser.
- (c) **No Conflict.** The execution and delivery of and performance by the Vendor this Agreement and each of the Ancillary Agreements to which it is a party:
  - (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of the such Vendor's Constatng Documents;
  - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any of the terms or provisions of any Contracts, Leases or instruments to which such Vendor is a party or pursuant to which any of its Assets or property may be affected;
  - (iii) does not and will not result in the violation of any Law.
- (d) **Required Consents.** At Closing, the Purchaser shall have obtained all necessary consents, approvals, waivers, and authorizations, and made all filings required under applicable Laws in connection with the execution, delivery and its performance of this Agreement and any other documents and agreements to be delivered under this Agreement.
- (e) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes legal, valid and binding agreements of the Purchaser enforceable against it in accordance with its terms, subject to any limitation under applicable Laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other Laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (f) **No Other Agreements to Purchase.** Except for the Vendors' rights under this Agreement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition from the Purchaser of any of the Purchase Consideration Shares.

- (g) **Title to Purchased Shares.** The Vendor is the legal owner of the Purchase Consideration Shares, with a good title, free and clear of all Liens. At Closing, the Purchaser will have the absolute and exclusive right to sell the Purchase Consideration Shares to the Vendors as contemplated by this Agreement, and the Vendors will acquire them, free and clear of all Liens and statutory resale restrictions.
- (h) **Residence of the Vendors.** The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.
- (i) **Litigation.** There are no (i) actions, suits or proceedings, at Law or in equity, by any Person, (ii) any grievance, arbitration or alternative dispute resolution process, or (iii) administrative or other proceeding by or before (or to the knowledge of the Purchaser, any investigation by) any Governmental Entity, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser that might reasonably be expected interfere with the ability of the Purchaser to consummate the transactions contemplated hereby and, to the knowledge of the Purchaser, there is no valid basis for any such action, complaint, grievance, suit, proceeding, arbitration or investigation.
- (j) **Management Contracts.** The Purchaser has entered into management Contracts for providing for the management of the Purchaser with each of Paul Crath, Michael Johnston, and Sean Conacher. Such Contracts are in effect and have not been terminated.
- (k) **D&O Insurance.** The Purchaser maintains in effect directors' and officers' liability insurance policies for the directors and officers of the Corporation. Such policies are in full force and effect. The Purchaser is not in default, whether as to the payment of premiums or otherwise, under any material term or condition of its directors' and officers' liability insurance policy.

## ARTICLE 5 COVENANTS OF THE PARTIES

### Section 5.1 **Conduct of Business Prior to Closing.**

- (1) During the Interim Period, the Vendors and Numberco will cause the Corporation to conduct its Business in the Ordinary Course.
- (2) Without limiting the generality of Section 5.1(1), the Vendors and Numberco will cause the Corporation to conduct the Business in such a manner that on the Closing Date, the representations and warranties of the Vendors contained in this Agreement shall be true, correct and complete as if such representations and warranties were made on and as of such date.



**Section 5.2 Access for Due Diligence.**

The Vendors shall (a) permit the Purchaser and its employees, agents, counsel, accountants or other representatives, between this date and the Closing, without undue interference to the ordinary conduct of the Business, to have reasonable access during normal business hours and upon reasonable notice to (i) the Assets and, in particular to any information, including all Books and Records whether retained by any of the Vendors, the Corporation, Numberco or otherwise, (ii) all Contracts, and (iii) the senior personnel of the Corporation and Numberco, and (b) furnish to the Purchaser or its employees, agents, counsel, accountants or other representatives such financial and operating data and other information with respect to the Assets and the Corporation and Numberco as the Purchaser shall from time to time reasonably request.

**Section 5.3 Actions to Satisfy Closing Conditions.**

(1) Each of the Vendors shall:

- (a) take all commercially reasonable actions as are within its power to control and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure the satisfaction of all of the conditions set forth in Section 6.1 and Section 6.3 including ensuring that during the Interim Period and at Closing, there is no breach of any of its representations and warranties;
- (b) co-operate with the Purchaser in connection with the performance by the Purchaser of its obligations hereunder, provided however that the foregoing shall not be construed to obligate any Vendor to pay or cause to be paid any money to cause such performance to occur, other than as contemplated in this Agreement.

(2) The Purchaser shall:

- (a) take all commercially reasonable actions as are within its power to control and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure the satisfaction of all of the conditions set forth in Section 6.2 and Section 6.3 including ensuring that during the Interim Period and at Closing, there is no breach of any of its representations and warranties;
- (b) co-operate with the Vendors in connection with the performance by the Vendors of their obligations hereunder;
- (c) obtain all consents, approvals and authorizations as are required to be obtained by the Purchaser under any applicable Laws or from any Governmental Entity that would, if not obtained, materially impede the completion of the transactions contemplated by this Agreement;

- (d) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by the Purchaser in connection with the transactions contemplated by this Agreement;
- (e) make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable Laws required to be made by the Purchaser in connection with the transactions contemplated hereby and take all reasonable action necessary to be in compliance with such Laws.

**Section 5.4 Transfer of the Purchased Shares.**

- (1) Each Vendor shall take all necessary steps and corporate proceedings to permit good title to the Purchased Shares to be sold by such Vendor to be duly and validly transferred and assigned to the Purchaser at the Closing, free of all Liens.
- (2) The Purchaser shall take all necessary steps and corporate proceedings to permit good title to the Purchase Consideration Shares to be duly and validly transferred and assigned to the Vendors at the Closing, free of all Liens.

**Section 5.5 Notice of Untrue Representation or Warranty.**

Each of the Vendors shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Vendors, upon any representation or warranty made by it contained in this Agreement or any Ancillary Agreement becoming untrue or incorrect during the Interim Period and for the purposes of this Section 5.5 each representation and warranty shall be deemed to be given at and as of all times during the Interim Period. Any such notification shall set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Vendor or the Purchaser, as the case may be, to rectify that state of affairs.

**Section 5.6 Preparation of Tax Returns.**

The Purchaser will cause to be prepared and filed on a timely basis all Tax returns for the Corporation and Numberco for any period that ends on or before the Closing Date and for which Tax returns have not been filed as of the Closing Date. The Purchaser will also cause to be prepared and filed on a timely basis all Tax returns for the Corporation and Numberco for each taxation period of the Corporation ending after the Closing Date that commenced before the Closing Date and includes a period before the Closing Date (all these Tax returns together with the Tax returns referred to in the first sentence of this Section 5.6 being referred to as "**Stub Period Returns**"). The Vendors and the Purchaser will cooperate fully with each other and make available to each other in a timely fashion all data and other information as may reasonably be required for the preparation of all Stub Period Returns and will preserve that data and other information until the expiration of any applicable limitation period for maintaining books and records under any applicable Tax Law with respect to the Stub Period Returns. The Purchaser will provide to the Vendors for their review, at least 10 Business Days before the relevant filing deadline, a copy of the Stub Period Returns and, before filing the

Stub Period Returns, will take into account, acting reasonably, any comments of the Vendors on the Stub Period Returns. The Purchaser will pay all costs related to the preparation and filing of the Stub Period Returns.

**Section 5.7 Exclusive Dealing.**

During the Interim Period, each Vendor shall not, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any Person (other than Purchaser) relating to any transaction involving the sale of any shares of the Vendor, Numberco or the Corporation or the sale of the Business or any of the Assets (other than as permitted in this Agreement).

**Section 5.8 Indemnification and Directors' and Officers' Insurance**

- (1) From and after the Closing Date, the Purchaser will cause the each of the Corporation and Numberco, and their successors and assigns, respectively, to fulfill and honour in all respects their respective obligations under any written indemnification agreements between each of the Corporation and Numberco and their respective past and present directors and officers that remain in effect on the date of this Agreement, and any indemnification provisions under their respective by-laws as in effect on the date of this Agreement.
- (2) For a period of six years after the Closing Date, the Buyer will maintain in effect directors' and officers' liability insurance policies for the directors and officers of the Corporation for claims arising from facts or events that occurred at, or before, the Closing (including acts or omissions relating to the approval of this Agreement and consummation of the transactions contemplated by this Agreement) (the "**D&O Insurance**"), either under the Purchaser's existing insurance policies, or another insurance policy with coverage that is substantially equivalent to the Purchaser's existing policies, or if substantially equivalent insurance coverage is unavailable, the best available coverage, provided that the annual cost for the purchase of the D&O Insurance will not exceed 300% of the annual cost of the Purchaser's existing policies; and provided further that, if equivalent coverage cannot be obtained or can only be obtained by paying annual premiums in excess of 300% of the annual cost of the Purchaser's existing policies, the Purchaser shall only be required to obtain, or cause the Corporation to obtain as much coverage as can be obtained by paying annual premiums equal to 300% of the Purchaser's existing policies. The Purchaser covenants and agrees to provide to Grayfor 2017 Trust a copy of the D&O Insurance policy promptly (and in any event, within five Business Days) following any renewal or replacement of the D&O Insurance Policy.
- (3) If the Purchaser shall (a) amalgamate, consolidate with or merge or wind-up into any other person and, if applicable, shall not be the continuing or surviving corporation or entity or (b) transfer all or substantially all of its properties and assets to any person

or persons, then, and in each such case, proper provisions shall be made so that the successors, assigns and transferees of the Purchaser shall assume all of the obligations set forth in this Section 5.8.

- (4) The provisions of this Section 5.8 are intended for the benefit of, and will be enforceable by, each insured or indemnified person referred to in this Section 5.8, and that person's heirs, executors, administrators, estate trustees, trustees, personal or legal representatives, successors and permitted assigns, and for that purpose, the Vendors confirm that they are acting as agents and trustees on their behalf.

**Section 5.9 Vendors Confidentiality.**

After the Closing, each Vendor severally agrees to keep confidential all information in such Vendor's possession or under such Vendor's control relating to the Corporation and the Business, and Numberco, unless such information is or becomes generally available to the public other than as a result of a disclosure by the Vendors in violation of this Agreement.

**ARTICLE 6  
CONDITIONS OF CLOSING**

**Section 6.1 Conditions for the Benefit of the Purchaser.**

The purchase and sale of the Purchased Shares is subject to the following conditions to be fulfilled or performed prior to Closing, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of each of the Vendors contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date (except for representations and warranties made as of another date, which shall be true and correct in all material respects as of such other date), and each of the Vendors shall have delivered a certificate, signed on its behalf by a senior officer, as applicable, to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Purchaser of any of the representations and warranties of the Vendor which are contained in this Agreement or in any Ancillary Agreement. Upon the delivery of such certificates, the representations and warranties made by each Vendor in Article 3 shall be deemed to have been made by such Vendor on and as of the Closing Date with the same force and effect as if made on and as of such date;
- (b) **Performance of Covenants.** Each Vendor shall have fulfilled or complied in all material respects with all covenants contained in this Agreement and in any Ancillary Agreement to be fulfilled or complied with by it at or prior to the

Closing, and the Vendors shall have delivered a certificate, signed on its behalf by a senior officer, as applicable, to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Purchaser of any of the covenants of the Vendor which are contained in this Agreement or any Ancillary Agreement;

- (c) **Deliveries.** The applicable Vendors shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser:
- (i) Share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to the Purchaser that the Purchaser or its nominee(s) have been entered upon the books of the Corporation as the holder of the Purchased Shares;
  - (ii) Certified copies of (A) the Constatting Documents of Technical, Numberco and the Corporation, and (B) all resolutions of the shareholders and the board of directors of Technical, Numberco and the Corporation approving the entering into and completion of the transaction contemplated by this Agreement and the Ancillary Agreements;
  - (iii) A certificate of status, compliance, good standing or like certificate with respect to Technical, Numberco and the Corporation issued by appropriate government officials of their respective jurisdictions of incorporation;
  - (iv) The certificates referred to in Section 6.1(a) and Section 6.1(a); and
  - (v) Resignations and mutual releases, effective as of the Closing, duly executed by the Corporation and Numberco, and each director and officer of the Corporation or Numberco, as applicable.

## Section 6.2 **Conditions for the Benefit of the Vendors.**

The purchase and sale of the Purchased Shares is subject to the following conditions to be fulfilled or performed prior to the Closing, which conditions are for the exclusive benefit of each Vendor and may be waived, in whole or in part, by each Vendor in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of

such date (except for representations and warranties made as of another date, which shall be true and correct in all material respects as of such other date) and the Purchaser shall have delivered a certificate signed on its behalf by a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver of the representations and warranties of the Purchaser which are contained in this Agreement or any Ancillary Agreement. Upon the delivery of such certificates, the representations and warranties of the Purchaser in Article 4 shall be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date;

- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing and the Purchaser shall have delivered a certificate signed on its behalf by a senior officer to that effect. The receipt of such certificate and the Closing shall not constitute a waiver by the Vendor of the covenants of the Purchaser which are contained in this Agreement;
- (c) **Status of Grown Rogue.**
  - (i) Grown Rogue shall be a corporation existing under the Laws of its jurisdiction of incorporation.
  - (ii) Grown Rogue shall be a reporting issuer not in default under the securities Laws of British Columbia, Alberta, Ontario, and Nova Scotia.
  - (iii) The Purchase Consideration Shares shall be listed and posted for trading on the CSE.
  - (iv) No delisting, suspension of trading, or cease trade or other Order or restriction with respect to any securities of Grown Rogue shall be pending, in effect or threatened.
- (d) **Deliveries.** The Purchaser shall deliver or cause to be delivered to the Vendor the following in form and substance satisfactory to the Vendor acting reasonably:
  - (i) The certificates referred to in Section 6.2(a) and Section 6.2(b);
  - (ii) Certified copies of all resolutions of the shareholders and the board of directors of the Purchaser approving the entering into and completion of the transaction contemplated by this Agreement and the Ancillary Agreements;

- (iii) DRS statements or other electronic transfer of shares evidencing the Purchase Consideration Shares, registered to or as directed by the Vendors no later than two Business Days prior to the Closing Date.

**Section 6.3 Mutual Conditions Precedent.**

The respective obligations of the Vendors and the Purchaser to complete the purchase and sale of the Purchased Shares are subject to the following conditions to be fulfilled or performed prior to Closing, which conditions are for the mutual benefit of the Vendors and the Purchaser, and may be waived, in whole or in part, by mutual consent of the Vendors and the Purchaser at any time:

- (a) **No Legal Action.** No action or proceeding shall be pending by any Person (other than any of the Vendors, the Purchaser, Numberco or the Corporation) in any jurisdiction, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or the right of the Corporation to conduct the Business after Closing on substantially the same basis as heretofore operated;
- (b) **Approvals.** The Purchaser shall have obtained any necessary approvals of the CSE with respect to the transaction contemplated herein.

**ARTICLE 7  
CLOSING**

**Section 7.1 Date, Time and Place of Closing.**

The completion of the transaction of purchase and sale contemplated by this Agreement shall take place at the offices of Irwin Lowy LLP, at 10:00 a.m. (Toronto time) on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Vendors and the Purchaser.

**Section 7.2 Closing Procedures.**

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, at the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser all certificates, agreements, documents and instruments required under Section 6.1(c), and the Purchaser shall deliver or cause to be delivered to the Vendors all certificates, agreements, documents and instruments required under Section 6.2(d).

**ARTICLE 8  
TERMINATION**

**Section 8.1 Termination Rights.**

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

- (1) by mutual written agreement of the Purchaser, and the Vendors;
- (2) by the Purchaser, upon written notice to the Vendors (specifying in reasonable detail the circumstances giving rise to Purchaser's right to terminate):
  - (a) if any of the conditions set out in Section 6.1 (*Conditions Precedent for the Benefit of the Purchaser*) or Section 6.3 (*Mutual Conditions Precedent*) that has not been waived by Purchaser is not capable of being satisfied by the Outside Date, provided that the failure to satisfy that condition is not the result, directly or indirectly, of breach of this Agreement by the Purchaser;
  - (b) if a breach of any representation, warranty or covenant of the Vendors has occurred that would cause the condition set out in Section 6.1(a) or Section 6.1(b) to not be satisfied, and that breach is incapable of being cured or is not cured within 10 Business Days after notice is given by the Purchaser, and provided that Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.1(a) or Section 6.1(b) not to be satisfied;
- (3) by a Vendor, upon written notice to the Purchaser and each other Vendor (specifying in reasonable detail the circumstances giving rise to the Vendor's right to terminate):
  - (a) if any of the conditions set out in Section 6.2 (*Conditions Precedent for the Benefit of the Vendors*) or Section 6.3 (*Mutual Conditions Precedent*) that has not been waived by the Vendors is not capable of being satisfied by the Outside Date, provided that the failure to satisfy that condition is not the result, directly or indirectly, of breach of this Agreement by the Vendors;
  - (b) if a breach of any representation, warranty or covenant of the Purchaser has occurred that would cause the condition set out in Section 6.2(a) or Section 6.2(b) to not be satisfied, and that breach is incapable of being cured or is not cured within 10 Business Days after notice is given by the Vendor, and provided that Vendors are not then in breach of this Agreement so as to cause any condition in Section 6.2(a) or Section 6.2(b) not to be satisfied;
- (4) by any Party, if the Closing Date has not occurred on or before the Outside Date, provided that a Party may not terminate this Agreement under this Section 8.1(4) if the failure of the Closing Date to occur is the result, directly or indirectly, of that Party's breach of this Agreement.

## Section 8.2 **Effect of Termination.**

If this Agreement is terminated in accordance with Section 8.1, the Parties will be released from all of their obligations under this Agreement, except that:



- (a) Section 10.3 (*Announcements*), Section 10.4 (*Third Party Beneficiaries*) and Section 10.5 (*Expenses*) will survive the termination of this Agreement and continue in full force and effect; and
- (b) the termination of this Agreement at any time before the Closing will not relieve any Party from any liability arising before that termination.

Each Party's right of termination under this Article 8 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Article 8 shall limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

## ARTICLE 9 INDEMNIFICATION

### Section 9.1 **Indemnification in Favour of the Purchaser.**

Subject to Section 9.3 and Section 9.5, each of the Vendors shall severally, and proportionately to that Vendor's Proportionate Interest, indemnify and save each of the Purchaser and the Corporation and their respective shareholders, directors, officers, employees, agents and representatives (collectively, the "**Purchaser's Indemnified Persons**") harmless of and from any loss, liability, claim, damage (including incidental and consequential damage) or expense (whether or not involving a third-party claim) including legal expenses (collectively, "**Damages**") suffered by, imposed upon or asserted against any of the Purchaser's Indemnified Persons as a result of, in respect of, connected with, or arising out of, under, or pursuant to:

- (a) any failure of the Vendors to perform or fulfil any covenant of the Vendor under this Agreement; and
- (b) any breach or inaccuracy of any representation or warranty given by any of the Vendors contained in this Agreement.

### Section 9.2 **Indemnification in Favour of the Vendor.**

The Purchaser shall indemnify and save the Vendors and their respective shareholders, directors, officers, trustees, employees, agents and representatives (collectively, the "**Vendor Indemnified Persons**") harmless of and from any Damages suffered by, imposed upon or asserted against any of the Vendor Indemnified Persons as a result of, in respect of, connected with, or arising out of, under or pursuant to:

- (a) any failure of the Purchaser to perform or fulfil any covenant of the Purchaser under this Agreement; and

- (b) any breach or inaccuracy of any representation or warranty given by the Purchaser contained in this Agreement.

Section 9.3 **Time Limitations.**

- (1) The representations and warranties of the Vendor contained in this Agreement and in any Ancillary Agreement shall survive the Closing and, notwithstanding the Closing or any investigation made by or on behalf of the Purchaser, shall continue for a period of one year after the Closing Date and any claim in respect thereof shall be made in writing during such time period, except that:
  - (a) the representations and warranties set out in Section 3.2(a) (*Incorporation and Qualification*), Section 3.2(b) (*Corporate Authorization*), Section 3.2(d) (*Required Authorizations*), Section 3.2(e) (*Execution and Binding Obligation*), Section 3.2(f) (*Authorized and Issued Capital*) and Section 3.2(g) (*No Other Agreements to Purchase*) (and the corresponding representations and warranties set out in the certificate to be delivered pursuant to Section 6.1(a) (the “**Vendor’s Closing Certificate**”)) shall survive and continue in full force and effect without limitation of time;
  - (b) the representations and warranties set out in Section 3.2(y) (*Taxes*) (and the corresponding representations and warranties set out in the Vendor’s Closing Certificates) shall survive and continue in full force and effect until, but not beyond, the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Tax, interest or penalties under applicable Tax legislation in respect of any taxation year to which such representations and warranties extend could be issued under such Tax legislation to the Corporation, provided the Corporation did not file any waiver or other document extending such period; and
  - (c) the survival periods set out in this Section 9.1 shall not apply to an Indemnity Claim based on fraud or fraudulent misrepresentation by the Vendors, or any of them, relating to this Agreement, any Ancillary Agreement, or the Vendor’s Closing Certificate.
- (2) The covenants, representations and warranties of the Purchaser contained in this Agreement and in any Ancillary Agreement shall survive the Closing and, notwithstanding the Closing or any investigation made by or on behalf of the Vendor, shall continue for a period of one year after the Closing Date and any claim in respect thereof shall be made in writing during such time period, except that:
  - (a) the representations and warranties set out in Section 4.1(a) (*Incorporation and Corporate Power*), Section 4.1(b) (*Corporate Authorization*), Section 4.1(d) (*Required Consents*), and Section 4.1(e) (*Execution and Binding Obligation*), and the corresponding representations and warranties set out in the certificate to

be delivered pursuant to Section 6.1(a) (the “**Purchaser’s Closing Certificate**”) shall survive and continue in full force and effect without limitation of time;

- (b) the covenants of the Purchaser set out in Section 5.6 (*Preparation of Tax Returns*) and Section 5.8 (*Indemnification and Directors’ and Officers’ Insurance*) shall survive and continue in full force and effect without limitation of time; and
- (c) the survival periods set out in this Section 9.2 shall not apply to an Indemnity Claim based on fraud or fraudulent misrepresentation by the Purchaser relating to this Agreement, any Ancillary Agreement, or the Purchaser’s Closing Certificate.

#### Section 9.4 **Amount Limitations on Indemnification Obligations**

- (1) The indemnification obligations of the Vendors under this Article 9 are limited in the aggregate to the sum of \$350,000 and the indemnification obligations of each Vendor under this Article 9 are limited to such Vendor’s Proportionate Interest.
- (2) The Vendors will not be required to indemnify any Purchaser’s Indemnified Person under this Article 9 unless the aggregate of all Damages under the Indemnity Claims made by the Purchaser’s Indemnified Persons exceeds \$250,000 in which case each Vendor as an Indemnifying Party will only be obligated to pay the amount owing by it under this Article 9 in respect of those Damages in excess of that first \$250,000.

#### Section 9.5 **Notice of Indemnity Claims**

If a Purchaser’s Indemnified Person or a Vendor Indemnified Person (an “**Indemnified Party**”) becomes aware of Damages or potential Damages in respect of which a Party (an “**Indemnifying Party**”) has agreed to indemnify it under this Article 9, the Indemnified Party will promptly give written notice (an “**Indemnity Notice**”) of its claim or potential claim for indemnification (an “**Indemnity Claim**”) to the Indemnifying Party. An Indemnity Notice must specify whether the Indemnity Claim arises as the result of a Third Party Claim or whether the Indemnity Claim is a Direct Claim, and must also specify with reasonable particularity (to the extent that the information is available):

- (a) the factual basis for the Indemnity Claim; and
- (b) the amount of the Indemnity Claim, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive an Indemnity Notice of an Indemnity Claim in time to effectively contest the determination of any liability capable of being contested, the Indemnifying Party will be entitled to set-off against the amount claimed by the Indemnified Party the amount of any Damages incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give an Indemnity Notice on a timely basis.

**Section 9.6 Procedure for Indemnification—Direct Claims.**

- (1) Following receipt of an Indemnity Notice from the Indemnified Party of a Direct Claim, the Indemnifying Party will have ten Business Days, or any other period of time agreed to by the Indemnifying Party and the Indemnified Party, (in either case, the “**Claim Dispute Period**”) to make any investigations it considers necessary or desirable. For the purpose of those investigations, the Indemnified Party will make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Direct Claim, together with all other information that the Indemnifying Party may reasonably request.
- (2) If the Indemnifying Party disputes the validity or amount of the Direct Claim, the Indemnifying Party may provide written notice of the dispute to the Indemnified Party within the Claim Dispute Period. That dispute notice must describe in reasonable detail the nature of the Indemnifying Party’s dispute. Upon receipt of a dispute notice, the Indemnified Party may pursue all rights and remedies available to it, subject to this Agreement.
- (3) If the Indemnifying Party does not provide written notice of a dispute with respect to the Direct Claim within the Claim Dispute Period, the Indemnifying Party will be deemed to have agreed to the validity and amount of the Direct Claim.

**Section 9.7 Procedure for Indemnification—Third Party Claims.**

- (1) The Indemnified Party will promptly deliver to the Indemnifying Party copies of all correspondence, notices, assessments or other written communication received by the Indemnified Party in respect of any Third Party Claim that is or might become the basis of an Indemnity Claim.
- (2) The Indemnified Party will not negotiate, settle, compromise or pay any Third Party Claim that is or might become the basis of an Indemnity Claim without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld.
- (3) The Indemnified Party will not cause or permit the termination of any right to defend or right of appeal in respect of any Third Party Claim that is or might become the basis of an Indemnity Claim without giving the Indemnifying Party written notice of the contemplated or potential termination in time to grant the Indemnifying Party an opportunity to contest the Third Party Claim.
- (4) If the Indemnifying Party acknowledges in writing its obligation, subject to the limits in this Article 9, to satisfy an Indemnity Claim to the extent of any binding, final and non-appealable determination or settlement in connection with a Third Party Claim, then:

- (a) subject to Section 9.7(4)(c), the Indemnifying Party will have the right, by written notice delivered to the Indemnified Party within 15 Business Days of receipt by the Indemnifying Party of the Indemnity Notice, and subject to the right of any insurer or other Person to assume carriage and control of the Third Party Claim, to assume carriage and control (including the negotiation, defence or settlement) of the Third Party Claim and the conduct of any related legal or administrative proceedings at the expense of the Indemnifying Party and by its own counsel, in which case the Indemnifying Party will not, as long as it diligently conducts such defense, be liable to the Indemnified Party under this Article 9 for any fees of other counsel or any other expenses with respect to the defense of the Third Party Claim, in each case subsequently incurred by the Indemnified Party in connection with the defense of the Third Party Claim, other than reasonable costs of investigation;
  - (b) if the Indemnifying Party elects to assume carriage and control, the Indemnified Party will have the right to participate at its own expense (for which it will not be entitled to any indemnification under this Article 9) in the negotiation, defence or settlement of the Third Party Claim assisted by its own counsel; and
  - (c) despite Section 9.7(4)(a), the Indemnifying Party may not assume defence of the Third Party Claim if (i) the Indemnifying Party is also a party to the Third Party Claim and the Indemnified Party determines in good faith that joint representation would be inappropriate, or (ii) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Party of its financial capacity to defend the Third Party Claim and provide indemnification with respect to the Third Party Claim.
- (5) Despite Section 9.7(2), if the Indemnified Party is, before the completion of related settlement negotiations or legal proceedings, required by applicable Law to make a payment into court, into escrow, or to any third party, with respect to a Third Party Claim that is the basis of an Indemnity Claim, the Indemnified Party may make the required payment.
- (6) Despite Section 9.7(2) and Section 9.7(4), if an Indemnified Party determines in good faith that there is a reasonable probability that a Third Party Claim may adversely affect it or its affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Party may, by notice to the Indemnifying Party, assume the exclusive right to defend, compromise, or settle the Third Party Claim. In such case, the Indemnifying Party will not be bound by any determination of a Third Party Claim so defended or any compromise or settlement of the Third Party Claim made without its consent, which may not be unreasonably withheld.

- (7) The Indemnifying Party will not be required to indemnify for any Damages relating to a Third Party Claim that is settled or contested in violation of the terms of this Section 9.7.
- (8) Each of the Indemnified Party and the Indemnifying Party will make all commercially reasonable efforts to make available to the Party (or other Indemnified Party) who has assumed carriage and control of a Third Party Claim that is or might become the basis of an Indemnity Claim all employees and other Persons under its control whose assistance, testimony or presence is necessary to assist the Indemnifying Party in evaluating and defending any such claims. However, the Indemnifying Party shall be responsible for the expense associated with any employees made available by the Indemnified Party to the Indemnifying Party pursuant to this Section 9.7(8), which expense shall be equal to an amount to be mutually agreed upon per person per hour or per day for each day or portion thereof that the employees or such other Persons are assisting the Indemnifying Party and which expenses shall not exceed the actual cost to the Indemnified Party associated with the employees or other Persons.
- (9) With respect to any Third Party Claim, the Indemnified Party shall make available to the Indemnifying Party or its representatives on a timely basis all documents, records and other materials in the possession of the Indemnified Party, at the expense of the Indemnifying Party, reasonably required by the Indemnifying Party for its use in defending any such claim and shall otherwise cooperate on a timely basis with the Indemnifying Party in the defence of such claim.
- (10) With respect to any re-assessment for income, corporate, sales, excise, or other Tax or other liability enforceable by Lien against the property of the Indemnified Party, the Indemnifying Party's right to so contest shall only apply after payment of the re-assessment or the provision of such security as is necessary to avoid a Lien being placed on the property of the Indemnified Party.

**Section 9.8 Indemnity Adjustments to Purchase Price.**

Any payment made to a Purchaser Indemnified Person under this Article 9 will constitute a decrease to the Purchase Price, and any payment made to a Vendor Indemnified Person under this Article 9 will constitute an increase to the Purchase Price. Despite Section 2.3(1), any decrease in the Purchase Price under this Article 9 will be allocated to the Vendor making the payment, and any increase in the Purchase Price under this Article 9 will be allocated to the Vendor receiving the payment (or to the Vendor whose related Vendor Indemnified Person is receiving the payment).

**Section 9.9 Exclusion of Other Remedies.**

No Party shall have the right to bring any proceeding against any other Party for a breach of any representation, warranty, covenant or agreement contained in this Agreement, except for a proceeding brought in accordance with the provisions of this Article 9. This provision is not intended to preclude any proceeding by any Party against any other Party

based on fraud or on a cause of action or right, including any statutory right, other than a cause of action in contract or tort for breach of a representation, warranty, covenant or agreement contained in this Agreement.

**ARTICLE 10  
MISCELLANEOUS**

Section 10.1     **Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a “**Notice**”) must be in writing, sent by personal delivery, courier or email addressed:

- (a)     to the Purchaser at:  
Cannabis Growth Opportunity Corporation  
240 Richmond Street West, Suite 4164  
Toronto, Ontario, M5V 1V6  
Attention:         Paul Crath, CEO  
Email:             [Redacted]

- (b)     to Four Eleven Technical Services Inc., at:  
  
[Redacted]  
  
Attention:         [Redacted], President  
Email:             [Redacted]

- (c)     to Grayfor 2017 Trust, at:  
[Redacted]  
  
Attention:         [Redacted]  
Email:             [Redacted]

- (d)     to 2017 Blundell Family Trust, at:  
[Redacted]  
  
Attention:         [Redacted]

Email: [Redacted]

Any such Notice shall be deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by overnight courier, on the next Business Day, or (iii) if sent by email, on the day of transmission, but if the Notice is transmitted on a day that is not a Business Day or after 4:00 p.m. (local time in place of receipt), the Notice will be deemed to have been given or made and received on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed.

**Section 10.2 Time of the Essence.**

Time is of the essence in this Agreement.

**Section 10.3 Announcements.**

No Party shall issue any press release or otherwise make public statements or disclosure with respect to this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other Parties (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws, and the Party making any such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Parties and reasonable opportunity for the other Parties to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing), and if such prior notice is not practicable, to give such notice immediately following the making of any such disclosure or filing. The Party making any disclosure hereunder shall give reasonable consideration to any comments made by the other Parties or their legal counsel. The Parties consent to this Agreement being filed on SEDAR.

**Section 10.4 Third Party Beneficiaries.**

Except as otherwise provided in Section 5.8 (*Indemnification and Directors' and Officers' Insurance*) and Article 9 (*Indemnification*), this Agreement is not intended to, and does not, benefit or create any right or cause of action in, or on behalf of, any Person other than the Parties (and their respective successors and permitted assigns), and no such Person shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. If a court determines that: (a) Section 9.1 does not create direct rights in favour of the Purchaser's Indemnified Persons, then the Purchaser confirms that it is acting as agent and trustee on their behalf, and (b) Section 9.2 does not create direct rights in favour of the Vendor Indemnified Persons, then the Vendors confirm that they are acting as agents and trustees on their behalf.



**Section 10.5 Expenses.**

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, investment advisers and accountants) incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated therein shall be paid by the Purchaser. For the avoidance of doubt, no Party shall be responsible for the payment of income Taxes imposed upon any other Party which result from the transactions contemplated by this Agreement.

**Section 10.6 Amendments.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendors and the Purchaser.

**Section 10.7 Waiver.**

No waiver of, failure to exercise or delay in exercising, any provision of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar) nor does any waiver constitute a continuing waiver unless otherwise expressly provided. No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

**Section 10.8 Further Assurances.**

Each Party will execute and deliver any further agreements and documents and provide any further assurances, undertakings and information as may be reasonably required by the requesting Party to give effect to this Agreement.

**Section 10.9 Non-Merger.**

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties will not merge on and will survive the Closing. Notwithstanding the Closing or any investigation made by or on behalf of any Party, the covenants, representations and warranties will continue in full force and effect. Closing will not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

**Section 10.10 Entire Agreement.**

This Agreement, together with the Ancillary Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or any Ancillary Agreement. The Parties have not

relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements.

**Section 10.11 Successors and Assigns.**

Neither this Agreement nor any right or obligation under this Agreement may be assigned by any Party without the prior written consent of the other Parties. This Agreement is binding upon and enures to the benefit of the Vendors, the Purchaser and their respective successors and permitted assigns.

**Section 10.12 Severability.**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**Section 10.13 Governing Law.**

This Agreement will be governed by and interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein.

**Section 10.14 Counterparts.**

This Agreement may be executed in any number of counterparts (including counterparts by email) and all such counterparts taken together will be deemed to constitute one and the same instrument.

**[Remainder of page intentionally left blank. Signature pages follow.]**

IN WITNESS WHEREOF the Parties have executed this Share Purchase Agreement.

**PLANT-BASED INVESTMENT CORP.**

By: "Graham Simmonds"  
Name:  
Title:

**FOUR ELEVEN TECHNICAL SERVICES  
INC.**

By: "██████████r"  
Name: ██████████  
Title: Director

"██████████"  
Grayfor 2017 Trust, by ██████████  
██████████ trustee

"██████████"  
2017 Blundell Family Trust, by ██████████  
██████████, trustee

## SCHEDULE 2.3

### PURCHASED SHARES

<b>Vendor Name</b>	<b>Contact Information (Address and Email)</b>	<b>Number of Purchased Shares Selling to Purchaser</b>	<b>Number of Purchase Consideration Shares Receiving from Purchaser</b>
Four Eleven Technical Services Inc.	[Redacted]	500,000 common shares in the capital of CGOC Management Corp.	15,825,000
Grayfor 2017 Trust	[Redacted]	100 Class A common shares in the capital of 2163777 Ontario Inc.	7,912,500
2017 Blundell Family Trust	[Redacted]	100 Class A common shares in the capital of 2163777 Ontario Inc.	7,912,500

This is Exhibit "D" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*


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A Commissioner for Oaths in and  
for the Province of Ontario

**TO: PLANT-BASED INVESTMENT CORP.**  
**AND TO: THE DIRECTORS & SHAREHOLDERS THEREOF**

I became a director of Plant-Based Investment Corp. (“PBIC”) as a CGOC Management Corp. (“MC”) appointee on August 15, 2019. I have continued my director role as an MC appointee to date. PBIC is purchasing MC under the terms of a Share Purchase Agreement (“SPA”) dated May 1, 2022. MC has requested that I resign as one of their director appointees effective on the close of the SPA. My executive role as Chief Strategy Officer and Founder of PBIC continues under the terms of the contract dated January 1, 2021 and is in no way affected by my resignation as a Director. I hereby tender my resignation as a director of Plant-Based Investment Corp. with effect upon the discharge of the MC Closing Date Liabilities.

**DATED** this 11<sup>th</sup> day of May, 2022.

  
\_\_\_\_\_  
Sean Conacher

This is Exhibit "E" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario

April 14, 2023

**By email to:** [paulcrath@gmail.com](mailto:paulcrath@gmail.com)

Mr. Paul Crath  
CEO Plant-Based Investment Corp.  
240 Richmond St. W. Suite 4164  
Toronto, Ontario  
M5V 1V6

**By email to:** [mike@fa.ca](mailto:mike@fa.ca)

Mr. Mike Johnston  
CFO Plant-Based Investment Corp.  
240 Richmond St. W. Suite 4164  
Toronto, Ontario  
M5V 1V6

**By email to:** [jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)

Mr. Graham Simmonds  
Chair Plant-Based Investment Corp.  
134 Kitzbuhl Crescent  
The Blue Mountains, Ontario  
L9Y 0S5

Paul, Mike & Graham:

Following recent discussions with Board members and Mike Johnston, I find myself with no choice but to advise that the Company has fundamentally breached my Employment Agreement and to request the timely payment of all unpaid wages as well as the termination payment set out in section 4.1(c) of my Employment Agreement.

The Company has not paid my base salary or any other wages since February 2022. I objected to this non-payment but was always told that there were short-term cashflow problems, that the Company anticipated additional financing in the near term, and that I would ultimately be paid. Relying on those assurances, I maintained my objections but held off on immediately asserting constructive dismissal of my employment.

Since last February, I have continued to work in my capacity as Chief Strategy Officer.

The situation changed materially in February 2023, when the chair of our audit committee and independent director unexpectedly resigned just weeks prior to our annual financial filings and the subsequent cease trade of the stock. Since that time I have become increasingly concerned that the



Company would not honour its obligations to me. I realized it was no longer reasonable to rely on its prior assurances.

As a result, I cannot permit this situation to continue. Understand, this is not a resignation. This is a constructive dismissal of my employment arising from the Company's breaches. In the circumstances, I have no choice but to demand that within 10 business days of today, the Company pay me the following:

1. Unpaid wages for the period of March 2022 to April 15, 2023, in the amount of \$405,000.00, being \$30,000.00 per month for 13.5 months; and
2. The payments mandated by section 4.1(c) of the Employment Agreement being the following:
  - a. a lump sum payment in the amount of \$720,000.00, being 24 months of Base Salary;
  - b. payment equal to 24 months of the Company cost of my health premiums; and
  - c. payment of outstanding accrued but unused vacation.

Section 4.1(c) also contemplates payment of bonus amounts. My understanding is that no bonuses have or will be paid to any of the executives. If that is not the case, I reserve my right to also claim the bonus amounts contemplated in section 4.1(c).

The payments set out in 4.1(c) of my Employment Agreement were the agreed-upon amount of my damages if my employment was terminated by the Company. My employment has been terminated by the Company's actions, and the Company is now liable.

If I do not receive payment within the time contemplated by the Employment Agreement, I will need to take legal action. If you want to discuss these issues, please contact my counsel, Kimberly Boara Alexander, at [kalexander@kbalaw.ca](mailto:kalexander@kbalaw.ca)

This letter addresses only issues related to my employment, which is now terminated; I continue to contemplate my future in my capacity as a director but for now, I will stay on in that capacity.

I trust that we can resolve the issues relating to my employment without resort to litigation.

Yours Truly,



Sean Conacher

This is Exhibit "F" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

---

A Commissioner for Oaths in and  
for the Province of Ontario



**April 26, 2023**

Dear Sean Conacher,

This letter confirms we are in receipt of your letter of April 14, 2023, claiming your constructive dismissal from Plant-Based Investment Corp. (the "Company") for non-payment. We are reviewing its contents and details with counsel, but acknowledge that as of the date of the letter you are no longer an officer, nor provide any other services to the Company effective April 14, 2023.

We also note that as of April 18, 2023, we have completed all payments and paid legal fees in satisfaction of all conditions to your conditional resignation from the Board of Directors of the Company (attached hereto). Accordingly, your resignation from the Board of Directors of the Company is effective April 18, 2023.

Given your resignation, please immediately cease and desist from holding yourself out as a representative of the Company.

Regards,

**PLANT-BASED INVESTMENT CORP.**

A handwritten signature in black ink, appearing to read "Paul Crath", written over a light gray rectangular background.

Paul Crath, CEO

This is Exhibit "G" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

---

A Commissioner for Oaths in and  
for the Province of Ontario

---

[REDACTED]

[REDACTED]

[REDACTED]

----- Forwarded message -----  
From: **Paul Crath** <[paulcrath@gmail.com](mailto:paulcrath@gmail.com)>  
Date: Thu, Apr 27, 2023 at 1:14 PM  
Subject: Re: PBIC Board Meeting April 27, 2023 at 11am  
To: Mike Johnston <[Mike@fa.ca](mailto:Mike@fa.ca)>  
Cc: Graham Simmonds <[jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)>

Hi Mike,

As per my note yesterday this is a private board communication

To be clear Sean's resignation was a condition of the SPA for CGOC Mgmt Corp and the transaction has closed. We received his resignation at our lawyers at closing subject to certain liabilities being satisfied. They have all been satisfied. Gowlings is not required to release it from Escrow. As noted PBIC has the opinion of

two independent law firms that Sean has resigned from the Board effective April 18, 2023 and we have press released to that fact.

Our lawyers have confirmed that the PBIC Board consists of 3 members, you, myself and Graham.

One of the main purposes of this emergency Board meeting is to discuss how we protect ourselves from litigation, including Sean's significant constructive dismissal claim as well as from other looming creditors.

Sean is not on the Board and we do not think it is appropriate for any director to take the position that he is. Please keep these communications confidential.

We will proceed with the meeting at 1:30pm.

Thanks Paul

On Thu, Apr 27, 2023 at 12:26 PM Mike Johnston <[Mike@fa.ca](mailto:Mike@fa.ca)> wrote:

All,

I am writing to cancel the Board meeting scheduled for today at 1:30pm. I have just received an email sent by Gowlings indicating that Sean's resignation has not been released from escrow. Until we know who the directors are we can't have a proper Board meeting.

Mike



Michael D. Johnston, CPA, CA

Partner

Bus: 416.947.0464 Ext. 232

Fax: 416.364.8797

Email: [mike@fa.ca](mailto:mike@fa.ca)

Toronto Office:

340 Richmond Street West

Toronto, Ontario, Canada M5V 1X2

Milton Office:

400 Main Street East, Suite 110

Milton, Ontario, Canada L9T 4X5

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*The highest compliment you can give us is a referral.*



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**From:** Mike Johnston <[Mike@fa.ca](mailto:Mike@fa.ca)>

**Sent:** Tuesday, April 25, 2023 12:59 PM

**To:** Paul Crath <[paulcrath@gmail.com](mailto:paulcrath@gmail.com)>; Sean Conacher <[sconacher@gmail.com](mailto:sconacher@gmail.com)>; Graham Simmonds <[jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)>

**Subject:** Re: PBIC Board Meeting April 27, 2023 at 11am

All,

Apologies but I must move the time of the Board meeting discussed below to 1:30pm on April 27, 2023.

Thanks,

Mike

-----  
Michael D. Johnston, CPA, CA

Forbes Andersen LLP

Bus: 416.947.0464 Ext. 232 Fax: 416.364.8797

Email: [mike@fa.ca](mailto:mike@fa.ca)

Toronto Office:

340 Richmond Street West

Toronto, Ontario, Canada M5V 1X2

Milton Office:

400-420 Main Street East, Suite 110

Milton, Ontario, Canada L9T 4X5

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**From:** Mike Johnston

**Sent:** Tuesday, April 25, 2023 10:41:58 AM

**To:** Paul Crath <[paulcrath@gmail.com](mailto:paulcrath@gmail.com)>; Sean Conacher <[sconacher@gmail.com](mailto:sconacher@gmail.com)>; Graham Simmonds <[jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)>

**Subject:** PBIC Board Meeting April 27, 2023 at 11am



All,

Sean and I would like to call a meeting of the Board of Directors of Plant-based Investment Corp. for 11:00 am. on April 27, 2023. We can meet in-person at 340 Richmond St West or I will also provide call-in details.

Thanks,

Mike

-----  
Michael D. Johnston, CPA, CA

Forbes Andersen LLP

Bus: 416.947.0464 Ext. 232 Fax: 416.364.8797

Email: [mike@fa.ca](mailto:mike@fa.ca)

Toronto Office:

340 Richmond Street West

Toronto, Ontario, Canada M5V 1X2

Milton Office:

400-420 Main Street East, Suite 110

Milton, Ontario, Canada L9T 4X5

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[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

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This is Exhibit "H" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

\_\_\_\_\_  
A Commissioner for Oaths in and  
for the Province of Ontario

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

----- Forwarded message -----

From: **Mike Johnston** <[Mike@fa.ca](mailto:Mike@fa.ca)>

Date: Wed, Apr 26, 2023 at 10:00 PM

Subject: RE: Strictly Confidential

To: Paul Crath <[paulcrath@gmail.com](mailto:paulcrath@gmail.com)>

CC: Graham Simmonds <[jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)>

Hi Paul,

Understood regarding Sean, I will not communicate any confidential PBIC matters or information with Sean. I was not aware of his resignation being effective and would have only communicated information with him that he would have been entitled to as a director.

I am fine to talk with the lead representative of the shareholder group tonight or tomorrow morning and explain my position on the loan.

Thanks,

Mike



Michael D. Johnston, CPA, CA

Partner

Bus: 416.947.0464 Ext. 232

Fax: 416.364.8797

Email: [mike@fa.ca](mailto:mike@fa.ca)

Toronto Office:

[340 Richmond Street West](#)

[Toronto, Ontario, Canada M5V 1X2](#)

Milton Office:

[400 Main Street East, Suite 110](#)

[Milton, Ontario, Canada L9T 4X5](#)

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*The highest compliment you can give us is a referral.*



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**From:** Paul Crath <[paulcrath@gmail.com](mailto:paulcrath@gmail.com)>  
**Sent:** Wednesday, April 26, 2023 8:59 PM  
**To:** Mike Johnston <[Mike@fa.ca](mailto:Mike@fa.ca)>  
**Cc:** Graham Simmonds <[jgrahamsimmonds@gmail.com](mailto:jgrahamsimmonds@gmail.com)>  
**Subject:** Strictly Confidential

Hi Mike,

Further to your e-mail requesting a Board meeting, we need to clarify some points for the record in advance of that meeting.

1. Sean is not a director, officer, or employee of PBIC and accordingly I have removed him from this thread. Attached to this email is Sean's resignation as director. As you know, Sean/his company received 15,825,000 shares in Grown Rogue with a current market value of approx.\$2.7 million as consideration for his resignation as director from PBIC. Additional material value was paid as additional consideration to cover legal fees and other fees/expenses to make Sean's director resignation effective. PBIC has received the opinion from two independent law firms confirming that Sean is not a director of PBIC. To clarify any confusion Sean may have, we will send Sean a letter tonight confirming that all the conditions precedent to effect his resignation have been met, and his resignation is final and effective as at April 18, 2023.

Also attached is Sean's April 14, 2023 letter whereby Sean advised us he is no longer an officer of PBIC. Please note that pursuant to Sean's April 14 letter, he has put PBIC on notice of his intention to sue the Company for an amount in the millions of dollars.

Despite Sean not being a fiduciary to the Company, and Sean having advised that he is acting averse to PBIC, you have continuously shared confidential information with Sean and now propose to invite him to a directors meeting. Sean has no business being at such a meeting.

To confirm, Graham and I agree to attend your proposed virtual directors meeting at 11:00 am tomorrow (unless this time has been moved to 1:30 pm in your later correspondence) please advise. Importantly, Sean, who is a potential litigant against the Company and has no role with the company, cannot attend. Please confirm you will cease sharing any confidential PBIC information with Sean, including with respect to this letter and with respect to the Board meeting you have called. This letter and the Board meeting are confidential information for PBIC Board members and their advisors.

2. I have been put on notice that a group of shareholders have retained counsel to initiate inquiries as to why you, as CFO, rejected a loan that would have given PBIC the ability to pay critical vendors, avoid potential imminent litigation, and to give the Company the opportunity to find a new debt or equity partner.

The group of shareholders represents approximately 20% of PBIC's outstanding shares. The lead representative of the group is aware of your actions because he is part of the group that introduced us to Des and lined up the critical loan that would have provided the Company with liquidity to operate. I have asked the lead representative if he would give you the chance to explain your rationale before initiating any lawsuit. He is available tonight or tomorrow morning to speak with you but thereafter he is handing it to the lawyers. Please confirm your availability for a call.

3. You have referenced on a number of occasions that creditors are threatening to sue not only PBIC, but me personally. You have consistently and recently used threats of litigation as a tool to cause me to resign. In this pursuit I am concerned you have been involved in sharing confidential PBIC information with creditors and have asked that such creditors contact me personally to threaten me and demand my resignation.

As it turns out, I have spoken with our creditors on many occasions, which is a very sensitive task based on our liquidity management. To date none were interested in pursuing litigation, but instead wanted a reasonable payment plan that we could stick to. There is only one creditor with a smaller cash claim that has suggested that I resign. Curiously two creditors told me they had been told I had resigned. One said he understood I had resigned and that you and Sean and "a new CEO" are going to run the Company on a go forward basis.



As CFO you owe a duty to the Company. Please cease and desist from sharing confidential information with creditors and being involved in any third-party discussions pressuring creditors to pursue litigation against the Company or any of the directors. Any actions of this sort are potentially very prejudicial, are not in good faith, nor are they acting in the best interest of the Company.

4. As the CEO I need to manage our litigation and other legal files. Any instructions or matters discussed with PBIC's lawyers has always included me, and must continue to include me. As CFO it is not your role or responsibility to deal with the legal matters of the Company without my direct involvement and oversight.

Please cease and desist from any communications with lawyers on behalf of the Company without my involvement. I will be writing to counsel for PBIC to advise that they are not to take instruction from you, as you do not have this authority without my involvement to make legal decisions for the Company. If you wish to use lawyers, you can hire them in your personal capacity and they will have to be lawyers not currently representing PBIC. I am concerned you have created a potential conflict of interest for our existing counsel if you have been providing instructions without my knowledge or consent.

5. Finally, after a lot of effort I found PBIC a lifeline loan to help protect creditors and shareholders. You insisted we reject this loan leaving the Company financially vulnerable. I have repeatedly asked for an alternative solution from you, but none has been presented or discussed with us to date. At the Board meeting tomorrow, please advise if you have any alternatives to fund our creditors and create liquidity for the Company.

In reviewing the above, please consider your role and duties as CFO and a member of the Board.

Please circulate a confirmed appointment time for your proposed Board meeting to Graham and me only.

Thanks,

Paul

-----  
[EXTERNAL EMAIL / COURRIEL EXTERNE]

Please report any suspicious attachments, links, or requests for sensitive information.

Veillez rapporter la présence de pièces jointes, de liens ou de demandes d'information sensible qui vous semblent suspects.

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This is Exhibit "P" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

\_\_\_\_\_  
A Commissioner for Oaths in and  
for the Province of Ontario

# PBIC Announces Resignation of Directors

Toronto, Ontario--(Newsfile Corp. - April 27, 2023) - Plant-Based Investment Corp. (**CSE: PBIC**) ("**PBIC**", or the "**Company**") announced that effective April 18, 2023, Sean Conacher has resigned as a director of the Company and effective April 14, 2023, Mr. Conacher resigned as Chief Strategy Officer of the Company citing constructive dismissal.

On April 14, 2023, Mr. Conacher sent a demand letter to the Company for unpaid wages for the period from March 2022 to April 15, 2023, in the amount of \$405,000, along with a termination payment equal to \$720,000, being twenty four months of his base salary, payments equal to twenty four months of the Company's cost of his health premiums and the payment of accrued but unused vacation. The Company is reviewing the demand letter with legal counsel and expects to defend any and all future claims from Mr. Conacher.

Furthermore, effective April 21, 2023, Gerald Goldberg resigned as a director of the Company.

## About Plant-Based Investment Corp.

Plant-Based Investment Corp. is an investment corporation that seeks to provide shareholders long-term total returns through capital appreciation and periodic distributions by investing in an actively managed portfolio of securities in public and private companies that derive a portion of their revenues, earnings or intellectual property-based value from products, equipment, services and/or technologies related to plant-based industries, including the cannabis plant family and its various compounds, the fungi industry (including medicinal, functional and psychedelics), super-foods and/or organic ingredients industries in addition to investing in specialty retail locations, functional medicine and wellness-based clinics and treatment centers.

## Forward-Looking Statements

This press release contains certain forward-looking statements with respect to the Company. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated in those forward-looking statements and information. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: risks associated with the Company's business plan and matters relating thereto, and risks associated with the Company's investments and financial objectives, as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's public filings on SEDAR. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

**For further information, please contact:**

**Plant-Based Investment Corp.**

**Paul Crath**

*Chief Executive Officer*

T: (647) 660-0566

E: [ir@plantbasedinvest.com](mailto:ir@plantbasedinvest.com)



To view the source version of this press release, please visit <https://www.newsfilecorp.com/release/163952>

This is Exhibit "J" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

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A Commissioner for Oaths in and  
for the Province of Ontario

**RESOLUTIONS OF THE DIRECTORS OF  
PLANT-BASED INVESTMENT CORP.**  
(the “Company”)

**WHEREAS** the Company is having financial difficulties and is no longer able to meet its obligations as they generally become due;

**AND WHEREAS** in light of the financial situation of the Company, the directors have determined it to be in the best interests of the Company to initiate proceedings to restructure its business and affairs under the *Companies’ Creditors Arrangement Act* (“**CCAA**”);

**AND WHEREAS** the directors of the Company deem it to be in the best interests of the Company to obtain debtor-in-possession (“**DIP**”) financing from 1000492681 Ontario Inc. (the “**Lender**”) under and in accordance with the terms and conditions set out in the DIP term sheet dated on or about the date hereof between the Company, as borrower, and the Lender (the “**DIP Term Sheet**”);

**AND WHEREAS** as continuing collateral security for the obligations of the Company under the DIP Term Sheet, the Company will be required to mortgage, charge, assign, and otherwise transfer and encumber and grant a security interest in all of the Company’s present and future assets, property and undertaking now owned or hereafter acquired;

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Company be, and it hereby is, authorized and directed to: (i) initiate proceedings to seek protection from its creditors under the CCAA; (ii) take such actions, steps and proceedings as may be necessary or desirable to effect a restructuring of its business and affairs under the CCAA, including, without limitation, effecting a liquidation and orderly wind-up of the business and/or effecting an orderly sale of, or third party investment in, some or all of its business; (iii) retain and instruct such financial advisors, legal counsel, trustees and liquidators as are necessary or desirable to give effect to these resolutions; and (iv) retain msi Spergel Inc. as monitor under the CCAA proceedings.
2. The Company be, and it hereby is: (i) authorized and directed to enter into, execute and deliver to the Lender the DIP Term Sheet, substantially in the form presented to the directors of the Company, subject to such amendments to which the Chief Executive Officer (defined below) may agree; and (ii) authorized and empowered to perform all of its obligations under the DIP Term Sheet. The form, terms and provisions of the DIP Term Sheet be and are hereby approved.
3. The Company be, and it hereby is, authorized to secure the payment obligations of the Company to the Lender under and in connection with the DIP Term Sheet by mortgaging, charging, assigning and otherwise granting a security interest to the Lender in all of the present and after acquired assets, property and undertaking of the Company, whether now owned or hereafter acquired.
4. The Company be, and it hereby is, authorized and directed to execute and deliver, and to perform all of its obligations under, any documents required by the Company and contemplated in respect of the CCAA proceeding, and such other documents, affidavits,

agreements, certificates, waivers, consents, postponements or instruments as may be contemplated by, or required to, give effect to the CCAA proceedings and the transactions contemplated by the DIP Term Sheet (collectively, the “**Documents**”) in such form and with such alterations, amendments or deletions as may be approved by the Chief Executive Officer and the signature of the Chief Executive Officer on behalf of the Company shall be conclusive evidence of the approval of such alterations, amendments, additions and the documents so executed shall be the documents authorized by this resolution.


5. Paul Crath, as Chief Executive Officer of the Corporation (the “**Chief Executive Officer**”), be and hereby is authorized and empowered to execute and deliver the Documents, including all exhibits and schedules attached thereto, in the name and on behalf of the Company with such additions, deletions or changes therein as the Chief Executive Officer shall approve (the execution and delivery thereof by the Chief Executive Officer to be conclusive evidence of his approval of any such additions, deletions or changes).
6. The Chief Executive Officer be and is hereby authorized and empowered to take all such further action and to execute and deliver all such further documents, agreements, certificates, waivers, consents, postponements or instruments, amendments, additions or deletions, in the name and on behalf of the Company (under its corporate seal or otherwise) as he shall deem necessary, desirable or appropriate to consummate, effectuate, implement, carry out or further the transactions contemplated by the foregoing resolutions.
7. These resolutions may be signed and transmitted by electronic means. Each such counterpart is deemed to be an original and together they constitute one and the same set of resolutions. Notwithstanding the respective dates of execution of separate counterparts, this resolution is made effective as of April 27, 2023.

***[Signature Page Follows]***



**THE UNDERSIGNED**, being directors of the Company, hereby pass the foregoing resolutions in accordance with the provisions of the *Canada Business Corporations Act*.

  
\_\_\_\_\_  
**J. GRAHAM SIMMONDS**

  
\_\_\_\_\_  
**PAUL CRATH**

\_\_\_\_\_  
**MICHAEL JOHNSTON**

This is Exhibit “ ” referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corvey*

---

A Commissioner for Oaths in and  
for the Province of Ontario

THIS LEASE MADE IN PURSUANCE OF THE SHORT FORMS OF LEASES ACT

**B E T W E E N:**

CRAIG 26 DEVELOPMENTS INC.

(hereinafter called the "Landlord")

OF THE FIRST PART;

- and -

Plant-Based Investment Corp ( PBIC)

(hereinafter called the "Tenant")

OF THE SECOND PART;

**WHEREAS** the Landlord is the owner of building municipally known as 209820 Highway 26, in the Town of the Blue Mountains, in the County of Grey, (the "Building");

**AND WHEREAS** the Landlord and 2488004 Ontario Inc. ("240 Ontario originally executed a lease dated August 1, 2021 for the entire Building, including all the surrounding appurtenant lands at the said municipal address (the "Leased Premises");

**AND WHEREAS** the Landlord, 240 Ontario and the Tenant collectively determined to enter into separate leases with respect to the 'Leased Premises", to confirm and grant the Tenant certain head lease rights in connection therewith, and accordingly, the Tenant, 240 Ontario and the parent company of 240 Ontario entered into an Assignment Agreement on November 30, 2022 to assign certain rights and allocate and account for certain payments previously made by 240 Ontario to Tenant as head lessee and the Landlord further entered into a lease with 2360149 Ontario Inc., dba 180 Smoke in connection therewith;

**AND WHEREAS** the Landlord has agreed to lease to the Tenant the Leased Premises.

**NOW THIS LEASE WITNESSETH:**

## DEFINITIONS

### 1.00 **Meaning**

In this Lease, unless there is something in the context inconsistent therewith, the words and phrases hereafter set out shall have the meaning herein ascribed to them.

1.01 "**Gross Maintenance Costs**" means the gross costs incurred by the Landlord in maintaining and operating, repairing, improving, altering and insuring the Leased Premises, including all costs, properly attributable, in accordance with generally accepted accounting practices as determined by the Landlord's auditors, to the maintenance and operation of the entire Leased Premises and shall, without limitation, include costs incurred by the Landlord for:

- (a) premiums in respect of insurance affecting the Leased Premises, including public liability and property damage and such other insurance as the Landlord may reasonably deem necessary and the insurance premiums set out in paragraph 22.00 hereof;
- (b) repairs, maintenance and operation of the exterior of the Leased Premises, including all lawns, shrubbery trees, irrigation systems and paved areas;
- (c) reasonable reserve for the replacement of all fixtures and equipment which by their nature require periodic replacement or substantial replacement, including heating and air-conditioning equipment in the Leased Premises, but excluding structural portions of the Leased Premises;
- (d) remuneration (including the cost of direct benefits) of contractors, employees to the extent attributable to the maintenance and operation of the Leased Premises;
- (e) the property taxes, business taxes and other taxes, if any, from time to time payable by the Landlord whether they are levied, assessed or allocated against the Leased Premises or against the Landlord on account of the ownership thereof;
- (f) fifteen percent (15%) of the sum of items (a) to (g) inclusive above, representing general overhead and administrative costs of the Landlord, not specifically allocatable to the maintenance and operation of the Leased Premises all to be allocated to each Lease Year without duplication in accordance with generally accepted accounting practices; and
- (g) with respect to fixtures, equipment and systems serving the Building which, by their nature, require periodic or substantial replacement, including without any limitations, fire protection, heating, ventilating and air-conditioning equipment and systems, the cost of interest on all the Landlord's undepreciated capital costs therefor from time to time.

1.02 "Lease" means this Agreement, all Schedules attached hereto, the arbitrator's certificates, if any, and rules and regulations made from time to time by the Landlord under the provisions of this Agreement.

1.03 "Lease Year" means each period within the Term which commences on the first day of the Term or any anniversary thereof, and ends either on the date preceding the succeeding anniversary of the first day of the Term or on the last day of the Term, whichever occurs first.

1.04 "Leased Premises" means the entire Building leased to the Tenant and the surrounding appurtenant lands belonging to the Landlord by this Lease as referred to in the preamble hereto.

1.05 "Rent" means rent, additional rent, and all other costs payable by the Tenant to the Landlord hereunder.

1.06 "Taxes" means all taxes, rates, duties, charges, assessments, impositions, levies, charges or local improvements or license fees imposed by any federal, provincial, metropolitan or municipal government, agency or commission, including without any limitations, school boards, levied or assessed against the Leased Premises or any part thereof, including the land and all improvements thereon, but excluding capital taxes.

1.07 "Taxes Attributable to the Leased Premises" means all taxes levied or assessed against, or attributable to, the Leased Premises and being payable by the Landlord to the relevant taxing authorities.

1.08 "Taxing Authority" means any duly constituted governmental authority whether federal, provincial, municipal or otherwise, legally empowered to impose taxes, rates, assessments or charges on, upon or in respect of the Leased Premises.

1.09 "Tenant's Taxes" means all taxes payable by the Tenant to the taxing authorities directly in respect of the Leased Premises, including, without any limitations, business taxes, occupancy or goods and services taxes and taxes upon the personal property of the Tenant.

## **GRANT OF LEASE**

2.00 In consideration of the rents reserved and the covenants and agreements herein contained on the part of the Tenant which rents, covenants and agreements are to be paid, observed and performed by the Tenant, the Landlord hereby leases to the Tenant the said Leased Premises including the Building and surrounding appurtenant lands.

## **COMMENCEMENT DATE AND TERM**

3.00 The Commencement Date of the Lease shall commence on the 1<sup>st</sup> day of December 2022 for a term of FIVE (5) YEARS to be fully completed and ended on the 30<sup>th</sup> day of November 2027

### **INTENT OF LEASE**

4.00 It is the intent of the parties that this Lease (herein called the "Lease") be a Lease absolutely net to the Landlord free and clear of all payments, charges or obligations whatsoever, except as expressly set out herein.

### **GENERAL COVENANTS**

5.00 Landlord's Covenants:

- (a) The Landlord covenants with the Tenant:
  - (i) for quiet enjoyment; and,
  - (ii) to observe and perform all covenants and obligations of the Landlord herein; and,
- (b) The Tenant covenants with the Landlord:
  - (i) to pay rent; and
  - (ii) to observe and perform all covenants and obligations of the Tenant herein.

### **RENT**

6.00 PBIC has agreed to provide a head lease for a period of 5 years @ \$6,000 per month (\$72,000 per year). In exchange for the head lease, PBIC shall have a right of first refusal on any of the future retail/commercial space at a discount of 20% of the prevailing market rental rates.

PBIC has indicated a desire in the future to create a Health and Wellness focused real estate fund, including this property in Craighleith. To this end, PBIC shall act as co-developer of the project together with Lauterbrunnen Development Inc. and as such be entitled to earn leasing, financing, development and project management fees. PBIC will also have a right of first refusal to acquire the asset upon a future sale.

6.01 The Tenant covenants and agrees to pay to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada without any set off, compensation or other deduction whatsoever as a additional rent the following payments:

- (a) **Gross Maintenance Costs:**  
All Gross Maintenance Costs attributable to the Leased Premises.
- (b) **Taxes on Leased Premises:**  
All Taxes Attributed to the Leased Premises and also Goods and Services Taxes exigible on the Rent and Additional Rent.
- (c) **Separate School Support:**  
If the Leased Premises are at any time during the Term or any renewal of this Lease assessed for Separate School support, the amount of any increase in the taxes or rates payable as a result of such assessment over and above the assessment which would have prevailed had the Leased Premises been designated and assessed for Public School Support.

6.02 **First Lease Year:**

Provided that the rentals provided for in this Article shall for the first and last Lease Year be pro-rated on the basis which the number of days contained in the first and last Lease Year respectively bears to 365.

6.03 **Payment of Additional Rent:**

All amounts payable by the Tenant to the Landlord under this Lease including all payments of additional rent on account of the Taxes, Gross Maintenance, insurance, utilities and repairs shall be estimated by the Landlord acting reasonably at the beginning of each year and shall be paid by the Tenant in equal monthly installments in advance.

6.04 **Gross Maintenance Costs Payment:**

After the end of each of the Landlord's fiscal year, the Landlord shall furnish the Tenant a statement showing all payments made under Section 6.03 during such fiscal year and stipulating the amount payable by the Tenant. Any necessary re-adjustments as to amounts paid by the Tenant shall be made between the Landlord and the Tenant within ten (10) days after delivery of such statement.

6.05 **Purchase of Units:**

Plant Based Investment Corp (PBIC) acquired 3 units ( of a total of 15 units) of Craig 26 Developments at an acquisition cost of \$60,000 for a total of \$180,000. Consideration was payment of 1,200,000 shares of Delota ( LOTA.V) at a valuation of \$0.15 per share. PBIC will be responsible for 20% of all cash calls and will receive 20% of net cash flows from the project. In the event of a change in control of PBIC the full

amount of the remaining term of the lease shall become due and payable on closing. In the event that PBIC becomes bankrupt or insolvent the three units owned by it shall be cancelled and considered liquidated damages.

**6.06 First Rental Payment:**

Where the Commencement Date is not the first day of a calendar month, rentals for the period from the Commencement Date to the first day of the next ensuing calendar month shall be pro-rated on a per diem basis and paid with all other rentals then required to be paid on the first day of the next ensuing calendar month.

**6.07 Estimated Payments:**

Where any of the amounts which the Tenant is to pay under the provisions of the Lease are unknown, such amounts may be reasonably estimated by the Landlord for such period not exceeding one year, as the Landlord may choose. Following the end of the period for which such estimated payments have been made, the Tenant shall be advised of the actual amount required to be paid under the provisions of the Lease and adjustments shall thereupon be made between the parties.

**6.08 Place of Payments:**

All rent, additional rent and any other payments to be remitted by the Tenant or any Guarantor herein to the Landlord shall be remitted when due at the address set out in Section 26.08 hereof or at such other locations as the Landlord may from time to time in writing direct.

## **UTILITIES AND SERVICES - LEASED PREMISES**

**7.00 Utility and Service Charges:**

The Tenant is solely responsible for and will promptly pay all charges for water, gas, electricity, janitor service, window cleaning, heating charges, and any other utility or service used on the Leased Premises. The Landlord will not be liable to the Tenant in damages or otherwise for an interruption or failure in the supply of utilities or services to the Leased Premises unless caused by the negligence of the Landlord or another person for whose negligence the Landlord is responsible in law.

**7.02 Tenant not to overload utility and service facilities:**

The Tenant will not install equipment that will exceed or overload the capacity of utility, the floor or other facilities and agrees that if equipment installed by the Tenant requires additional facilities, they will be installed at the Tenant's expense in accordance with the plans and specifications approved by the Landlord prior to installation.



## INSURANCE

### 8.00 **Tenant to Insure:**

The Tenant shall throughout the term of this Lease provide and keep in force:

- (a) general liability insurance with respect to the business carried on, in or from the Leased Premises, of not less than five million (\$5,000,000.00) dollars in respect of any injury to or death of one or more persons and loss or damage to the property of others. The policy shall name the Landlord as an additional insured and shall contain a cross liability clause and give thirty (30) days notice of alteration or cancellation of the policy. A certificate of Liability Insurance shall be given to the Landlord as certification of the described coverage, and such other coverage as the Landlord may from time to time require or approve in respect thereof; and
- (b) property insurance in respect of the Tenant's inventory and stock-in-trade, furniture and fixtures, plate glass, and such other property forming part of the Leased Premises (not being property which the Landlord is bound to insure) and including additional perils supplementary contract including sprinkler leakages and water damages of any kind as the Landlord may from time to time require against such perils. The Tenant shall insure in such amounts as are normally insured in the circumstances by prudent Tenants, and as the Landlord may require or approve.

All insurance required under this section shall be on terms and conditions satisfactory to the Landlord and shall exclude the exercise of any claim of the Tenant's insurers against the Landlord by subrogation. The Tenant shall at all times maintain on file with the Landlord copies of current policies and proof of their renewal and payment of premium. If the Tenant fails to insure or file satisfactory proof of insurance, the Landlord may without notice to the Tenant effect such insurance and any premiums paid therefor shall be deemed a rent payable by the Tenant. The Tenant shall promptly pay all premiums due on the insurance required to be effected by it hereunder.

### 8.01 **Not to affect Landlord's Insurance:**

The Tenant will not do or permit to be done, or omit to do anything upon the Leased Premises or appurtenances thereto which shall cause the rate of insurance upon the Building or any part thereof to be increased. The Tenant shall pay to the Landlord as additional rent the amount by which the insurance premiums shall be increased as a result of acts or omissions by the Tenant. It is agreed that if any insurance policy upon the Leased Premises shall be cancelled by the insurer by reason of the use and occupation of the Leased Premises or any part thereof by the Tenant, the Landlord may at its option terminate this Lease by notice in writing of such termination, or the Landlord may at its option and at the expense of the Tenant enter upon the Leased Premises and rectify the situation causing such cancellation or rate increase.

**8.02 Landlord's Insurance:**

The Tenant agrees to pay to the Landlord all insurance premiums for insurance coverage maintained at the option of the Landlord, against loss to the Building and rental value, plate glass breakage and loss by all risks and including pressure vessel and machinery insurance and any other general insurance coverage which the Landlord may deem necessary from time to time.

**USE OF LEASED PREMISES AND CONDUCT OF BUSINESS****9.00 Use of Leased Premises:**

The Leased Premises shall be used only for the purposes of a dispensary for cannabis.

The Tenant shall not carry on or permit to be carried on in the Leased Premises any business or activity which shall tend to lower the character of the Building including, without limiting the generality of the foregoing, a bankruptcy or liquidation sale or for the purposes of nude or erotic entertainment.

The Tenant covenants that it will carry on its business on the Leased Premises continuously during the term of this Lease.

The Tenant shall not carry on, or permit to be carried on, in or about the Leased Premises, any business or activity which may be considered upon reasonable grounds to be a nuisance.

The Tenant shall not bring upon the Leased Premises any article that might damage the Leased Premises and shall not overload the floors of the Leased Premises.

The Tenant shall not place anything on the roof or in any way make any opening in the roof for stacks or other purposes, or in any way alter the walls or structure of the Leased Premises without the written consent of the Landlord, which consent may be unreasonably withheld.

**9.01 Appearance of Leased Premises:**

The Tenant covenants with the Landlord to maintain and operate the Leased Premises so that it shall always be of good appearance and suitable for the proper operation of the business required to be carried on therein and in accordance with the standards of the Building and in so doing:

- (a) to keep, renew, replace and redecorate as may from time to time be necessary for the purpose, the Leased Premises and all fixtures, furnishings, chattel and decorations therein;
- (b) to keep the interior of the Leased Premises orderly and tidy;
- (c) to store all refuse within the Leased Premises in receptacles such as to provide proper storage and facilitate its removal, and to arrange for the regular removal of all refuse which the Landlord has not agreed to remove;
- (d) to keep or display merchandise, where applicable, and conduct business and advertising only within the Leased Premises and nowhere else in the Building;
- (e) to keep entrance ways and all steps and platforms leading to the Leased Premises, clear of all snow, ice and debris;
- (f) to load and unload merchandise, supplies, materials, garbage, refuse and other chattels with the exception of the Tenant's general office supplies only, through the shipping doors so designated by the Landlord; and
- (g) to conduct its business in a reputable manner befitting the character of neighbouring properties and the Building.

**9.02 No Hazardous Substances:**

- (a) The Tenant agrees not to install or bring upon or use on the Premises any Hazardous Substances except, and subject to the Landlord's prior written consent, such substances as are necessary and required by the Tenant in the conduct of its business in the Premises. For the purposes of this Lease;
  - (i) "Hazardous Substances" means any and all hazardous substances or toxic waste, substances or contaminants or related materials, including, without limitation, flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls, chemicals known as at the commencement of the Lease to cause cancer or reproductive toxicity, pollutants, petroleum and petroleum products and substances declared to be hazardous or toxic under applicable laws.
  - (ii) "Applicable Laws" mean any statutes, laws, by-laws, regulations, ordinances, and requirements of governmental and other public authorities having jurisdiction, and all amendments thereto at any time and from time to time.
- (b) Environmental Protection Act

The Tenant covenants not to carry on any business or operations or permit anything to be done on, in or to the Premises or the lands which contravenes any of the provisions of the Environmental Protection Act, R.S.O. 1990, as amended, and any successor legislation and any other applicable laws including without limitation, those governing the storage, transportation, treatment, transfer, disposal and handling of Hazardous Substances and employee and product safety and with respect to reporting and inspection requirements of all governmental authorities have jurisdiction. The Tenant covenants to obtain all necessary regulatory permits and licenses and to do or cause to be taken all measures which are necessary so that the Tenant will not breach the covenants hereinbefore set forth.

(c) Indemnity

The Tenant will defend, indemnify and hold the Landlord and mortgagee harmless from and against any and all actions, losses, liabilities, damages, claims, obligations, debts, costs and expenses, (including solicitor's fees, accountant's fees, consultant's fees, laboratory costs and investigation fees), known or unknown, contingent or absolute, arising out of or in any way resulting from:

- (i) any breach of any covenant, representation or agreement made by the Tenant in the preceding paragraph; and,
- (ii) any Hazardous Substances installed, brought upon, used or disposed of on, under or at the Premises or the lands; and,
- (iii) the release or threatened release of any Hazardous Substances.

The Tenant's obligations to take any action and indemnify the Landlord pursuant to the preceding paragraph will survive the termination of this Lease and continue until the Tenant's obligations have been fulfilled.

(d) Testing

The Landlord shall have the right to conduct tests of the Premises and the lands including environmental audits/assessments at any time during the Term, provided the Landlord shall conduct such tests in a manner that causes as little disruption to the Tenant's business as possible.

(e) Clean-Up

Prior to the expiration of the Term or earlier termination of this Lease, the Tenant will, at its expense, remove from the Premises any Hazardous Substances which are or have been located, stored or incorporated in or on any part of the Premises. The foregoing obligation to remove Hazardous Substances shall survive the expiration of the Term or earlier termination of this Lease.

(f) Inspection

The Tenant will, prior to the end of the Term, at its cost, deliver to the Landlord evidence (including any clearance certificates and demolition permits) satisfactory to the Landlord that there are no Hazardous Substances located, stored or incorporated in or on any part of the Premises, in accordance with all applicable legislation, municipal by-laws and health and safety requirements.

### **USE OF OUTSIDE AREAS**

10.00 **Parking:**

The Tenant covenants and agrees that only those parking areas appurtenant to the Building and designated for the Tenant by the Landlord and shall be used for the parking of vehicles owned or used by the Tenant. The Tenant agrees that there shall be no overnight parking unless the prior written approval of the Landlord has been first obtained. The Tenant shall only use the designated parking areas for parking of automobiles and light trucks and shall not store any refuse or equipment thereon.

10.01 **Tenant's Sign:**

The Tenant shall be responsible to maintain and repair, at its sole expense, the sign situated at the front of the Leased Premises, and shall be responsible for all utility costs relating to the sign. The Tenant shall not place or permit to be placed on the roof or on any exterior or interior portion of the Leased Premises any sign, decoration or advertising matter without first obtaining the Landlord's written consent, provided that the Tenant may place signs, decorations or advertising material inside the Leased Premises if of a reasonable standard of acceptability to the Landlord and provided such signs shall comply with all applicable by-laws and regulations. The Tenant shall be responsible for obtaining all sign permits, at its sole expense.

### **RULES AND REGULATIONS**

11.00 **Landlord May Make Rules and Regulations:**

The Landlord from time to time may establish, modify and enforce reasonable rules and regulations regarding the use and occupancy of the Leased Premises. The Rules and Regulations attached hereto as Schedule "A" form a part of the within Lease.

### **REPAIR AND DAMAGE**

12.00 **Landlord's Repair:**

The Landlord covenants with the Tenant:

- (a) to keep in a good and reasonable state of repair, and consistent with the general standards of first-class buildings, but subject to clause (b) of Section 12.02, the Building and the structural elements of the Leased Premises;

12.01 **Tenant's Repair:**

The Tenant covenants with the Landlord,

- (a) to keep in a good and reasonable state of repair, and consistent with the general standards of first-class buildings but subject to clause (b) of section 12.02, the Leased Premises including all Leasehold improvements and all trade fixtures therein and all glass therein and in other portions of exterior or demising walls thereof, and without limiting the generality of the foregoing, all machinery and equipment providing services and utilities to the Leased Premises whether or not situated therein, including, plumbing, heating, air-conditioning, electrical and mechanical systems which pertain to the Leased Premises, but with the exception of structural members or elements of the Leased Premises and defects in construction supplied by the Landlord, and if required, to provide the Landlord with satisfactory proof as may be required to demonstrate that all such maintenance, repairs and replacements are being carried out in an expeditious, good and workmanlike manner. The Landlord may, at its sole option, and upon notice to the Tenant undertake regular maintenance and upkeep and cleaning of the mechanical systems pertaining to the Leased Premises and the Tenant shall pay by way of Additional Rent its proportionate share of all such maintenance costs;
- (b) that the Landlord may enter and view the state of repair, and that the Tenant will repair according to notice in writing, and that the Tenant will leave the Leased Premises in a good and reasonable state of repair, subject always to the exceptions referred to in clause (a) of this section 12.01; and,
- (c) that if any part of the Building including the systems for interior climate control, sprinklers and utilities becomes out of repair, damaged or destroyed through the negligence or misuse of the Tenant, the expense of repairs or replacements necessitated thereby shall be reimbursed to the Landlord promptly upon demand save in respect of damage occurring to the Leased Premises of which the entire cost of repair is recoverable by the Landlord under policies of insurance.

12.02 **Abatement and Termination:**

It is agreed between the Landlord and Tenant that:

- (a) In the event of damage to the Leased Premises or to the Building or portions of the Building affecting access or services essential to the Leased Premises, and if the damage is such that the Leased Premises or any substantial part thereof is rendered not reasonably capable of use by the Tenant for the purposes of its business for any period of time in excess of ten (10) days, then
- (i) unless the damage was caused by the fault or negligence of the Tenant from and after the expiration of ten (10) days after the occurrence of the damage and until the Leased Premises are again reasonably capable of use as aforesaid, Rentals specified in section 6.01.1 and all other payments required to be made by the Tenant hereunder shall abate from time to time in proportion to the part of the Leased Premises not reasonably capable of such use; and
  - (ii) unless this Lease is terminated as hereinafter provided, the Landlord or the Tenant, as the case may be (according to the nature of the damage and their respective obligations to repair as provided in section 12.00) shall repair such damage with all reasonable diligence, but to the extent that any part of the Leased Premises is not reasonably capable of such use by reason of damage which the Tenant is obligated to repair hereunder, any abatement of Rent to which the Tenant is otherwise entitled hereunder shall not extend later than the time by which, in reasonable opinion of the Landlord, repairs by the Tenant ought to have been completed with reasonable diligence; and
- (b) if the Leased Premises are substantially damaged or destroyed by any cause to the extent such that in the reasonable opinion of the Landlord they cannot be repaired or rebuilt within one hundred and twenty (120) days after the occurrence of the damage or destruction, the Landlord may at its option, exercisable by written notice to the Tenant given within thirty (30) days of the occurrence of such damage or destruction, terminate this Lease, in which event neither the Landlord nor the Tenant shall be bound to repair as provided in section 12.00 and the Tenant shall instead deliver up possession of the Leased Premises to the Landlord within a reasonable time period but in any event within sixty (60) days after delivery of such notice of termination, and rent shall be apportioned and paid to the date upon which possession is so delivered up (but subject to any abatement to which the Tenant may be entitled under clause (a) of this section 12.02 by reason of the Leased Premises having been rendered in whole or in part not reasonably capable of use and occupancy), but otherwise the Landlord or the Tenant as the case may be (according to the nature of the damage and their respective obligations to repair as provided in section 12.00) shall repair such damage with all reasonable diligence.

## **WASTE AND GOVERNMENTAL REGULATIONS**

**13.00 Waste or Nuisance:**

The Tenant will not commit or permit to be committed upon the Leased Premises waste or a nuisance or other thing that may disturb the quiet enjoyment of any other Tenant in the Building, whether or not the nuisance arises out of the use of the Leased Premises by the Tenant for a purpose permitted by this Lease. The Tenant shall not cause or bring onto the Leased Premises any pollutants, contaminants or toxic substances which are liable to escape into the environment.

**13.01 Governmental and Insurance underwriter's regulations:**

The Tenant, at the Tenant's cost, will comply with the applicable requirements of all municipal, provincial, federal and other governmental authorities now in force or which may hereafter be in force pertaining to the Tenant's occupancy or use of the Leased Premises and will observe in the occupancy and use of the Leased Premises all municipal by-laws and provincial and federal statutes and regulations now in force or which may hereafter be in force, and will comply with all regulations made by fire insurance underwriters. Without limiting the generality of the foregoing, it shall be the Tenant's responsibility to ensure that all the relevant occupancy provisions of the Ontario Building Code and the Municipality have been complied with; in particular, the Tenant shall be responsible for obtaining occupancy permits for the Leased Premises prior to the beginning of Term and after any substantial improvements or renovations are carried out on the Leased Premises. The Tenant grants the Landlord the right to enter the Leased Premises at any time, with prior notice to the Tenant, and with as little interference as is reasonably possible with the conduct of the Tenant's business, to promote compliance with the provisions of this section.

## **FIXTURES AND ALTERATIONS**

**14.00 Installation of Fixtures:**

All fixtures installed by the Tenant will be of first class quality. The Tenant will not make or cause to be made any change, decoration, addition or improvement or cut or drill into, nail or otherwise attach, secure or install any trade fixture, exterior sign, floor covering, interior or exterior lighting, or mechanical or electrical system or fixture, or plumbing fixture, shade or awning to any part of the Leased Premises or to the exterior of The Leased Premises or hang from or affix anything to a ceiling without first obtaining the Landlord's written approval. The Tenant will present to the Landlord plans and specifications for the work at the time approval is sought. The Tenant will not make any change to the structural elements of the Leased Premises. The Tenant shall be responsible for ensuring that all fixtures, improvements and installations made or added to the Leased Premises comply with all the requirements of the Municipality and the Ontario Building Code and all other relevant health and safety standards imposed by the Insurance Underwriter and/or relevant governmental authority.

**14.01 Removal of Installations and Restoration by Tenant:**



All alterations, decorations, additions and improvements made by or for the Tenant become on affixation the property of the Landlord and shall not be removed from the Leased Premises before the end of the term without prior consent in writing from the Landlord. Upon termination of this Lease, the Tenant, if the Landlord so requests, shall remove all or some of the alterations, decorations, additions and improvements and restore the Leased Premises as provided in clause 12.01.

**14.02 Tenant to Discharge all Liens:**

The Tenant will do all things necessary to prevent a Construction Lien attaching to the Leased Premises or to any other part of the Building. The Tenant is responsible for discharging at the Tenant's expense any lien registered and must do so within ten (10) days after it is brought to the attention of the Tenant.

### **ACCEPTANCE OF PREMISES**

**15.00 Acceptance of Leased Premises:**

The Tenant shall accept the Leased Premises in their existing condition on the Commencement Date.

### **INJURY TO PERSON OR PROPERTY**

**16.00 Damage to Tenant's Property:**

The Landlord, its agents, servants and employees shall not be liable for damage or injury to any property of the Tenant which is entrusted to the care or control of the Landlord, its agents, servants or employees, nor shall they be liable for any damage suffered to the Leased Premises or the contents thereof by reason of the Landlord, its agents, servants or contractors entering upon the Leased Premises to undertake any examination thereof or any work therein or in the case of any emergency, unless caused by the negligence of the Landlord.

**16.01 Personal or Consequential Injury:**

The Landlord shall not be liable or responsible in any way for any personal or consequential injury of any nature whatsoever that may be sustained by the Tenant or any other person who may be upon the Leased Premises after their completion or for any loss of or damage to any property belonging to the Tenant or to any other person while such property is on the Leased Premises and, in particular (but without limiting the generality of the foregoing) the Landlord shall not be liable for any damage of any nature whatsoever to any such property caused by the failure or by reason of a breakdown or other cause to supply adequate drainage, snow or ice removal, or by reason of the interruption of any public utility or service or in the

event of steam, water, rain or snow which may leak into, issue, or flow from any part of the Building or from the water, steam, sprinkler or drainage pipes or plumbing works of the Building, or from any other place or quarter, or for any damage caused by anything done or omitted by any Tenant, but the Landlord shall use all reasonable diligence to remedy such condition, failure or interruption of service when not directly or indirectly attributable to the Tenant, after notice of same, when it is within its power and obligation so to do. Nor shall the Tenant be entitled to any abatement of rental in respect of any such condition, failure or interruption of service.

**16.02 Indemnification of Landlord:**

The Tenant shall indemnify and save harmless the Landlord against and from any claims, including without limiting the generality of the foregoing, all claims for personal injury or property damage arising from any act or omission of the Tenant, and against and from all costs, counsel fees, expenses and liabilities incurred in relation to such claim or action or proceeding brought thereon.

16.03 Notwithstanding provisions of Section 16.01 and 16.02, it is understood and agreed that the Landlord will at all times be responsible for any losses or damages arising from its own negligent acts or omissions or the negligent acts or omissions of its servants, agents, employees, or for the other persons for whom in law it is responsible.

## **ASSIGNMENT**

**17.00 Assignment by Landlord:**

If the Landlord sells an interest in the Site or in this Lease, to the extent that the purchaser or assignee is responsible for compliance with the covenants and obligations of the Landlord hereunder, the Landlord without further written agreement will be relieved of liability under the covenants and obligations.

## **ASSIGNMENT BY TENANT**

**18.00 Assignment by Tenant:**

The Tenant covenants with the Landlord not to assign, sublet licence or otherwise part with the possession of this Lease in whole or in part without the written consent of the Landlord, provided that such consent shall not be unreasonably withheld and provided however, and it is made a condition of the giving of such consent, that:

- (a) The proposed assignee or subtenant shall agree in writing to assume and perform all of the terms, covenants, conditions and agreements by this lease imposed upon the Tenants herein in a form to be approved by the Solicitor for the Landlord;

- (b) No assignment or sublease shall in any manner release the Tenant from its covenants and obligations hereunder;
- (c) The Tenant shall pay to the Landlord all its reasonable expenses relating to such assignment or sublease.

### **CHANGE IN CONTROL, CORPORATE OWNERSHIP**

#### 19.00 Corporate Ownership:

If after the date of execution of this lease shares not listed for sale on a recognized stock exchange in Canada either of the Tenant or of a Corporation which controls the Tenant, are transferred by sale, assignment, bequest, inheritance, operation of law or other disposition, or issued by subscription or allotment, or cancelled or redeemed, so as to result in a change in the effective voting or other control of the Tenant or of a Corporation which controls the Tenant by the person or persons holding control on the date of execution of this lease, or on the date when the Tenant becomes a corporation, if later, or if other steps are taken to accomplish a change of the control the Tenant promptly will notify the Landlord in writing of the change, which change will be considered to be an assignment of this lease, and whether or not the Tenant notifies the Landlord, the Landlord may terminate this lease within sixty (60) days after the Landlord learns of the change unless the Landlord previously had consented to the change. The Tenant will make available to the Landlord or its lawful representatives all corporate books and records of the Tenant and of any Corporation which controls the Tenant for inspection at all reasonable times, to ascertain to the extent possible whether there has been a change of control.

### **DEFAULT OF TENANT**

#### 20.00 **The Right to Re-Enter:**

If the Tenant fails to pay rent that is in arrears within five (5) days of the due date as herein provided, or to observe in accordance with proper notice any other of the terms, conditions or covenants of this Lease, the Landlord in addition to any other right or remedy it may have will have the right of immediate re-entry and may remove all persons and property from the Leased Premises and the property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of the Tenant, all without service or notice or resort to legal process and without the Landlord being considered guilty of trespass. The goods of the Tenant may be sold in order to satisfy any rent arrears without the Landlord being deemed to have terminated this Lease.

#### 20.01 **Acceleration of Rent and Re-Possession by Landlord:**

IF:

- (a) at any time during the term any of the goods and chattels of the Tenant on the Leased Premises are seized or taken in execution or attachment by a creditor of the Tenant;
- (b) the Tenant makes an assignment for the benefit of creditors or a bulk sale from the Leased Premises other than a bulk sale to an assignee or sublessee which was consented to by the Landlord;
- (c) a receiver-manager is appointed to control the conduct of the business on or from the Leased Premises;
- (d) the Tenant becomes bankrupt or insolvent or takes the benefit of an Act now or hereinafter in force for bankrupt or insolvent debtors;
- (e) an Order is made for the winding-up of the Tenant;
- (f) the Leased Premises, without the written consent of the Landlord, whose consent shall not be unreasonably withheld, become vacant or are used by any persons other than those entitled to use them under the terms of this Lease;
- (g) the Tenant, without the written consent of the Landlord, abandons or attempts to abandon the Leased Premises or sells or disposes of goods or chattels of the Tenant or removes any of them from the Leased Premises so that there would not in the event of abandonment, sale or disposal be sufficient goods on the Leased Premises subject to distress to satisfy all payments due or accruing due hereunder;
- (h) the rent is in default by fifteen (15) days or more, the then current months rent and the next ensuing three (3) months rent immediately will become due and payable as accelerated rent and the Landlord may re-enter and take possession of the Leased Premises as though the Tenant or any other occupant of the Leased Premises were holding over after the expiration of the term, and the Lease, at the option of the Landlord, forthwith will become forfeited and determined. In every one of the cases above mentioned, the accelerated rent may be recovered by the Landlord in the same manner as rent hereby reserved and in arrears and the option to do so will be considered to have been exercised if the Landlord or its agents give notice to that effect to the Tenant.

#### 20.01.1 **Abandonment:**

In the event that the Tenant while not carrying out renovations or repairs authorized by the Landlord ceases to carry on business within the Leased Premises for a continuous period in excess of ten (10) days or if the Tenant otherwise appears to have abandoned the premises, the Landlord may at its option re-enter and take possession of the Leased Premises.

#### 20.02 **Right to Re-Let:**

If the Landlord re-enters, as herein provided, it may either terminate this Lease or it may from time to time without terminating the Tenant's obligations under this Lease, make alterations and repairs considered by the Landlord necessary to facilitate a re-letting, and re-let the Leased Premises or any part thereof as agent of the Tenant for such term or terms and at such rental or rentals as the Landlord in its reasonable discretion considers advisable. The Landlord's expenses of re-letting, including brokerage fees and solicitor's fees, will be charged to the account of the Tenant. No re-entry by the Landlord will be construed as an election on its part to terminate this Lease unless a written notice of that intention is given to the Tenant.

**20.03 Waiver of Distress:**

If the Tenant removes any of its goods and chattels from the Leased Premises, the Landlord may follow them for thirty (30) days in the manner provided in The Landlord and Tenant Act. The Tenant covenants with the Landlord that, notwithstanding any provisions in The Landlord and Tenant Act, none of the goods and chattels of the Tenant on the Leased Premises is exempt from levy by distress for rent arrears, and that this provision of the Lease may be pleaded as an estoppel against the Tenant in an action involving distress of goods named as exempted.

**20.04 Occurrence of Default:**

- (a) Except as herein otherwise expressly provided, if and whenever and to the extent that either the Landlord or the Tenant shall be prevented, delayed or restricted in the fulfillment of any obligation hereunder in respect of the provision of any service or utility, the making of any repair, the doing of any work or any other thing (other than the payment of rent or other monies due) by reason of strikes or work stoppages, or being unable to obtain any material, service, utility or labour required to fulfill such obligation or by reason of any statute, law or regulation of, or inability to obtain any permission from any governmental authority having lawful jurisdiction or by reason of other unavoidable occurrence, the time for fulfillment of such obligation shall be extended during the period in which such circumstances operate, and the other party to this Lease shall not be entitled to compensation for any inconvenience or nuisance thereby occasioned, but nevertheless the Landlord will use its best efforts to maintain services essential to the use and enjoyment of the Leased Premises.
- (b) If either the Landlord or the Tenant shall overlook, excuse or condone any default or non-observance by the other of any obligation hereunder, this shall not operate as a waiver of such obligation in respect of any continuing or subsequent default or non-observance, and no such waiver shall be implied but shall only be effective if expressed in writing.

**REMEDIES OF LANDLORD ON TENANT'S DEFAULT**

**21.00 Remedying by Landlord, non-payment and interest:**

- (a) In addition to all rights and remedies of the Landlord available to it in the event of any default hereunder by the Tenant the Landlord:
- (i) shall have the right at all times to remedy any default of the Tenant, and in so doing may make any payments due or alleged to be due by the Tenant to third parties and may enter upon the Leased Premises to do any work or other things therein and in such event all expenses of the Landlord in remedying or attempting to remedy such default, including legal fees on a solicitor and client basis, shall be payable by the Tenant to the Landlord forthwith upon demand;
  - (ii) shall have the same rights and remedies in the event of any non-payment by the Tenant of any amounts payable by the Tenant under any provision of this Lease as in the case of a non-payment of rent; and
  - (iii) if the Tenant shall fail to pay any rent or other amount from time to time payable by it to the Landlord hereunder promptly when due, shall be entitled, if it shall demand it, to interest thereon at a rate of three per cent (3%) per annum in excess of the minimum lending rate to prime commercial borrowers from time to time current at chartered banks in Ontario from the date upon which the same was due until actual payment thereof.
- (b) Should the Landlord deem it necessary to undertake any repairs or to do anything which is required to be done by the Tenant under the Lease, the Landlord entitled to do same.

21.01 **Remedies of Landlord Cumulative:**

No exercise of a specific right or remedy by the Landlord precludes it from exercising another right or remedy to which it may otherwise be entitled.

**LANDLORD'S COVENANTS**

22.00 The Landlord covenants with the Tenant:

Throughout the term of this Lease it will keep in force property insurance in respect of the Building (including the Leased Premises, but not including the Tenant's fixtures or Leased Premises leased to tenants who are bound to insure them), subject to reasonable deductions and exceptions as the Landlord may determine, to an amount which the Landlord shall from time to time determine as being reasonable or sufficient, against fire and such other perils as are normally insured against in the circumstances by prudent landlords of similar Buildings. To the extent that any proceeds of the Landlord's insurance shall relate to repairs which the Tenant is bound to make pursuant to clause 12.01, the Landlord shall pay to the

Tenant the amount of such proceeds, or its equivalent, upon the due completion by the Tenant of such repairs, free of liens, and if the Tenant has otherwise complied with all other terms and conditions of this Lease.

22.01 **Quiet Enjoyment:**

If the Tenant pays the rent hereby reserved and performs the covenants herein on its part contained and subject to Section 26.10 herein, the Tenant may peaceably possess the Leased Premises for the term hereby granted without any disturbance from the Landlord or any other person lawfully claiming by, from or under the Landlord.

### **WAIVER OF BREACH**

23.00 **Waiver:**

The waiver by the Landlord or the Tenant of a breach of a provision of this Lease shall not be considered to be a waiver of a subsequent breach of any provision of this Lease. The acceptance of rent by the Landlord shall not be considered to be a waiver of any preceding breach by the Tenant of any provisions of this Lease. Any waiver of a provision of this Lease by either the Landlord or Tenant must be in writing. The Landlord may demand from the Tenant at any time payments previously due by the Tenant which the Landlord has failed to collect through neglect, error of fact or law, or oversight.

### **ACCESS BY THE LANDLORD**

24.00 The Landlord and its agents may enter the Leased Premises at all reasonable times to examine them and show them to an appraiser or to a prospective purchaser, lessee or mortgagee. The Landlord has the right to enter the Leased Premises to make any necessary alterations, additions and adjustments and the Landlord will not be liable for damage to property on the Leased Premises as a result of such an entry unless caused by the negligence of the Landlord or his agents. During the twelve (12) months prior to the expiration of the term, the Landlord may place upon the Leased Premises the usual "FOR RENT" notices. If the Tenant is not present to open up and permit entry into the Leased Premises when, for a proper reason, entry is necessary or permissible, the Landlord or its agents may enter by a master key or may forcibly enter without rendering the Landlord or its agents liable therefor and without affecting this Lease. Provided that the Landlord shall not be entitled to possess a master key prior to the last six (6) months of the term.

### **SUBORDINATION, ATTORNMENT AND STATUS** **STATEMENT BY TENANT**

25.00           **Subordination and Attornment:**

The Tenant covenants that this Lease and everything herein contained shall be subordinate to any charge from time to time created by the Landlord in respect of the Building by way of mortgage, including deeds of trust and instruments supplemental thereto. The Tenant hereby covenants that it will at any time, as required by the Landlord, give all such further assurances as may be reasonably required to give evidence of an effect this postponement to the holder of any such charge.

In the event of a sale or of default by the Landlord under any mortgage, trust deed or trust indenture and the purchaser, mortgagee or trustee, as the case may be, duly entering into possession of the Building or the Leased Premises, the Tenant agrees to attorn to and become the Tenant of such purchaser, mortgagee or trustee under the terms of this Lease.

Without limiting the general rights of the Landlord to assign this Lease, the Landlord shall be entitled to assign this Lease as collateral security for any mortgage upon the Building or any part thereof, and the Tenant covenants, if requested so to do, to acknowledge in writing any notice of assignment of this Lease by the Landlord.

25.01           **Status Statement by Tenant:**

The Tenant, at any time and within fifteen (15) days after written request by the Landlord, will execute, acknowledge and deliver to the Landlord or such assignee or Mortgagee as the Landlord designates, a certificate stating

- (a) that this lease is in force and effect in accordance with its terms (or if there have been modifications, that this lease is in force and effect as modified, and identifying the modifications or if this lease is not in force and effect, that it is not);
- (b) the date to which rental has been paid under this lease;
- (c) whether or not there is an existing default by the Tenant in the payment of rent or any other sum of money under this lease, and whether or not there is any other existing default by either party under this lease with respect to which a notice of default has been served, and if there is such a default specifying its nature and extent; and
- (d) whether or not there are any set-offs, defenses or counterclaims against enforcement of the obligations to be performed by the Tenant under this Lease.

**MISCELLANEOUS**



26.00        **No Offer:**

The Landlord shall not be deemed to have made an offer to the Tenant by furnishing to the Tenant a copy of this lease with particulars inserted; notwithstanding that the first installment of rental may be received by the Landlord when this Lease is received by it for signature no contractual or other rights shall exist or be created between the Landlord and the Tenant until such time as all parties to this Lease have executed the same.

26.01        **Accord and Satisfaction:**

No payment by the Tenant or receipt by the Landlord of a lesser amount than rent herein stipulated will be considered to be other than on account of the earliest stipulated rent, nor will an endorsement or statement on a cheque or in a letter accompanying payment be considered to be an accord or satisfaction, and the Landlord may accept payment without prejudice to the Landlord's right to recover the balance owing to pursue any other remedy.

26.02        **Registration:**

The Tenant will not register this Lease or a Notice of Lease on title.

26.03        **Interpretation:**

Interpretation of this Lease shall be governed by the provisions of this Section 26.04. Words importing the singular number only shall include the plural and works denoting the neuter gender shall, where the context requires, include male and female persons. Any reference to "Tenant" shall include where the context allows, the servants, contractors, employees, agents, concessionaires, invitees and licensees of Tenant and all others over whom Tenant might reasonably be expected to exercise control. If any Section or part of a Section contained in this Lease is judicially held to be invalid or unenforceable, the remainder of this Lease shall be interpreted as if such Section or part of a Section had not been included. The word "person" if the context allows shall include any person, firm or corporation. "Hereof", "herein", "hereunder" and similar expressions used in any Section or sub-section relate to the whole of this Lease and not to the Section or sub-section only, unless otherwise expressly provided. The word "term" herein shall mean the Term and any extensions thereof, unless otherwise expressly provided. The words "affiliate" and "subsidiary" when used herein shall be interpreted as they are defined in The Securities Act, R.S.O. 1990, and the word "control" as it is defined in The Income Tax Act (Canada). All Schedules and Riders attached hereto shall form part of this Lease. Each covenant, agreement or obligation or other provision contained in this Lease shall be construed as a separate independent covenant of the party bound thereby and shall not be dependent upon any other provisions of this Lease unless otherwise expressly provided. Nothing in this Lease shall be construed as or shall constitute an express or an implied grant by the Landlord to Tenant of any form of right to light or air.

26.04        **Headings:**

The headings appearing in the Lease have been inserted as a matter of convenience and for reference only and in no way limit or enlarge the scope of meaning of this Lease or any provision thereof.

26.05        **Governing Law:**

The Lease shall be construed and governed by the laws of the Province of Ontario.

26.06        **Successors and Assigns:**

Subject to the provisions of the Lease respecting assignment by the Tenant, this indenture shall enure to the benefit of and be binding upon the Landlord, its successors and assigns and the heirs, executors, administrators and other personal legal representatives, successors and assigns of the Tenant and Guarantor, if any.

26.07        **Entire Agreement:**

The Tenant acknowledges that there have been no representations made by the Landlord which are not set out in the Lease, that nothing contained in the Lease shall be construed so as to prevent the Landlord from altering the location of parking areas, driveways and sidewalks from time to time or from erecting additional Buildings or extending Buildings or from demolishing part or all of existing or future Buildings after the Commencement Date and the Landlord may make such changes or additions to the Building as in its sole discretion the Landlord may consider necessary or desirable; the Tenant further acknowledge that the Lease constitutes the entire agreement between the Landlord and the Tenant and may not be modified except as herein explicitly provided or except as subsequent agreement in writing duly signed by the Landlord and the Tenant, and if applicable, the Guarantor.

26.08        **Notice:**

Any notice, demand, request, consent or objection required or contemplated to be given to or made by any provision of this Lease shall be given or made in writing, mailed, registered postage prepaid, and if given or made to the Landlord shall be addressed to 1221 Ballantry Road, Oakville, Ontario, L6H 5M7, and if given or made to the Tenant shall be addressed to it at the Leased Premises and the time of giving or making such notice, demand, request, consent or objection shall be conclusively deemed to be the second day after the day of mailing thereof. Such notice, demand, request, consent or objection shall also be sufficiently given if given or made to the Tenant by delivering the same to the Tenant personally or to an executive officer of the Tenant if the Tenant is a corporation, and the time of giving or making such notice, demand, request, consent or objection shall be conclusively deemed to be the time for such delivery if delivered as aforesaid. If in this Lease two or more persons are named as Tenant or Landlord, such notice, demand, request, consent or objection shall also be sufficiently given or made if and when the same shall be delivered personally to any one of such persons. Either party may at any time give notice in writing to the other of any change of address of the party giving such notice and from and after the giving or making of any notice, the address

therein specified shall be deemed to be the address of the party giving such notice and from and after the giving or making of such notice, the address therein specified shall be deemed to be the address of such party for the giving or making of any such notice, demand, request, consent or objection hereunder. All payments required to be made by this Lease shall be addressed as provided for in this Section unless otherwise directed by the Landlord.

**26.09 No Tacit Renewal:**

In the event the Tenant remains in possession of the Leased Premises after the end of the Term and without the execution and delivery of a new Lease, there shall be no tacit renewal of this Lease or extension of the term hereby granted and the Tenant shall be deemed to be occupying the Leased Premises as a tenant from month to month, at a monthly rent payable in advance on the first day of each month equal to a sum which is twice the amount of the rental payment during the last month of the term of the lease and otherwise upon the same terms, conditions and provisos as are set forth in this Lease insofar as the same are applicable to a month to month tenancy.

**26.10 Relocation**

The Tenant acknowledges and authorizes the Landlord to construct a commercial plaza on the portion of the lands within the Leased Premises situated to the rear of the Building (the "Commercial Plaza"). The Landlord, its agents, employees, contractors, consultants, and workers shall have free and uninterrupted access to enter the portion of the Leased Premises that is required to construct the Commercial Plaza throughout the Term of the Lease. The Tenant agrees to relocate, at its own expense, to a new location within the Commercial Plaza as is designated by the Landlord once the Landlord completes the construction of the Commercial Plaza.

**26.11 Tenant On-Going Maintenance**

The Tenant shall be responsible, at its own expense, for the snow removal and the cutting of grass on the Leased Premises throughout the Term of this Lease. The Tenant shall also be responsible, at its own expense, for the removal of all garbage from the Leased Premises throughout the term of this Lease.

**IN WITNESS WHEREOF** the Parties have fully executed this Lease by their respective representatives duly authorized in that behalf.

SIGNED, SEALED AND DELIVERED ) CRAIG 26 DEVELOPMENTS INC.  
in the presence of )  
) PER: \_\_\_\_\_  
) Name:

) Title:  
) I have authority to bind the Landlord  
)  
)  
) Plant Based Investment Corp.  
) PER: Paul Crath  
) Name:  
) Title:  
) I have authority to bind the Tenant  
)  
)  
)

**SCHEDULE "A"****SCHEDULE OF RULES AND REGULATIONS FORMING PART OF THIS LEASE**

1. The Tenant shall not permit any cooking in the Leased Premises without the written consent of Landlord, other than preparation of light meals for use of regular occupants of the Leased Premises.
2. The sidewalks, entrances, driveways and roadways shall not be obstructed or used by the Tenant, its agents, servants, contractors, invitees or employees for any purpose other than ingress to and egress from the Leased Premises. The Landlord reserves the entire control of all parts of the Building employed for the common benefit of the tenants thereof.
3. The Tenant, its agents, servants, contractors, invitees or employees, shall not bring in or take out, position construct, install or move any safe, business machinery or other heavy machinery or equipment or anything liable to injure or destroy any part of the Building without first obtaining the consent in writing of the Landlord. In giving such consent, Landlord shall have the right in its sole discretion, to prescribe the weight permitted and the position thereof, and the use and design of planks, skids, or platforms, to distribute the weight thereof. All damage done to the Building by moving or using any such heavy equipment or machinery shall be repaired at the expense of the Tenant. The moving of all heavy equipment or other machinery shall occur only by prior arrangement with the Landlord.
4. The Tenant shall not place or cause to be placed any additional locks upon any doors of the Leased Premises without the approval of Landlord and subject to any conditions imposed by Landlord.
5. The water closets and other water apparatus shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags, ashes or other substances shall be thrown therein. Any damage resulting by misuse shall be borne by the Tenant. The Tenant shall not deface or mark any part of the Building or drive nails, spikes, hooks, or screws into the walls or woodwork of the Building, without the prior written consent of the Landlord.
6. No one shall use the Leased Premises for sleeping apartments or residential purposes, or for the storage of personal effects or articles other than those required for business purposes.
7. The Tenant shall not receive or ship articles of any kind except through facilities, and designated doors and at hours designated by Landlord.
8. No fuels, chemicals, or other inflammable, dangerous or explosive materials except those approved in writing by Landlord's insurers shall be kept or permitted to be kept in the Leased Premises.
9. If the Tenant desires telegraphic or telephonic connections, the Landlord will direct the electricians as to where and how the wires are to be introduced, and without such direction no boring or cutting for wires will be permitted. No gas pipe or electric wire will be permitted which has not been ordered or authorized by Landlord. No outside antennae, aerials or satellite dish shall be allowed on the Leased Premises without authorization in writing by Landlord.

10. The Tenant shall not permit undue accumulations of garbage, trash, rubbish or other refuse within or without the Leased Premises or cause or permit objectionable odours to emanate or be dispelled from the Leased Premises. The Tenant shall control and abate all insects, rodents and other pests within the Leased Premises.
11. The Landlord shall have the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, and for the preservation of good order therein.

This is Exhibit "L" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

\_\_\_\_\_  
A Commissioner for Oaths in and  
for the Province of Ontario

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**Condensed Interim Consolidated Financial Statements**

# **Plant-Based Investment Corp.**

**For the Three and Nine Months Ended July 31, 2022  
(Stated in Canadian Dollars)**

**Unaudited**

## **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements have been prepared by the Corporation's management and the Corporation's independent auditors have not performed a review of these condensed interim consolidated financial statements.

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# Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Financial Position

Unaudited - See Notice to Reader

Stated in Canadian dollars

	July 31, 2022	October 31, 2021 (Audited)
<b>Assets</b>		
Cash and cash equivalents	\$ 22,680	\$ 164,021
Interest receivable	305,489	189,248
Investments (note 3)	11,722,533	22,482,851
Income tax receivable	1,133	1,133
Intercompany receivables (note 4)	1,593,291	1,463,400
Other receivables (note 6)	904,094	2,138
Other assets	195,000	211,920
Prepaid expenses	-	71,813
<b>Total assets</b>	<b>\$ 14,744,220</b>	<b>\$ 24,586,524</b>
<b>Liabilities</b>		
Bank indebtedness	\$ -	\$ 104,645
Accounts payable and accrued liabilities (notes 13 (a), (d), (e), (h), (i), (j), (k))	1,487,746	909,991
Provision (note 15 (a))	1,037,581	1,037,581
<b>Total liabilities</b>	<b>2,525,327</b>	<b>2,052,217</b>
<b>Shareholders' equity</b>		
Share capital (note 8)	33,683,934	33,683,934
Contributed surplus (note 9)	10,806,661	10,806,661
Retained deficit	(32,271,702)	(21,956,288)
<b>Total shareholders' equity</b>	<b>12,218,893</b>	<b>22,534,307</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 14,744,220</b>	<b>\$ 24,586,524</b>

## Commitments and contingencies (note 15)

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board

"Paul Crath", Director "Michael Johnston", Director

# Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

Unaudited - See Notice to Reader

Stated in Canadian dollars

	Three months ended		Nine months ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
<b>Income</b>				
Net realized gain (loss) on disposal of investments	\$ (2,522,565)	\$ (468,869)	\$ (3,907,473)	\$ 10,658,285
Net change in unrealized appreciation (depreciation) on investments (note 3)	1,130,947	(6,658,453)	(2,918,289)	(2,241,662)
Interest and other income	61,758	127,385	261,344	285,487
Write-down of intercompany receivables (note 4)	-	(675,000)	-	(675,000)
<b>Total income (loss)</b>	<b>(1,329,860)</b>	<b>(7,674,937)</b>	<b>(6,564,418)</b>	<b>8,027,110</b>
<b>Expenses</b>				
Operating, general, and administrative (notes 11 and 13)	529,300	1,009,541	1,493,759	2,546,901
Provision (note 15 (a))		1,037,581		1,037,581
Management internalization (note 12)	2,257,237	-	2,257,237	-
<b>Total expenses</b>	<b>2,786,537</b>	<b>2,047,122</b>	<b>3,750,996</b>	<b>3,584,482</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ (4,116,397)</b>	<b>\$ (9,722,059)</b>	<b>\$ (10,315,414)</b>	<b>\$ 4,442,628</b>
<b>Net income (loss) per common share - basic</b> (note 10)	<b>\$ (0.15)</b>	<b>\$ (0.35)</b>	<b>\$ (0.38)</b>	<b>\$ 0.16</b>
<b>Net income (loss) per common share - diluted</b> (note 10)	<b>\$ (0.15)</b>	<b>\$ (0.35)</b>	<b>\$ (0.38)</b>	<b>\$ 0.15</b>
<b>Weighted average number of common shares outstanding - basic</b> (note 10)	<b>27,502,894</b>	<b>27,502,894</b>	<b>27,502,894</b>	<b>27,118,046</b>
<b>Weighted average number of common shares outstanding - diluted</b> (note 10)	<b>27,502,894</b>	<b>27,502,894</b>	<b>27,502,894</b>	<b>29,243,046</b>

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

Unaudited - See Notice to Reader

Stated in Canadian dollars

	Share capital		Contributed surplus	Retained deficit	Total shareholders' equity
	Number of shares	Amount			
<b>Balance - November 1, 2020</b>	25,012,600	\$ 33,753,433	\$ 10,806,661	\$ (13,819,202)	\$ 30,740,892
Net income	-	-	-	4,442,628	4,442,628
Shares issued in private placement (note 8)	5,614,900	1,965,215	-	-	1,965,215
Issuance costs (note 8)	-	(40,964)	-	-	(40,964)
Shares issued upon option exercise (note 8)	25,000	6,250	-	-	6,250
Shares cancelled pursuant to rescinded share exchange transaction (note 8)	(3,149,606)	(2,000,000)	-	(346,667)	(2,346,667)
<b>Balance - July 31, 2021</b>	27,502,894	\$ 33,683,934	\$ 10,806,661	\$ (9,723,241)	\$ 34,767,354
	Share capital		Contributed surplus	Retained deficit	Total shareholders' equity
	Number of shares	Amount			
<b>Balance - November 1, 2021</b>	27,502,894	\$ 33,683,934	\$ 10,806,661	\$ (21,956,288)	\$ 22,534,307
Net loss	-	-	-	(10,315,414)	(10,315,414)
<b>Balance - July 31, 2022</b>	27,502,894	\$ 33,683,934	\$ 10,806,661	\$ (32,271,702)	\$ 12,218,893

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Plant-Based Investment Corp.

Condensed Interim Consolidated Statements of Cash Flows

Unaudited - See Notice to Reader

Stated in Canadian dollars

	Nine months ended July 31, 2022	Nine months ended July 31, 2021
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (10,315,414)	\$ 4,442,628
Items not involving cash:		
Net change in unrealized depreciation (appreciation) on investments	2,918,289	2,241,662
Net realized loss (gain) on disposal of investments	3,907,473	(10,658,285)
Write-down of intercompany receivable	-	675,000
Provision	-	1,037,581
Management internalization	2,257,237	-
	(1,232,415)	(2,261,414)
Adjustments for:		
Interest receivable	(116,241)	(175,902)
Income tax receivable	-	56,949
Intercompany receivables	(129,891)	(2,677,566)
Purchase of investments	(1,529,864)	(16,986,565)
Proceeds from disposal of investments	2,351,240	19,597,379
Prepaid expenses	71,813	(78,643)
Other receivables	(4,276)	-
Other assets	16,920	-
Accounts payable and accrued liabilities	535,835	121,202
Cash acquired upon management internalization	183	-
Net cash provided by (used in) operating activities	(36,696)	(2,404,560)
<b>Cash flows from financing activities</b>		
Bank indebtedness	(104,645)	350,895
Share issued in private placement	-	1,965,215
Share issuance costs	-	(40,964)
Shares issued upon option exercise	-	6,250
Net cash from (used in) financing activities	(104,645)	2,281,396
<b>Net increase in cash and cash equivalents</b>	(141,341)	(123,164)
Cash and cash equivalents - beginning of period	164,021	179,685
<b>Cash and cash equivalents - end of period</b>	\$ 22,680	\$ 56,521
<b>Significant non-cash transactions</b>		
Shares cancelled pursuant to rescinded share exchange transaction (note 8)	\$ -	\$ 2,346,667
Interest receivable converted into investments	\$ 90,837	\$ 94,591
Intercompany receivables converted into investments (note 4)	\$ 226,094	\$ -
Investments assigned to subsidiary (note 4)	\$ -	\$ 614,250

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended July 31, 2022

Unaudited - See Notice to Reader

Stated in Canadian Dollars

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## 1. Nature of operations and formation of the Corporation

Plant-Based Investment Corp. is an investment corporation incorporated under the laws of Canada on October 29, 2017. The common shares of the Corporation are listed on the Canadian Securities Exchange under the symbol “PBIC”.

The Corporation’s investment objectives are to provide shareholders long-term total returns through: (i) capital appreciation, and/or (ii) periodic distributions by investing in an actively managed portfolio (the “Portfolio”) of securities and other contractual rights tied to investments (collectively, “Investment Instruments”) in: (a) public companies for which the Corporation does not receive rights to elect one or more directors or otherwise becomes actively involved in (the “Passive Public Portfolio”); (b) public companies for which the Corporation receives rights to elect one or more directors or otherwise becomes actively involved in (together with the Passive Public Portfolio, the “Public Portfolio”); or (c) private companies, all operating in, investing in or that derive a portion of their revenue, earnings or intellectual property from raw materials or commodities, products, services (including without limitation clinics and treatment centers), equipment and/or technologies related to the cannabis plant family and its various compounds, terpenes, fungi (including medicinal, functional and psychedelic), psychedelic compounds, superfoods and/or organic ingredients (collectively, the “Plant-Based Industry”).

CGOC Management Corp. (the “Manager”) will act as the manager and promoter of the Corporation and will provide specific management services to the Corporation pursuant to a management agreement. The Corporation will make investment decisions with respect to the Active Public Portfolio and the Private Portfolio. The Corporation and the Manager have engaged StoneCastle Investment Management Inc. (the “Investment Manager”) to act as the Corporation’s investment manager with respect to the Passive Public Portfolio.

Effective May 12, 2022, the Corporation completed the acquisition and internalization of the Manager. See note 12 for additional information.

The Corporation's head office is located at 240 Richmond St. W, Suite 4164, Toronto, Ontario, M5V 1V6.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”. This has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures which include the implementation of travel bans, self-imposed quarantine periods, and social distancing have caused material disruption to businesses resulting in a global economic disruption. At the same time, global equity markets have experienced historic volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize domestic economic conditions. The duration and eventual impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions.

The Corporation's ability to operate has not been directly impacted by the COVID-19 pandemic or the closure of non-essential businesses, but many of the Corporation's investee companies could be negatively impacted by the COVID-19 pandemic. The volatility in the equity markets may have a material impact on the Corporation's earnings and the fair value of the Corporation's public and private investment portfolio and will also impact the Corporation's investee companies’ earnings and ability to raise capital for their ongoing operations.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 2. Basis of presentation and summary of significant accounting policies

### a) Statement of compliance

The Corporation's unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements should be read in conjunction with the audited annual financial statements of the Corporation for the year ended October 31, 2021, which have been prepared in accordance with IFRS. Accordingly, these condensed interim consolidated financial statements do not include all of the information and disclosures required under IFRS for the annual financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on September 29, 2022.

### b) Basis of measurement

The Corporation's condensed interim consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments, which have been measured at fair value.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Corporation will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

### c) Investments in associates, joint ventures and subsidiaries

In accordance with IFRS 10, the Corporation uses the following criteria to evaluate and determine if it meets the definition of an "investment entity":

- i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services.
- ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both.
- iii) Measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Corporation has evaluated the criteria above and determined that it meets the definition of an investment entity. As a result, it measures investments in associates, joint ventures and subsidiaries at fair value through profit and loss, with the exception of CGOC Management Corp. and 2163777 Ontario Inc. which are consolidated with the financial results of the Corporation.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 2. Basis of presentation and summary of significant accounting policies (continued)

### c) Investments in associates, joint ventures and subsidiaries (continued)

During the year ended October 31, 2021, the Corporation incorporated wholly-owned subsidiaries PBIC USA Corp. ("PBIC USA"), PBIC Finance Corp. ("PBIC Finance"), which is wholly-owned through PBIC USA, 12750961 Canada Corp. ("127 Canada") and 2766563 Ontario Inc. ("276 Ontario") to facilitate the acquisition of certain investments.

During the nine months ended July 31, 2022, the Corporation incorporated wholly-owned subsidiaries 483 Driggs Avenue Inc. ("483 Driggs"), 1000175475 Ontario Inc. ("475 Ontario"), and 1000175476 Ontario Inc. ("476 Ontario") to facilitate the acquisition of certain investments. As at and during the nine months ended July 31, 2022, 475 Ontario and 476 Ontario were inactive.

During the nine months ended July 31, 2022, the Corporation's ownership in 276 Ontario was diluted below 50% as a result of 276 Ontario issuing shares to other investors and the Corporation sold its remaining interest in 276 Ontario. As at July 31, 2022, the Corporation does not have any investment in 276 Ontario.

As at July 31, 2022 and October 31, 2021, with the exception of CGOC Management Corp. and 2163777 Ontario Inc., these subsidiaries have been measured at fair value through profit and loss and are classified as Level 3 inputs on the fair value hierarchy in note 3. For more information on these entities, see note 4.

As at July 31, 2022, the Corporation's investment in a joint venture disclosed in note 5 has been measured at fair value through profit and loss and is classified as a Level 3 input on the fair value hierarchy in note 3.

As at July 31, 2022, the Corporation has significant influence over its investments in Bhang Inc. ("Bhang") as the Corporation controls more than 20% of the voting power of these investees. These investments have been measured at fair value through profit and loss and are classified as Level 1 and Level 2 inputs on the fair value hierarchy in note 3.

### d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

The function currency of the Corporation's subsidiaries CGOC Management Corp. and 2163777 Ontario Inc. is the Canadian dollars.

### e) Reclassification

Certain amounts in the prior period statements of income (loss) and comprehensive income (loss) has been reclassified to conform with current period presentation and provide more relevant and concise information. For the three and nine months ended July 31, 2021, write-down of interest receivable of \$114,076 and \$208,936 has been reclassified as a reduction in interest and other income. For the three and nine months ended July 31, 2021, write-down of intercompany receivable of \$675,000 has been reclassified as a loss in the income section of the condensed interim consolidated statements. These reclassifications had no effect on the reported results of operations.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 2. Basis of presentation and summary of significant accounting policies (continued)

### f) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect accounting policies and the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from estimates calculated. Significant judgments are made when applying accounting policies to measure the fair value of investments.

Where the fair values of investments cannot be derived from active markets, management is required to make certain estimates and assumptions that are applied in valuation techniques to determine fair value. These include the most recently available financial statements of the investee, price for most recently completed financing, as well as closely comparable public companies and general market and economic conditions. The value which the Corporation could ultimately realize upon disposition of these investments may differ from their carrying value and such differences could be material.

### g) Management internalization

As part of the management internalization (note 12), the Corporation applied judgment as to whether or not the transaction should be accounted for as a business combination or an expense. As part of the assessment, the Corporation evaluated whether it was acquiring inputs (such as employees and assets), processes, and outputs. Based on its assessment, the Corporation has accounted for this acquisition as an expense that has been recorded on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

## 3. Fair value measurement

Fair value measurements are based on a three-level fair value hierarchy based on inputs used in determining the fair value of financial assets and liabilities. The hierarchy of inputs is summarized as follows:

- Level 1 - inputs used to value financial assets and liabilities are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs used to value financial assets and liabilities are other than quoted prices included in Level 1 that are observable either directly or indirectly for the asset or liability.
- Level 3 - inputs used to value financial assets and liabilities are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified as fair value through profit and loss. For other financial instruments, transaction costs are capitalized on initial recognition.



# Plant-Based Investment Corp.

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## 3. Fair value measurement (continued)

The following table includes the disaggregation of unrealized appreciation (depreciation) on investments recorded on the statement of income (loss) and comprehensive income (loss) for the period ended July 31:

<b>Net change in unrealized appreciation (depreciation) on investments</b>	<b>Nine months ended</b>	
	<b>July 31, 2022</b>	<b>July 31, 2021</b>
Reversal of previously recorded unrealized depreciation on investments	\$ 23,056,386	\$ 12,455,681
Unrealized depreciation on investments held at period end	(25,956,156)	(14,582,211)
Unrealized foreign exchange loss on investments	(18,519)	(115,132)
	<u>\$ (2,918,289)</u>	<u>\$ (2,241,662)</u>

Investments consisted of the following as at July 31, 2022:

<b>Financial assets measured at fair value</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Equities	\$ 29,007,158	\$ 4,845,752	\$ -	\$ 4,314,861	\$ 9,160,613
Warrants	1,536,713	23,189	63,695	-	86,884
Convertible debentures	4,079,462	-	1,099,616	782,196	1,881,812
Loans	3,073,875	-	348,340	244,884	593,224
	<u>\$ 37,697,208</u>	<u>\$ 4,868,941</u>	<u>\$ 1,511,651</u>	<u>\$ 5,341,941</u>	<u>\$ 11,722,533</u>

Investments consisted of the following as at October 31, 2021:

<b>Financial assets measured at fair value</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total Fair Value</b>
Equities	\$ 33,248,963	\$ 13,821,517	\$ -	\$ 3,862,630	\$ 17,684,147
Warrants	3,721,471	167,129	928,213	-	1,095,342
Convertible debentures	5,411,321	186,000	1,181,850	1,265,079	2,632,929
Loans	3,289,083	-	1,070,433	-	1,070,433
	<u>\$ 45,670,838</u>	<u>\$ 14,174,646</u>	<u>\$ 3,180,496</u>	<u>\$ 5,127,709</u>	<u>\$ 22,482,851</u>

As at July 31, 2022, the Corporation had investments with cost of \$19,138,812 (October 31, 2021 - \$22,938,958) and fair market value of \$4,324,074 (October 31, 2021 - \$11,698,940) in investees in which a member of the Corporation's key management personnel is also an officer or director of the investee.

# Plant-Based Investment Corp.

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## 3. Fair value measurement (continued)

### *Changes in Level 3 investments*

During the nine months ended July 31, 2022, \$666,090 of net change in unrealized depreciation on investments includes Level 3 investments held as at July 31, 2022.

Transfers out of Level 3 investments are due to changes in the observability of market data, such as a recent transaction, conversion of subscription receipts into underlying securities or due to a company going public.

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the three months ended July 31, 2022.

	Private equities	Convertible debentures	Warrants	Subscription Receipts	Loans	Total fair value
<b>Balance - November 1, 2021</b>	\$ 3,862,630	\$ 1,265,079	\$ -	\$ -	\$ -	\$ 5,127,709
Purchases	328	189,930	-	-	145,078	335,336
Unrealized (gain) loss	628,541	(62,257)	-	-	99,806	666,090
Transfers out of Level 3	(176,638)	(610,556)	-	-	-	(787,194)
<b>Balance - July 31, 2022</b>	<u>\$ 4,314,861</u>	<u>\$ 782,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,884</u>	<u>\$ 5,341,941</u>

The following table presents the changes in assets classified in Level 3 of the fair value hierarchy for the year ended October 31, 2021.

	Private equities	Convertible debentures	Warrants	Subscription Receipts	Loans	Total fair value
<b>Balance - November 1, 2020</b>	\$ 3,866,032	\$ 932,260	\$ 5,000	\$ -	\$ -	\$ 4,803,292
Purchases	867,077	2,170,662	-	111,118	1,120,133	4,268,990
Unrealized loss	(342,534)	(1,199,021)	(5,000)	-	(1,120,133)	(2,666,688)
Transfers out of Level 3	(527,945)	(638,822)	-	(111,118)	-	(1,277,885)
<b>Balance - October 31, 2021</b>	<u>\$ 3,862,630</u>	<u>\$ 1,265,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,127,709</u>

# Plant-Based Investment Corp.

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## 3. Fair value measurement (continued)

### *Significant unobservable inputs*

The key assumptions the Corporation used in the valuation of level 3 investments include and are not limited to the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities. The following table summarizes valuation techniques and significant unobservable inputs used for the Corporation's investments classified in Level 3 of the fair value hierarchy:

	Valuation technique	Fair value at July 31, 2022	Fair value at October 31, 2021	Key inputs
Equities	Recent financing based upon per share valuation in most recent financing round	\$ 3,771,142	\$ 3,337,567	N/A
	Revenue multiple	543,719	525,063	Revenue multiple
Convertible debentures	Recent financing	782,196	745,360	N/A
	Transaction price	-	519,719	N/A
Loans	Transaction price	244,884	-	N/A
		\$ 5,341,941	\$ 5,127,709	

Recent financing was based on per share valuation in the most recent financing rounds from November 2020 to January 2022 to arm's length parties, and for October 31, 2021 fair values, recent financing was based on per share valuation in most recent or proposed financing rounds from November 2020 to October 2021. For these investments, recent financing represents the most reliable and readily available inputs available to estimate fair value.

A revenue multiple of 2.1 (October 31, 2021 - 2.1) was used to value these equity investments. As at July 31, 2022, a change of +0.5 or -0.5 to the revenue multiple would result in an increase or decrease in value of the investment of approximately +\$129,457 (October 31, 2021 - \$125,015).

For these Level 3 investments, the inputs used can be highly judgmental. As at July 31, 2022, 25% increase or decrease in the calculated fair value will result in a corresponding \$1,340,000 (October 31, 2021 - \$1,280,000) change to the total fair value of Level 3 investments.

# Plant-Based Investment Corp.

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## 3. Fair value measurement (continued)

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different terms and circumstances. The results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments.

## 4. Investment in subsidiaries

### *PBIC USA Corp. ("PBIC USA")*

During the year ended October 31, 2021, the Corporation incorporated PBIC USA with a nominal amount of share capital and assigned shares of an investee company to PBIC USA with a value of \$614,250 (USD \$500,000) in exchange for an intercompany loan. In addition, the Corporation advanced \$636,870 (USD \$500,000) as an intercompany loan. During the nine months ended July 31, 2022, the Corporation advanced \$81,226 (USD \$65,000) as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. PBIC USA used the loan proceeds to make an additional investment in the investee companies. As at July 31, 2022, the intercompany loan receivable was \$1,500,958 (October 31, 2021 - \$1,238,400).

### *PBIC Finance Corp. ("PBIC Finance")*

During the year ended October 31, 2021, the Corporation incorporated PBIC Finance, which is wholly-owned by PBIC USA, with a nominal amount of share capital and advanced \$1,222,600 (USD \$1,000,000) as an intercompany loan. The intercompany loan bears interest at a rate of 8% per annum and is due on demand. PBIC Finance used the loan proceeds to invest in another entity. As at July 31, 2022, the intercompany loan receivable was \$1,266,227 (October 31, 2021 - \$1,195,359) and the Corporation wrote down the loan receivable due to unrealized depreciation of the underlying investment held by PBIC Finance.

### *12750961 Canada Corp ("127 Canada")*

During the year ended October 31, 2021, the Corporation incorporated 127 Canada with a nominal amount of share capital and advanced \$675,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 127 Canada used the loan proceeds to make a convertible debt investment in another entity. As at July 31, 2022, the intercompany loan receivable was \$675,000 (October 31, 2021 - \$675,000) and the Corporation wrote down the loan receivable due to unrealized depreciation of the underlying investment held by 127 Canada.

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## 4. Investment in subsidiaries (continued)

### *2766563 Ontario Inc ("276 Ontario")*

During the year ended October 31, 2021, the Corporation incorporated 276 Ontario with a nominal amount of share capital and advanced \$225,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. 276 Ontario also received loans from external investors and used the aggregate loan proceeds for investment purposes (note 15 (b)). During the nine months ended July 31, 2022, 276 Ontario issued common shares to new investors for cash proceeds and settled the outstanding loans through the issuance of common shares. During the nine months ended July 31, 2022, the Corporation sold its remaining interest in 276 Ontario. As at July 31, 2022, the intercompany loan receivable was \$Nil (October 31, 2021 - \$225,000).

### *483 Driggs Avenue Inc ("483 Driggs")*

During the nine months ended July 31, 2022, the Corporation incorporated 483 Driggs with a nominal amount of share capital and advanced US\$72,000 as an intercompany loan. The intercompany loan is non-interest bearing and due on demand. As at July 31, 2022, the intercompany loan receivable was \$92,333 (October 31, 2021 - \$Nil).

See also note 15.

## 5. Investment in joint venture

On June 19, 2019, the Corporation entered into a joint venture agreement (the "agreement") with an investee company. Pursuant to the agreement, a new entity 2702099 Ontario Inc. ("Newco"), was incorporated to conduct research and develop a technology comprising an endogenous anti-addiction mechanism, based on a cannabinoid-like molecule for certain indications. The Corporation subscribed for 6,000,000 common shares of Newco in a series of tranches which upon completion of the final tranche represented 60% of the issued and outstanding common shares of Newco for a total aggregate investment of \$1,440,890 (USD \$1,100,000). Under the agreement, the Board of Directors of Newco shall consist of two (2) nominees of the Corporation and two (2) nominees of the investee company.

The Corporation seeks to earn capital appreciation on this investment through either a third-party sale of its interest or a public listing. The Corporation recorded this investment at fair value through profit and loss and classified it as a Level 3 input on the fair value hierarchy in note 3.

See also note 15.

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## 6. Other receivables

On June 20, 2022, the Corporation entered into an agreement and assigned a USD \$700,000 promissory note receivable from an investee company to another company whose CEO is also a member of the Corporation's key management personnel. The consideration for the assignment is receivable in installments of USD\$250,000 on the date that is six (6) months from the date of the agreement, USD \$250,00 on the date that is nine (9) months from the date of the agreement and USD \$200,000 on the date that is twelve (12) months from the date of the agreement. Due to the short-term nature of the holding period of the receivable, the carrying value is approximated to be the fair market value. As at July 31, 2022, the receivable balance for the assigned promissory note is \$897,680.

Other receivable also includes an additional \$6,414 receivable.

## 7. Promissory note

On December 10, 2021, the Corporation issued a promissory note (the "Note") with a principal amount of \$317,850 (USD \$250,000) bearing interest at a rate of 10% per annum. The outstanding interest and principal are payable on December 10, 2022. The proceeds of the Note were advanced to an investee of the Corporation. The holder of the Note has certain co-investment rights and has the option to convert the interest and principal payable under the Note into an investment in an investee of the Corporation. During the nine months ended July 31, 2022, the Note was settled in exchange for the investee company issuing shares to the holder of the Note.

# Plant-Based Investment Corp.

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## 8. Share capital

a) Authorized:

Unlimited common shares

b) Common shares issued and outstanding are as follows:

	<u>Number</u>	<u>Amount</u>
<b>Issued and outstanding - November 1, 2020</b>	25,012,600	\$ 33,753,433
Shares issued in private placement	5,614,900	1,965,215
Issuance costs	-	(40,964)
Shares issued upon option exercise	25,000	6,250
Shares cancelled pursuant to rescinded share exchange transaction	<u>(3,149,606)</u>	<u>(2,000,000)</u>
<b>Issued and outstanding - October 31, 2021 and July 31, 2022</b>	<u>27,502,894</u>	<u>\$ 33,683,934</u>

### *Shares issued in private placement*

On February 19, 2021, the Corporation completed a non-brokered private placement offering and issued an aggregate of 5,614,900 common shares at a price of \$0.35 per share for aggregate gross proceeds of \$1,965,215. In connection with the private placement, the Corporation incurred total issuance costs of \$40,964, including a finder's fee of \$28,875.

### *Shares issued upon option exercise*

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of \$0.25 for total proceeds of \$6,250.

### *Shares cancelled pursuant to rescinded share exchange transaction*

On April 1, 2021, the Corporation and Core One entered into an agreement to rescind the share exchange transaction previously completed between the parties on March 16, 2020. On April 14, 2021, the Corporation cancelled 3,149,606 of its common shares that were previously issued to Core One and Core One cancelled the common shares that were previously issued to the Corporation in connection with the share exchange transaction. The Corporation recorded a \$346,667 loss in retained earnings for this transaction which represents the difference between the \$2,346,667 fair value of the Core One shares on the date of cancellation, measured based on the closing stock price, and the original \$2,000,000 value of share exchange.

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## 9. Contributed surplus

The following is a summary of the contributed surplus:

	<u>Stock Options</u>	<u>Agent Compensation Options</u>	<u>Warrants</u>	<u>Total</u>
<b>Balance - November 1, 2020, October 31, 2021 and July 31, 2022</b>	<u>\$ 2,130,305</u>	<u>\$ 783,876</u>	<u>\$ 7,892,480</u>	<u>\$ 10,806,661</u>

### *Stock-based compensation*

The Board of Directors has adopted a stock-based compensation plan for the Corporation (the "Plan"). Pursuant to the Plan, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase common shares to directors, officers, and consultants of the Corporation. Under the Plan, the aggregate number of common shares to be issued upon the exercise of options granted thereunder may not exceed 10% of the number of issued and outstanding common shares at the time of granting the options. Options shall expire no later than five years after the date of grant. The exercise price of options granted pursuant to the Plan shall be established based on the average closing price of the common shares for the five days prior to the date of grant or such other method of pricing as may be acceptable to the stock exchange on which the common shares are listed. The options shall vest and may be exercised as determined by a resolution of the Board of Directors.

A summary of changes to stock options is as follows:

	<u>Number</u>	<u>Weighted Average Exercise Price</u>
<b>Balance - November 1, 2020</b>	2,325,000	\$ 0.440
Exercised	(25,000)	0.250
<b>Balance - October 31, 2021 and July 31, 2022</b>	<u>2,300,000</u>	<u>\$ 0.440</u>

On March 24, 2021, the Company issued 25,000 common shares pursuant to an option exercise at an exercise price of \$0.25 for total proceeds of \$6,250.

As at July 31, 2022, the following stock options were outstanding.

<u>Outstanding</u>	<u>Exercisable</u>	<u>Year of grant</u>	<u>Exercise price</u>	<u>Expiry date</u>
175,000	175,000	2018	\$ 2.350	January 30, 2023
1,275,000	1,275,000	2020	\$ 0.250	May 10, 2024
850,000	850,000	2020	\$ 0.335	August 16, 2024
<u>2,300,000</u>	<u>2,300,000</u>			



# Plant-Based Investment Corp.

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## 10. Net income (loss) per share

During the three and nine months ended July 31, 2022, basic and diluted net loss per share has been calculated using the weighted average number of shares outstanding of 27,502,894. There were no dilutive items outstanding for the period as the Corporation had a net loss and the effect of any stock options would be anti-dilutive.

During the three and nine months ended July 31, 2021, basic net income per share has been calculated using the weighted average number of shares outstanding of 27,502,894 and 27,118,046. During the three and nine months ended July 31, 2021, weighted average diluted number of common shares outstanding totals 27,502,894 and 29,243,046 and includes 2,125,000 of unexercised dilutive stock options.

	Three months ended		Nine months ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
<b>Basic net income (loss) per share</b>				
Net income (loss)	\$ (4,116,397)	\$ (9,722,059)	\$ (10,315,414)	\$ 4,442,628
Weighted average basic number of common shares outstanding	27,502,894	27,502,894	27,502,894	27,118,046
<b>Basic net income (loss) per share</b>	<b>\$ (0.15)</b>	<b>\$ (0.35)</b>	<b>\$ (0.38)</b>	<b>\$ 0.16</b>
<b>Diluted net income (loss) per share</b>				
Weighted average basic number of common shares outstanding	27,502,894	27,502,894	27,502,894	27,118,046
Effect of dilutive stock options	-	-	-	2,125,000
Weighted average diluted number of common shares outstanding	27,502,894	27,502,894	27,502,894	29,243,046
<b>Diluted net income (loss) per share</b>	<b>\$ (0.15)</b>	<b>\$ (0.35)</b>	<b>\$ (0.38)</b>	<b>\$ 0.15</b>

## 11. Expenses by nature

Operating, general and administrative expenses includes the following:

	Three months ended		Nine months ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
Directors' fees (note 13 (e))	15,000	15,000	45,000	35,000
Foreign exchange loss (gain)	10,963	(9,803)	(21,324)	6,512
Investment transaction costs	6,891	10,537	13,618	57,815
Listing and filing fees	6,272	19,779	28,204	48,338
Management fees (note 13 (a))	2,692	40,450	41,676	119,629
Marketing (note 13 (k))	37,789	62,750	122,313	182,174
Office and general	38,776	40,985	109,724	109,833
Payroll expenses	-	1,102	6,317	9,127
Professional fees (note 13 (d), (f), (g), (h), (j))	288,697	808,741	806,011	1,596,973
Severance payments (note 13 (k))	-	-	-	281,500
Salaries (note 13 (i))	120,000	20,000	340,000	100,000
Portfolio management	2,220	-	2,220	-
	<b>529,300</b>	<b>1,009,541</b>	<b>1,493,759</b>	<b>2,546,901</b>

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 12. Management internalization

Effective May 12, 2022, the Corporation executed a share purchase agreement to acquire all of the common shares of CGOC Management Corp. (the “Manager”) via a direct purchase of 50% of the common shares of the Manager and the purchase of 100% of the common shares of 2163777 Ontario Inc., which was the owner of the remaining 50% of the common shares of the Manger. The purchase price was settled through the sale, transfer and assignment by the Corporation of an aggregate of 31,650,000 common shares in the capital of Grown Rogue International Inc. (“Grown Rogue”), an investee company. The total consideration for this transaction was calculated to be \$2,215,500 based on the fair value of the Grown Rogue common shares on May 12, 2022. The Corporation also incurred additional costs of \$41,737 as part of this transaction as a result of the net liabilities assumed of the Manager.

During the period ended July 31, 2022, the Corporation recorded \$2,257,237 of management internalization expense on the condensed interim consolidated statements of income (loss) and comprehensive income (loss).

The management agreement between the Corporation and the Manager remains in effect after the acquisition.

## 13. Related party transactions and balances

During the three and nine months ended July 31, 2022, the Corporation reported the following related party transactions:

### a) Management fees

The Corporation is required to pay the Manager an annual management fee (the “Management Fee”) fee of 1.0% of the market capitalization of the Corporation based on the daily volume-weighted average price of the common shares calculated. The Management Fee is accrued daily and paid by the Corporation to the Manager monthly in arrears. The Manager will pay the Investment Manager and the officers and directors of the Corporation provided by the Manager (other than the independent directors) out of the Management Fee.

During the three and nine months ended July 31, 2022, the Corporation incurred management fees of \$2,692 (2021 - \$40,450) and \$41,676 (2021 - \$119,629). After the management internalization transaction effective May 12, 2022 (note 12), the management fees incurred during the period and accounts payable and accrued liabilities at period end are eliminated upon consolidation.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 13. Related party transactions and balances (continued)

### b) Performance fee

As soon as practicable following the final Business Day of each calendar quarter (each such date, a "Performance Fee Payment Date" and each such period, a "Performance Fee Period"), the Corporation is required to pay the Manager a quarterly performance fee (the "Performance Fee") in respect of the outstanding Common Shares equal to 20% of the amount by which the sum of (i) the "weighted average market price" of the Common Shares on the Canadian Securities Exchange (the "CSE) (or such other principal market on which the Common Shares are quoted for trading) during the 15 trading days preceding the end of the Performance Fee Period, plus (ii) distributions on such Common Shares during such period, exceeds 101.25% of the Threshold Amount (the "Hurdle Rate").

The Threshold Amount will be the greater of (i) \$2.60; and (ii) the weighted average market price of the Common Shares on the Performance Fee Payment Date in the last quarter for which a Performance Fee was paid.

For the period from the Closing Date to the end of the quarter, which includes the Closing Date, the Hurdle Rate will be reduced proportionately to reflect the number of days remaining in the quarter from the Closing Date to the end of that quarter. In the event that new Common Shares are issued, the Hurdle Rate application to the Performance Fee payable with respect to those Common Shares will be reduced proportionately to reflect the number of days remaining in that quarter and the Threshold Amount in respect of such Common Shares for that quarter will be the greater of (i) the issue price of the Common Shares; and (ii) the then current Threshold Amount.

During the three and nine months ended July 31, 2022 and 2021, the Hurdle rate was not reached; therefore, the Corporation did not incur performance fees.

### c) Operating expenses

The Corporation will reimburse the Manager for all reasonable and necessary actual out-of-pocket costs and expenses paid by the Manager in connection with the performance of the services described in the Management Agreement, as well as certain specified expenses ancillary to the operations of the Manager, including travel on behalf of the Corporation and office space and services. During the three and nine months ended July 31, 2022, the Corporation reimbursed the Manager operating expenses of \$Nil (2021 - \$Nil).

### d) During the three and nine months ended July 31, 2022, the Corporation incurred accounting and regulatory compliance fees of \$66,783 (2021 - \$54,284) and \$171,873 (2021 - \$165,758) from a company which the Corporation's CFO is an officer. As part of the management internalization transaction (note 12), the Corporation assumed an additional \$54,200 payable to this company. As at July 31, 2022, the total accounts payable and accrued liabilities included \$321,146 (October 31, 2021 - \$132,188) of fees payable to the company.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 13. Related party transactions and balances (continued)

- e) During the three and nine months ended July 31, 2022, the Corporation incurred directors' fees of \$15,000 (2021 - \$15,000) and \$45,000 (2021 - \$35,000) for the independent directors on the Corporation's Board of Directors. As at July 31, 2022, accounts payable and accrued liabilities included \$30,000 (October 31, 2021 - \$Nil) of directors' fees.
- f) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of \$Nil (2021 - \$Nil) and \$Nil (2021 - \$42,375) from a company controlled by one of its independent directors.
- g) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of \$Nil (2021 - \$Nil) and \$Nil (2021 - \$18,833) for management services from a company controlled by its former COO.
- h) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of \$Nil (2021 - \$Nil) and \$Nil (2021 - \$28,250) from a company controlled by the Chief Strategy Officer and director. As part of the management internalization transaction (note 12), the Corporation assumed an additional \$8,500 payable to this company. As at July 31, 2022, the total accounts payable and accrued liabilities included \$8,500 (October 31, 2021 - \$Nil) payable to the company.
- i) During the three and nine months ended July 31, 2022, the Corporation incurred salaries expense of \$90,000 (2021 - \$20,000) and \$250,000 (2021 - \$100,000) for the Chief Strategy Officer. As at July 31, 2022, accounts payable and accrued liabilities included \$150,000 (October 31, 2021 - \$Nil) of salaries payable to the Chief Strategy Officer.
- j) During the three and nine months ended July 31, 2022, the Corporation incurred consulting fees of \$76,716 (2021 - \$74,298) and \$228,622 (2021 - \$175,735) for management services provided by the CEO. As at July 31, 2022, accounts payable and accrued liabilities included \$220,999 (October 31, 2021 - \$Nil) of consulting fees payable to the CEO.
- k) During the three and nine months ended July 31, 2022, the Corporation incurred salaries expense of \$30,000 (2021 - \$Nil) and \$90,000 (2021 - \$Nil) for the CFO. As at July 31, 2022, accounts payable and accrued liabilities included \$140,000 (October 31, 2021 - \$50,000) of salaries payable to the CFO.
- l) During the three and nine months ended July 31, 2022, the Corporation made aggregate severance payments of \$Nil (2021 - \$Nil) and \$Nil (2021 - \$281,500) and expense reimbursements of \$Nil (2021 - \$75,000) to former directors and officers and the Corporation's current Chief Strategy Officer.
- m) Additional related party transactions are disclosed in notes 3, 4, 5 and .

During the three and nine months ended July 31, 2022 and 2021, all related party transactions were in the normal course of operations and all services provided by related parties were made on terms equivalent to those which prevail with arm's length transactions.

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 14. Financial risk management

The primary business activities of the Corporation result in financial statements that are primarily comprised of financial instruments. As such, the Corporation is exposed to certain risks related to financial instruments:

### a) Credit Risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Corporation is exposed to credit risk on its cash. The credit risk in cash is managed through the use of major financial institutions which have high credit qualities as determined by rating agencies. The Corporation is exposed to credit risk from its investments in convertible debentures and promissory notes of various entities in normal course of business and the related interest receivable on the principal. The credit risk on these investments is managed by investing in credit-worthy companies and establishing monitoring processes. The credit risk on interest receivable is partially mitigated through the ability to convert into underlying equity instruments of the investee.

### b) Liquidity risk

Liquidity risk refers to the risk that the Corporation will have insufficient cash resources to meet its financial obligations when they become due. The Corporation manages liquidity risk by reviewing resources to ensure that it will have sufficient liquidity to meet liabilities as they become due and to support business strategies.

As at July 31, 2022, the Corporation's contractual cash flows, which were payable under financial liabilities in these financial statements consisted of accounts payable and accrued liabilities with payments due in less than one year. The Corporation has sufficient liquid assets to satisfy its liabilities.

The Corporation generates cash flow from the disposal of investments, financing activities and interest income. The Corporation primarily invests in equity and debt instruments of publicly traded cannabis companies. Disposal of investments in non-publicly traded companies could differ from the carrying value since an active-market does not exist.

### c) Market risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, equity market fluctuations, foreign currency exchange rates and other relevant market rate or price changes. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying assets are traded. The market risks to which the Corporation is exposed are equity price risk and interest rate risk.

#### i) Equity price risk

The Corporation is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Corporation's earnings due to movements in individual equity prices or general movements in the level of the stock market or the cannabis sub-market. The Corporation's investments are subject to fluctuations in fair value arising from changes in the equity market. As at July 31, 2022, should the equity prices of the Corporation's holdings increase or decrease by 5%, the impact on net income or loss would be approximately \$242,288 (October 31, 2021 - \$691,076).

# Plant-Based Investment Corp.

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## 14. Financial risk management (continued)

### c) Market risk (continued)

#### ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Corporation's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents and fixed income securities held. The fair value of the Corporation's cash and cash equivalents and investments affected by changes of interest rates is minimal.

### d) Currency risk

Currency risk is the risk that the fair value of future cash flows from the Corporation's operations will fluctuate due to changes in foreign exchange rates. The Corporation holds investments denominated in United States dollars, ("U.S. dollar"). A change in the U.S. dollar foreign exchange rate versus the Corporation's functional and presentation currency may have an adverse effect on the Corporation's investments. As at July 31, 2022, should the U.S. dollar foreign exchange rate increase or decrease by 1%, the impact on net income or loss would be approximately \$23,312 (October 31, 2021 - \$34,143).

	<u>July 31, 2022</u>	<u>October 31, 2021</u>
Investments denominated in U.S dollars	\$ 2,331,241	\$ 3,414,319

## 15. Commitments and contingencies

- a) During the year ended October 31, 2021, the Corporation's subsidiary 127 Canada invested in a \$500,000 secured convertible operating facility (the "operating facility") in another entity ("Investee A"). On February 16, 2021, the Corporation and Investee A entered into a forbearance agreement with a creditor of Investee A ("Creditor A") and the Corporation guaranteed an aggregate of \$1,140,812 of the obligations, plus interest accruing thereafter, owed by Investee A to Creditor A. Following the execution of the forbearance agreement, \$175,000 was paid against the guaranteed obligations by way of a secured convertible debenture issued by Investee A to 127 Canada. The forbearance period ended on May 31, 2021 and Creditor A demanded that the Corporation repay the remaining obligations pursuant to the guarantee provided by the Corporation.

On July 2, 2021, a statement of claim was filed by Creditor A against the Corporation in the Ontario Superior Court of Justice, alleging damages for breach of guarantee in the amount of \$1,037,581 and various other costs, interest and other unspecified amounts. On August 31, 2021, the Corporation filed a statement of defence and counterclaim against Creditor A, alleging that the forbearance agreement and guarantee provided by the Corporation are void for being induced by fraudulent or negligent misrepresentations made by Creditor A. In addition, the Corporation is seeking damages for fraudulent or negligent misrepresentation made by Creditor A in the amount of the \$500,000 operating facility, damages in the amount of the \$175,000 deposit paid to Creditor A, and various other costs, interest and other unspecified amounts.

At this early stage of the proceedings, it is difficult to assess the likelihood of the success of Creditor A's claims or the Corporation's counterclaim. As at July 31, 2022, the Corporation has accrued a provision of \$1,037,581 (October 31, 2021 - \$1,037,581).

# Plant-Based Investment Corp.

Notes to the Condensed Interim Consolidated Financial Statements

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## 15. Commitments and contingencies (continued)

- b) During the year ended October 31, 2021, the Corporation and its subsidiary 276 Ontario entered into a debt assignment agreement (the "agreement") to acquire a secured demand promissory note (the "note") of an entity ("Investee B") from Investee B's creditor ("Creditor B"). The note has a principal value of \$11,129,172 and is due on demand. 276 Ontario acquired the note for an aggregate amount of \$1,000,000, payable in three tranches, and the Corporation guaranteed the obligations owed by 276 Ontario to Creditor B under the agreement. During the nine months ended July 31, 2022, 276 Ontario had repaid \$1,000,000 to Creditor B.
- c) During the year ended October 31, 2021, the Corporation received communication from counsel of one of the Corporation's investee indicating it was their position the Corporation was in violation of a joint venture agreement between the parties (see note 5). It is the other party's position that the Corporation owed USD\$192,753 to the joint venture as of April 30, 2021 and, therefore, was in default of its funding obligations and the other party was in a position where they had the ability to terminate the joint venture agreement. It is the Corporation's position that it has met all funding requirements pursuant to the joint venture agreement, and the other party was in violation of the joint venture agreement with respect to various matters related to its management of the joint venture. It is the Corporation's position that, should the Corporation not choose to contribute its proportionate share of the expenses of the joint venture, its ownership interest would simply be diluted. While no formal legal action has been initiated by either party, the Corporation believes that the other party's claims are without merit and no amounts related to the other party's claims have been accrued in these condensed interim consolidated financial statements. As at July 31, 2022, the fair value of this investment included in the statement of financial position is \$Nil (October 31, 2021 - \$Nil).
- d) On March 11, 2022, the Corporation was identified as a defendant to a complaint in the Court of Queen's Bench of Alberta alleging breach of contract to fulfill its obligations under a certain subscription agreement, as amended, resulting in alleged damages. On July 12, 2022, the same claim was filed against the Corporation in the Ontario Superior Court of Justice. The Corporation has conferred with its legal counsel and is in the process of assessing and defending the complaint. As at the date of these financial statements, it is premature, and not practicable, to determine whether or not there will be any outflow and, if so, the amount of the outflow. Accordingly, no provisions have been accrued on the Corporation's consolidated statement of financial position.
- e) During the period ended July 31, 2022, the Corporation, through its wholly-owned subsidiary 483 Driggs Avenue Inc., entered into a lease for retail, brand showroom and office/ meeting space commencing July 1, 2022. The lease has a term of 12 years and includes monthly payment of US\$24,000 until June 30, 2023. On every July 1 thereafter, the monthly rent shall be increased for the following twelve months by reference to Consumer Price Index, as defined in the lease, however, in no circumstances shall the amount of the annual rent adjustment be less than 1%, nor more than 5% of the then current rent. The lease includes an option for the Lessee to renew the lease for one additional five year period under the same terms and conditions as the current lease.

In connection with the lease, the Corporation has provided a Good Guy Guarantee to the Lessor related to the Lessee's obligations to pay all amounts accruing under the lease and the performance of all other obligations under the lease. The Good guy Guarantee will remain in effect during the entire term of all or any portion of the lease.

# **Plant-Based Investment Corp.**

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## **15. Commitments and contingencies (continued)**

- f) During the period ended July 31, 2022, the Corporation provided a guarantee for a convertible promissory note with a principal amount of US\$300,000 issued by one of the Corporation's investees to a debt holder. The underlying convertible promissory note carries interest at an annual rate of 8% with principal and accrued interest payable upon maturity on April 5, 2024.



This is Exhibit "M" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

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A Commissioner for Oaths in and  
for the Province of Ontario



Court File No.

ONTARIO

**SUPERIOR COURT OF JUSTICE**

BETWEEN:

(Court Seal)

**CANADABIS CAPITAL INC.**

Plaintiff

and

**PLANT-BASED INVESTMENT CORP.**

Defendant

**STATEMENT OF CLAIM**

TO THE DEFENDANT

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiff. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiff's lawyer or, where the plaintiff does not have a lawyer, serve it on the plaintiff, and file it, with proof of service in this court office, WITHIN TWENTY DAYS after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date \_\_\_\_\_ Issued by \_\_\_\_\_  
Local Registrar

Address of court office: 393 University Avenue, 10<sup>th</sup> Floor  
Toronto ON M5G 1E6

TO: **Plant-Based Investment Corp.**  
340 Richmond Street West  
Toronto, Ontario  
M5V 1X2

## CLAIM

1. The plaintiff, CanadaBis Capital Inc. (“CanadaBis”), claims from the defendant, Plant-Based Investment Corp. (“PBIC”):
  - a. Damages for breach of contract in the amounts of:
    - i. \$11,000,000 CAD, representing the loss of value of CanadaBis’ market capitalization;
    - ii. \$500,000 CAD, representing the professional fees paid as a result of PBIC’s failure to close the Private Placement (defined below); and
    - iii. Such further amounts as may be proven at the trial of this Action;
  - b. Costs of this Action;
  - c. Pre-judgment interest pursuant to the *Courts of Justice Act*, RSO 1990, c. C.43; and
  - d. Such further and other relief as counsel may advise and as this Honourable Court may deem just.

### *The Parties*

2. The plaintiff, CanadaBis, is a corporation formed under the *Alberta Business Corporations Act*, RSA 2000, c B-9. CanadaBis is in the business of cannabis cultivation, manufacturing, and distribution. CanadaBis is publicly traded on the TSX Venture Exchange under the symbol CANB.

3. The defendant, PBIC, is a corporation formed under the *Canada Business Corporations Act*, RSC 1985, c C-44. PBIC is in the business of investing in the global cannabis industry. PBIC is publicly traded on the Canadian Securities Exchange under the symbol PBIC.

### *Background*

4. On June 1, 2021, CanadaBis engaged Leede Jones Gable Inc. (“LJG”) to assist CanadaBis, as lead agent, in raising capital through a sale of equity units of CanadaBis to the public, qualified by way of a short form prospectus (the “Public Offering”), as well as a sale of equity units to

PBIC by way of a private placement offering (the “**Private Placement**”)(collectively the “**Capital Raising Transaction**”). The Public Offering was expected to raise \$5,000,000 CAD, and the Private Placement to PBIC was expected to raise an additional \$1,000,000 CAD.

5. The Private Placement with PBIC was the lead order in the Capital Raising Transaction. LJG was able to source public investors for the Public Offering by advertising PBIC’s involvement. The closing of the Public Offering was conditional on the successful closing of the Private Placement and it was scheduled to close concurrently with the Private Placement.

***Subscription Agreement with PBIC***

6. On June 1, 2021, CanadaBis and PBIC entered into a subscription agreement (the “**Subscription Agreement**”), which detailed the terms of the Private Placement. Key terms of the Subscription Agreement included the following:

- a. PBIC agreed to irrevocably subscribe for, and purchase Units of CanadaBis (each Unit consisting of one share and one warrant of CanadaBis) for an aggregate subscription price of \$1,000,000 CAD;
- b. the Subscription Agreement was validly authorized and executed by PBIC, and constituted a binding agreement enforceable against PBIC; and
- c. time was of the essence.

7. PBIC was aware that a failure to close the Subscription Agreement on the part of PBIC, as lead investor, would result in the failure of the Public Offering.

8. The Subscription Agreement specified that the Private Placement closing date was to be determined by CanadaBis in accordance with the requirements of the TSX Venture Exchange. CanadaBis, as set out in its term sheet for the Public Offering, determined that the closing date of the Capital Raising Transaction was to be the week of June 21, 2021.

9. On June 1, 2021, CanadaBis filed a preliminary short form prospectus with the securities regulator in each Canadian province, except Quebec, detailing the terms of the Public Offering and the Private Placement.

### *The Amended Subscription Agreements*

10. Between June and September 2021, PBIC requested amendments to the Subscription Agreement from CanadaBis. The negotiation of the amendments to the Subscription Agreement caused a delay in the closing of the Private Placement, and in turn, the Public Offering.

11. On September 2, 2021, as a result of the negotiation of amendments to the Subscription Agreement, CanadaBis and PBIC executed two amended subscription agreements (the “**Amended Subscription Agreements**”). The Amended Subscription Agreements were substantially similar to the Subscription Agreement, but differed in the following respects:

- a. in each of the two Amended Subscription Agreements, PBIC agreed to irrevocably subscribe for, and purchase Units of CanadaBis for an aggregate subscription price of \$750,000 CAD;
- b. the Amended Subscription Agreements removed certain closing conditions contained in the original Subscription Agreement, including: the execution of a “share swap” agreement; the execution of a “voting and resale” agreement; the execution of a “observer rights” agreement; and the requirement that CanadaBis file and receive a receipt for a final short form prospectus with respect to the Public Offering;
- c. the Amended Subscription Agreements removed a “Lock-Up Period” provision contained in the original Subscription Agreement, restricting the resale of the subscribed Units; and
- d. one of the Amended Subscription Agreements included a “Rescission” provision, entitling the subscriber to a rescission of the subscription if the final short form prospectus contained a misrepresentation.

12. The closing date specified in the Amended Subscription Agreements was a date to be determined by CanadaBis in accordance with the requirements of the TSX Venture Exchange. PBIC knew that closing of the Amended Subscription Agreements was to be as soon as practicably possible following the effective date.

13. CanadaBis satisfied all closing conditions of the Amended Subscription Agreements shortly after the effective date of September 2, 2021. In particular, CanadaBis took the following steps in an effort to close the Amended Subscription Agreements:

- a. delivered an executed “Drop Ship” agreement;
- b. delivered a certificate of CanadaBis executed by CanadaBis’ CEO or CFO with respect to:
  - i. certified copies of the articles, by-laws, and board resolutions of CanadaBis with respect to the Amended Subscription Agreements; and
  - ii. the representations and warranties of CanadaBis contained in the Amended Subscription Agreements; and
- c. obtained all orders, licences, approvals, notifications, waivers, consents, and similar authorizations necessary to complete the offer, sale, and issuance of shares, including the approval of the TSX Venture Exchange, as they relate to applicable Canadian securities laws.

14. Notwithstanding that CanadaBis had satisfied all of its conditions to close, by October 21, 2021, PBIC had not performed its obligations under the Amended Subscription Agreements to advance the subscription funds.

15. On October 21, 2021, counsel for CanadaBis sent a letter (the “**October 21 Letter**”) to PBIC demanding that they fulfill their obligations under the Amended Subscription Agreements, or else confirm their intention to repudiate the agreements.

16. The October 21 Letter informed PBIC that CanadaBis had, and continued to suffer damages as a result of PBIC’s failure to perform its obligations under the Amended Subscription Agreements. In particular, the October 21 Letter informed PBIC that the delay had undermined the Public Offering, and that certain investors, who had expressed interest in the Public Offering, had withdrawn their interest, due to the uncertainty surrounding a lengthy closing process.

17. As a result of the October 21 Letter, CanadaBis and PBIC entered into further negotiations regarding the fulfilment of PBIC's obligations under the Amended Subscription Agreements. On October 27, 2021 CanadaBis and PBIC executed a further subscription agreement (the "**October Subscription Agreement**"), wherein PBIC was to subscribe for Units of CanadaBis for a total value of \$1,500,000 CAD, payable in three tranches:

- a. \$150,000 CAD by October 27, 2021;
- b. \$600,000 CAD by November 1, 2021; and
- c. \$750,000 CAD by November 15, 2021.

18. PBIC advanced the first tranche payment to CanadaBis under the October Subscription Agreement. However, PBIC only advanced \$75,000 of the second tranche payment and failed to make any payment of the third tranche as scheduled or at all.

#### ***Failure of the Public Offering***

19. LJG used the PBIC Private Placement to solicit public investors for the Public Offering. Between June and September 2021, LJG sourced a number of public investors who agreed to close on the Public Offering (the "**Investors**"), on the basis that the PBIC Private Placement would close. As a result of PBIC's repeated failure to perform its obligations under the Subscription Agreement, the Amended Subscription Agreements, and the October Subscription Agreement, the Public Offering failed to close and CanadaBis lost the investments of the Investors.

20. On November 3, 2021, CanadaBis issued a press release announcing the withdrawal of the Public Offering. CanadaBis further had to file a notice of withdrawal with respect to the Public Offering with the applicable provincial securities regulators, all as a result of PBIC's failure to close on the subscription agreements.

21. As a result of the delay in closing of the Private Placement, and the failure of the Public Offering, between June 1, 2021, and the date of the filing of this Action, CanadaBis' share price decreased from \$0.13 per share to \$0.04 per share.



### ***Breach of Contract***

22. PBIC did not perform its obligations under the Subscription Agreement, the Amended Subscription Agreements, or the October Subscription Agreement. The failure, refusal, or neglect of PBIC to fulfill its obligations under the Subscription Agreement, the Amended Subscription Agreements, and the October Subscription Agreement amounts to a breach of each of those agreements respectively (collectively the “**Breaches**”).

23. PBIC negotiated the Amended Subscription Agreements, and the October Subscription Agreement in bad faith, as a delay tactic. PBIC knew that it was unable, or unwilling, to close on the Subscription Agreement, and negotiated the Amended Subscription Agreements, and the October Subscription Agreement with the knowledge that it never intended to fulfill its obligations under any of the agreements.

### ***Damages***

24. As a direct result of the Breaches, CanadaBis lost the investments of the Investors’ subscription payments pursuant to the Public Offering in the approximate amount of \$3,500,000. CanadaBis further lost the ability to access capital that would have been raised under the Public Offering and the Private Placement. The damages suffered by CanadaBis for this loss are in an amount to be proven at the trial of this Action.

25. The delay in closing the Private Placement, and the withdrawal of the Public Offering has caused damage to CanadaBis’ reputation and investor confidence in CanadaBis. The reduction in CanadaBis’ share price between June 1, 2021 and the filing of this Action amounts to approximately an \$11,000,000 reduction of CanadaBis’ market capitalization.

26. Between June 1, 2021, and the withdrawal of the Public Offering on November 3, 2021, CanadaBis was required to file several amendments to its filings with the provincial securities regulators. CanadaBis was also required to restate its financial statements as a result of the delays caused by PBIC’s failure to close the withdrawal of the Public Offering. CanadaBis has incurred legal and accounting costs in the amount of approximately \$500,000 CAD. These costs would not have been incurred, but-for the PBIC Breaches.

27. CanadaBis requests that the action be tried at Toronto.

Date: July 12, 2022

**DENTONS CANADA LLP**

77 King Street West  
Suite 400  
Toronto, ON M5K 0A1

**Kelly Osaka**

LSO # 52636B  
Tel: (403) 268-3017  
Fax: (403) 268-3100  
kelly.osaka@dentons.com

**Changhai Zhu**

Law Society of Alberta # 22451  
Tel: (403) 268-7135  
Fax: (403) 268-3100  
changhai.zhu@dentons.com

Lawyers for the Plaintiff

Court File No:

**CANADABIS CAPITAL INC.**  
Plaintiff

- and -

**PLANT-BASED INVESTMENT CORP.**

Defendant

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**STATEMENT OF CLAIM**

**DENTONS CANADA LLP**

77 King Street West  
Suite 400  
Toronto, ON M5K 0A1

**Kelly Osaka**

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**Changhai Zbu**

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changhai.zhu@dentons.com

Fax: (403) 268-3100

Lawyers for the Plaintiff

This is Exhibit "N" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario



## Service of Process Transmittal

On Whom the Process was Served	Telos Legal Corp.	
Entities name	Bhang Corporation	
Attorneys/Sender	Clark Hill PLLC	
Case Number(s)/Document(s) Served	A-22-860709-C	
Title for Action	Summons	
Date/Time/Method of Delivery	11-7-22	Process Server
Forwarding Address	5348 Vegas Drive, #773 Las Vegas, NV, 89108	
Forwarding Method	Mail	
Fed Ex Tracking Number		
Domestic State	Nevada	
Jurisdiction Served	Nevada	
Court/Agency	See Doc	
Appearance of Answer Due	See Doc	

Signed: Telos Legal Corp.

Address: 510 W. 6<sup>th</sup> Street, #320  
Los Angeles CA 90014

1 **SUMM**  
2 MICHAEL V. CRISTALLI, ESQ.  
3 Nevada Bar No. 6266  
4 WILLIAM D. SCHULLER, ESQ.  
5 Nevada Bar No. 11271  
6 **CLARK HILL PLLC**  
7 3800 Howard Hughes Parkway, Suite 500  
8 Las Vegas, Nevada 89169  
9 Telephone: (702) 862-8300  
10 Facsimile: (702) 862-8400  
11 E-mail: [mcristalli@clarkhill.com](mailto:mcristalli@clarkhill.com)  
12 [wschuller@clarkhill.com](mailto:wschuller@clarkhill.com)

13 Attorneys for Plaintiff,  
14 JAMIE L. PEARSON

15 **DISTRICT COURT**  
16 **CLARK COUNTY, NEVADA**

17		* * *	
18	JAMIE L. PEARSON,		CASE NO.
19			DEPARTMENT NO.
20	Plaintiff,		CASE NO: A-22-860709-C
21	vs.		SUMMONS Department 29
22	BHANG CORPORATION; and PLANT		
23	BASED INVESTMENT CORP.,		
24	Defendants.		

25 **NOTICE! YOU HAVE BEEN SUED. THE COURT MAY DECIDE AGAINST YOU**  
26 **WITHOUT YOUR BEING HEARD UNLESS YOU RESPOND WITHIN 21 DAYS.**  
27 **READ THE INFORMATION BELOW.**

28 **TO THE DEFENDANT: BHANG CORPORATION**

A civil Complaint has been filed by the Plaintiff against you for the relief set forth in the  
Complaint.

1. If you intend to defend this lawsuit, within 21 days after this Summons is served on you, exclusive of the day of service, you must do the following:
  - (a) File with the Clerk of this Court, whose address is shown below, a formal

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written response to the Complaint in accordance with the rules of the Court, with the appropriate filing fee.

(b) Serve a copy of your response upon the attorney whose name and address is shown below.

2. Unless you respond, your default will be entered upon application of the Plaintiff(s) and failure to so respond will result in a judgment of default against you for the relief demanded in the Complaint, which could result in the taking of property or other relief requested in the Complaint.

3. If you intend to seek the advice of an attorney in this matter, you should do so promptly so that your response may be filed on time.

4. The State of Nevada, its political subdivisions, agencies, officers, employees, board members, commission members and legislators each have 45 days after Service of this Summons within which to file an Answer or other responsive pleading to the Complaint.

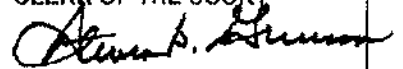
STEVEN D. GRIERSON  
CLERK OF COURT

Submitted by:  
CLARK HILL, PLLC

By: Patricia Azucena  
Deputy Clerk Date  
Patricia Azucena-Preza 11/3/2022

By /s/ William D. Schuller  
MICHAEL V. CRISTALLI, ESQ.  
Nevada Bar No. 6266  
WILLIAM D. SCHULLER, ESQ.  
Nevada Bar No. 11270  
3800 Howard Hughes Parkway, Suite 500  
Las Vegas, Nevada 89169

Attorneys for Plaintiff,  
JAMIE L. PEARSON



1 **COMJD**  
2 MICHAEL V. CRISTALLI, ESQ.  
3 Nevada Bar No. 6266  
4 WILLIAM D. SCHULLER, ESQ.  
5 Nevada Bar No. 11271  
6 **CLARK HILL PLLC**  
7 3800 Howard Hughes Parkway, Suite 500  
8 Las Vegas, Nevada 89169  
9 Telephone: (702) 862-8300  
10 Facsimile: (702) 862-8400  
11 E-mail: [mcristalli@clarkhill.com](mailto:mcristalli@clarkhill.com)  
12 [wschuller@clarkhill.com](mailto:wschuller@clarkhill.com)

CASE NO: A-22-860709-C  
Department 29

13 Attorneys for Plaintiff,  
14 JAMIE L. PEARSON

15 **DISTRICT COURT**  
16 **CLARK COUNTY, NEVADA**

17 \* \* \*

18 JAMIE L. PEARSON,  
19  
20 Plaintiff,

21 vs.

22 BHANG CORPORATION; and PLANT  
23 BASED INVESTMENT CORP.,  
24  
25 Defendants.

CASE NO.  
DEPARTMENT NO.

**COMPLAINT WITH JURY  
DEMAND**

26 COMES NOW, Plaintiff JAMIE L. PEARSON ("Pearson"), by and through her  
27 undersigned attorneys at Clark Hill, PLLC, and hereby complains and alleges against Defendants  
28 BHANG CORPORATION ("Bhang") and PLANT BASED INVESTMENT CORP. ("PBIC")  
(collectively, "Defendants") as follows:

**JURISDICTIONAL ALLEGATIONS**

1. Pearson is an individual residing in Yellowstone County, Montana.
2. Bhang is a foreign corporation based in Toronto, Ontario, Canada.
3. PBIC is a foreign corporation based in Toronto, Ontario, Canada.
4. Upon information and belief, as of July 31, 2021, PBIC held a 14.31% equity stake in Bhang.



1 5. Pursuant to contract, Defendants accepted and submitted to jurisdiction in Nevada  
2 for purposes of the instant action.

3 6. Pursuant to NRS 13.010, jurisdiction and venue is appropriate in this Court.

4 **GENERAL ALLEGATIONS**

5 7. On August 9, 2022, Bhang (as employer), Pearson (as employee), and PBIC (as  
6 guarantor) entered into an Executive Officer Separation Agreement ("Separation Agreement").

7 8. Graham Simmonds executed the Separation Agreement in his capacity as Chairman  
8 of Bhang and as Chairman of PBIC.

9 9. The purpose of the Separation Agreement was to effectuate a mutual separation of  
10 Pearson's employment with Bhang as Chief Executive Officer, Chief Operating Officer, President,  
11 and Board Member.

12 10. Pursuant to the Separation Agreement, Bhang agreed to pay Pearson the following  
13 payments as consideration for Pearson terminating her employment with Bhang:

- 14 • \$200,000 separation payment, payable in 48 equal semi-monthly installments;
- 15 • \$75,000 bonus payment, payable in 24 equal semi-monthly installments;
- 16 • \$14,700 accrued vacation pay, payable in 24 equal semi-monthly installments;
- 17 • \$6,067.19 approved business expenses, payable in one lump sum payment;
- 18 • \$34,025.75 remaining outstanding principal amount Pearson's loan to Bhang; and
- 19 • \$14,583.33 prorated 2022 bonus, payable in 24 equal semi-monthly installments.

20 (collectively, "Separation Payments").

21 11. Bhang also agreed to pay any accrued interest on Pearson's loan to Bhang at eight  
22 percent (8%) per annum.

23 12. PBIC agreed to guaranty payments on Pearson's loan to Bhang in separately  
24 executing the Separation Agreement as guarantor.

25 13. Bhang also agreed to continue coverage for Pearson and Pearson's eligible  
26 dependents under its group health and dental insurance reimbursement program at the full  
27 applicable rate for six months following execution of the Separation Agreement, subject to the  
28 terms of the program.

1           14.     The Separation Agreement's provisions regarding the Separation Payments require  
2 payments begin on certain dates – i.e., time is of the essence with respect to those provisions.

3           15.     The Separation Agreement provides for interest on any amounts not timely paid at  
4 nine percent (9%) per annum.

5           16.     The Separation Agreement includes a non-competition and non-solicitation  
6 provision, which becomes nullified during the first six months following execution of the  
7 agreement in the event that Bhang misses two consecutive financial payment deadlines and fails  
8 to cure same.

9           17.     The Separation Agreement includes a choice of law/jurisdiction provision which  
10 reads in its entirety as follows:

11                 This Separation Agreement is being entered into, in whole or in part in the State  
12 of Nevada. This Separation Agreement shall be interpreted in accordance with  
13 the laws of the State of Nevada and Nevada law shall apply. This Separation  
14 Agreement shall be governed by the laws of the State of Nevada, without regard  
15 to the application of conflicts of law principles. Employer explicitly accepts and  
16 submits to the jurisdiction of Nevada for any and all purposes hereunder. This  
17 Separation Agreement may be executed in multiple originals or counterparts and  
18 is effective upon signature of the parties.

19           18.     The Separation Agreement provides that the prevailing party in litigation  
20 commenced to enforce a party's contractual rights against the other party is entitled to reasonable  
21 attorney fees and court costs incurred during the litigation.

22           19.     On August 9, 2022, Pearson tendered her written resignation as a director and  
23 officer of Bhang, effective August 9, 2022.

24           20.     Bhang subsequently breached the Separation Agreement in failing to timely make  
25 Separation Payments to Pearson and failing to timely cure those missed payments.

26           21.     PBIC breached the Separation Agreement in failing to make Separation Payments  
27 relating to Pearson's loan to Bhang after Bhang failed to timely make said payments to Pearson.

28           22.     As of September 14, 2022, Bhang owed Pearson \$32,022.67 in Separation  
Payments and attendant penalties.

///

///



1 37. Defendants breached that duty by performing in a manner that was unfaithful to the  
2 purpose of the Separation Agreement.

3 38. Pearson's justified expectations were thus denied.

4 39. Pearson is thus entitled to compensatory and consequential damages against  
5 Defendants in excess of \$15,000.

6 40. Pearson is also entitled to her reasonable attorney's fees and costs pursuant to the  
7 Separation Agreement.

8 **PRAYER FOR RELIEF**

9 WHEREFORE, Pearson prays for relief as follows:

- 10 1. For compensatory and consequential damages against Defendants;
- 11 2. For an award of reasonable attorney's fees and costs incurred herein;
- 12 3. For pre-judgment and post-judgment interest on the foregoing amounts; and
- 13 4. For such other and further relief as this Court may deem just and proper.

14 **DEMAND FOR JURY TRIAL**

15 Pearson demands a jury trial on any issue triable of right by a jury pursuant to NRCP 38(b).

16 DATED this 2<sup>nd</sup> day of November, 2022.

17 **CLARK HILL, PLLC**

18  
19 By /s/ William D. Schuller, Esq.  
20 MICHAEL V. CRISTALLI, ESQ.  
Nevada Bar No. 6266  
21 WILLIAM D. SCHULLER, ESQ.  
Nevada Bar No. 11270  
22 3800 Howard Hughes Parkway, Suite 500  
Las Vegas, Nevada 89169

23 Attorneys for Plaintiff,  
24 JAMIE L. PEARSON

This is Exhibit "O" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corney*

---

A Commissioner for Oaths in and  
for the Province of Ontario

# NOTICE OF CLAIM

IN THE PROVINCIAL COURT OF BRITISH COLUMBIA (SMALL CLAIMS COURT)

REGISTRY FILE NUMBER	2372994
REGISTRY LOCATION	Vancouver



NOTICE OF CLAIM

### FROM:

This person has made a claim against you in Small Claims Court.

Proactive Investors North America

NAME

Form 38, Address for Service included for filing

CLAIMANT(S)

### TO:

NAME	Plant-Based Investment Corp.			DEFENDANT(S)
ADDRESS	340 Richmond Street West			
CITY, TOWN, MUNICIPALITY	Toronto	ON	M5V 1X2	TEL. #
	PROV.		POSTAL CODE	

### WHAT HAPPENED?

This is what the claimant says led to the claim.

See Attached "Schedule A".

If this box is checked, the claimant is abandoning the amount of their claim that is over \$35,000, not including interest and expenses.

If this box is checked, the "what happened" section is continued on an additional page. 2 additional pages were filed. Be sure you have been given a copy of all additional pages.

### WHERE?

This is where the claimant says it happened.

CITY, TOWN, MUNICIPALITY Vancouver

PROV. BC

### WHEN?

Tell when the claimant became aware of the issue in dispute.

March 8, 2022

### HOW MUCH?

This is what the claimant is asking for.

a	Outstanding Invoice No. 2921 dated February 25, 2022	\$	28,250.00
b	Interest of 2% on invoice 2921 from March 8, 2022 up to March 21, 2023.	\$	585.12
c	Debt recovery surcharge.	\$	400.00
d		\$	
e		\$	

#### TIME LIMIT FOR A DEFENDANT TO REPLY

The defendant must complete and file the attached reply and address for service within 14 days after being served in British Columbia or within 30 days after being served outside of British Columbia with this notice. If the defendant does not reply, a court order may be made against the defendant without any further notice to the defendant. Then the defendant could have to pay the amount claimed plus interest and further expenses.

The Court Address for filing documents is:

ROBSON SQUARE PROVINCIAL COURT  
SUITE #100-800 HORNBY STREET  
VANCOUVER, B.C. V6Z 2C5

TOTAL	29,235.12
+ FILING FEES	156.00
+ SERVICE FEES	20.00
= TOTAL CLAIMED	\$ 29,411.12

DEBT  
 OTHER THAN DEBT

defendant's copy

defendant's copy

## Schedule "A"

1. Proactive Investors North America (the "Claimant") is a company registered in British Columbia with a registered and records office located at 965-1055 West Georgia Street, Vancouver, BC V6E 3P3.
2. Plant-Based Investment Corp. (the "Defendant") is a company not registered in British Columbia with a registered and records office located at 340 Richmond Street West, Toronto, ON M5V 1X2.
3. The Claimant and the Defendant came into an agreement on February 15, 2021, for the Claimant to provide Digital Media services for the Defendant. This contract automatically renews every 12 months unless there is written notice 90 days before the anniversary of the contract date, cancelling it.
4. The Claimant didn't receive written notice of cancellation 90 days before the anniversary of the contract date on February 15, 2022.
5. The Claimant delivered their invoice number 2921 dated February 25, 2022, in the amount of \$28,250.00 (the "Debt").
6. On or about May 9, 2022, John Eagles, a collection agent for the Claimant, emailed Paul Crath, of the Defendant, following up about the Debt.
7. On or about May 16, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.
8. On or about May 23, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.
9. On or about June 1, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.

10. On or about June 9, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.
11. On or about June 16, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.
12. On or about July 1, 2022, John Eagles, emailed Paul Crath, of the Defendant, following up about the Debt.
13. On or about July 1, 2022, Paul Crath, of the Defendant, responded they intended on developing a payment plan that would start in July 2022 due to liquidity challenges and strategic direction of the Defendant.
14. As of March 21, 2023, the Claimant has not received payment of the Debt.



# ADDRESS FOR SERVICE

IN THE PROVINCIAL COURT OF BRITISH COLUMBIA (SMALL CLAIMS COURT)

REGISTRY FILE NUMBER <b>2372994</b>
REGISTRY LOCATION Vancouver

In the case between:	
PROACTIVE INVESTORS NORTH AMERICA	CLAIMANT(S)
and	
Plant-Based Investment Corp.	DEFENDANT(S)
	THIRD PARTY

**ROBSON SQUARE**  
**MAR 23 2023**  
**PROVINCIAL COURT**

ADDRESS FOR SERVICE

FILL in the name(s) of person(s)/party(ies) filing this form.

I/we, Proactive Investors North America

confirm that my/our address for service is:

MUST select one or both of these options. SELECT how you want to receive notice from the Court and other parties. If both options are selected, you will be served by one of the two options, not both. ENTER email address or full mailing address or both.

Service by email: \_\_\_\_\_  
EMAIL ADDRESS

Service by mail:  
750 West Pender Street 401  
STREET ADDRESS APT NO. BOX/RR NO.  
Vancouver BC V6C2T7 604-428-7050  
CITY, TOWN PROVINCE POSTAL CODE TELEPHONE

MUST complete this section. ENTER the address of your residence or registered office, your place of business, or your solicitor's office.

I/we confirm that my/our address for personal service is:

Same as "service by mail" address noted above, or

\_\_\_\_\_  
STREET ADDRESS APT NO. BOX/RR NO.  
\_\_\_\_\_  
CITY, TOWN PROVINCE POSTAL CODE TELEPHONE

CHANGE OF INFORMATION: ENTER date on which the new email, mailing or personal service address comes into effect.

Change of information.  
My/our address has changed and the new address(es) are effective on: \_\_\_\_\_  
(mmm/dd/yyyy)

INFORMATION for person filing this form.

Small Claims Rule 18(16) provides if an address for service changes, the party must file a new Address for Service (Form 38) with the Court Registry and mail or email a copy to all other parties.

By submitting this form, I/we acknowledge and agree to receive notice from the Court and the other parties by one of the methods selected above.

Dated: Mar/21/2023  
(mmm/dd/yyyy)

Sheona Dockstader, Representative  
Party or Party's Solicitor  
Sign, print or type name

This is Exhibit "P" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario

RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 1  
( 2435)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE  
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.

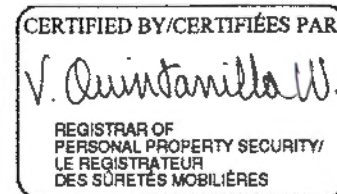
FILE CURRENCY : 23APR 2023

ENQUIRY NUMBER 20230424084824.07 CONTAINS 7 PAGE(S), 2 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME  
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER  
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

MILLER THOMSON LLP  
40 KING STREET WEST, SUITE 5800  
TORONTO ON M5H 3S1

CONTINUED... 2



(crlj6 05/2022)



RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 2  
( 2436)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
791978112

CAPTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20230331 1517 1590 7241	P PPSA	10

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

02 DEBTOR NAME  
03 BUSINESS NAME PLANT-BASED INVESTMENT CORP.

04 ADDRESS 240 RICHMOND STREET WEST TORONTO ONTARIO CORPORATION NO. ON M5V 1X2

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

05 DEBTOR NAME  
06 BUSINESS NAME ONTARIO CORPORATION NO.

07 ADDRESS

08 SECURED PARTY / 1000492681 ONTARIO INC.

09 DEBTOR NAME 1285 STAVEBANK ROAD MISSISSAUGA ON L5G 2V1

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	X				

MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.
------------------	-----------	-------	--------

11 MOTOR VEHICLE

13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION

16 REGISTERING AGENT MILLER THOMSON LLP (TORONTO)  
17 ADDRESS 5800-40 KING ST W TORONTO ON M5H 3S1

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(rj)fv 05/2022





RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 3  
( 2437)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
01	001	1		20230331 1554 1590 7273	
21	RECORD REFERENCED	FILE NUMBER	791978112		
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD
		X	A AMENDMENT		
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME	
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	PLANT-BASED INVESTMENT CORP.		
25	OTHER CHANGE REASON/ DESCRIPTION	AMEND DEBTOR ADDRESS.			
02/05	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
03/06	TRANSFEREE	BUSINESS NAME	PLANT-BASED INVESTMENT CORP.		
04/07	ADDRESS	340 RICHMOND STREET WEST	TORONTO	ONTARIO CORPORATION NO.	OK MSV 1X2
29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08	ADDRESS				
09	COLLATERAL CLASSIFICATION				
10	CONSUMER	MOTOR VEHICLE	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT	
11	MOTOR VEHICLE	YEAR MAKE	MODEL	V.I.N.	
12	GENERAL				
13	COLLATERAL DESCRIPTION				
14	REGISTERING AGENT OR	MILLER THOMSON LLP (TORONTO)			
15	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	5800-40 KING ST W	TORONTO	ON M5H 3S1

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(crj2lv 05/2022)

Ontario 

RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 4  
( 2438)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER  
769480974

00

CAPTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	001		20210127 1101 1862 9969	P PPSA	5

01

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

02

03 DEBTOR NAME BUSINESS NAME SPYDER CANNABIS SUBCO INC.

04

ADDRESS 6474 LUNDY'S LANE NIAGARA FALLS ON L2G 1T6

ONTARIO CORPORATION NO.

DEBTOR NAME	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
----------------	---------------	------------------	---------	---------

05

06 DEBTOR NAME BUSINESS NAME

07

ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CERTIFICATE PLANT-BASED INVESTMENT CORP.

09

ADDRESS 240 RICHMOND STREET WEST TORONTO ON M5V 1V6

COLLATERAL CLASSIFICATION

10

CONSUMER	GOODS	INVENTORY	EQUIPMENT	ACCOUNTS	OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY	OR	NO FIXED MATURITY DATE
	X					X				

11

12

MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

13

14

15

GENERAL COLLATERAL DESCRIPTION

16

17

REGISTERING AGENT GARFINKLE, BIDERMAN LLP  
ADDRESS 1 ADELAIDE ST. E., SUITE 801 TORONTO ON M5C 2V9

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)



RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 5  
( 2439)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER		
01	01	001	20220808 1402 1462 9570			
21	RECORD REFERENCED	FILE NUMBER	769480974			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS	CORRECT PERIOD	
			D ASSIGNMENT			
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	PLANT-BASED INVESTMENT CORP.			
25	OTHER CHANGE					
26	REASON/ DESCRIPTION					
27						
28						
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
05	DEBTOR/ TRANSFEREE	BUSINESS NAME				
03/						
06						ONTARIO CORPORATION NO.
04/07	ADDRESS					
29	ASSIGNOR	PLANT-BASED INVESTMENT CORP.				
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	2766922 ONTARIO INC.				
09	ADDRESS	58 SLALOM GATE ROAD	COLLINGWOOD	ON	L9Y5B1	
	COLLATERAL CLASSIFICATION					
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED		
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT MATURITY OR	MATURITY DATE	
10	YEAR	MAKE	MODEL	V.I.N.		
11	MOTOR VEHICLE					
12	GENERAL					
13	COLLATERAL					
14	DESCRIPTION					
15	REGISTERING AGENT OR	GARFINKLE, BIDERMAN LLP (RC)				
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1 ADELAIDE ST.EAST, SUITE 801	TORONTO	ON	M5C2V9

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED...

6

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(cr28v 01/2022)

Ontario 



RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 6  
( 2440)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF	TOTAL MOTOR VEHICLE PAGES SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER		
01	001	1	20220826 1150 1793 6555			
02	RECORD REFERENCED	FILE NUMBER	769480974			
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED A AMENDMENT	RENEWAL YEARS	CORRECT PERIOD	
23	REFERENCE	FIRST GIVEN NAME	INITIAL	SURNAME		
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	SPYDER CANNABIS SUBCO INC.			
25	OTHER CHANGE					
26	REASON/	TO CORRECT THE REFERENCED DEBTOR ON ASSIGNMENT REGISTRATION				
27	DESCRIPTION	NUMBER 20220808 1402 1462 9570				
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME		
05	DEBTOR/					
03/	TRANSFeree	BUSINESS NAME				
06						
04/07	ADDRESS	ONTARIO CORPORATION NO.				
29	ASSIGNOR					
08	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE					
09	ADDRESS					
	COLLATERAL CLASSIFICATION					
	CONSUMER	MOTOR VEHICLE	DATE OF	NO FIXED		
	GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED	AMOUNT	MATURITY OR	MATURITY DATE	
10						
11	MOTOR	YEAR	MAKE	MODEL	V.I.N.	
12	VEHICLE					
13	GENERAL					
14	COLLATERAL					
15	DESCRIPTION					
16	REGISTERING AGENT OR	GARFINKLE, BIDERMAN LLP (JD/RJT)				
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	1 ADELAIDE ST.EAST, SUITE 801	TORONTO	ON	M5C2V9

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 7

CERTIFIED BY/CERTIFIÉES PAR  
*V. Quintanilla W.*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SÛRETÉS MOBILIÈRES

(crj2fv 05/2022)





RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084824.07

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 7  
( 2441)

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : PLANT-BASED INVESTMENT CORP.  
FILE CURRENCY : 23APR 2023

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
791978112	20230331 1517 1590 7241	20230331 1554 1590 7273		
769480974	20210127 1101 1862 9969	20220808 1402 1462 9570	20220826 1150 1793 6655	

5 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



(crij6 05/2022)

RUN NUMBER : 114  
RUN DATE : 2023/04/24  
ID : 20230424084855.47

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 1  
( 2442)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE  
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : CANNABIS GROWTH OPPORTUNITY CORPORATION

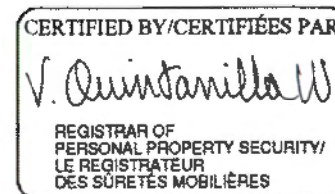
FILE CURRENCY : 23APR 2023

ENQUIRY NUMBER 20230424084855.47 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

MILLER THOMSON LLP

40 KING STREET WEST, SUITE 5800  
TORONTO ON M5H 3S1



(r1j6 05/2022)

This is Exhibit “ ” referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick corvey*

---

A Commissioner for Oaths in and  
for the Province of Ontario

April 27, 2022

**Plant-Based Investment Corp.**

340 Richmond Street West  
Toronto, Ontario M5V 1X2

**Attention:** Paul Crath, Chief Executive Officer

**Re: Debtor-in-Possession Financing of Plant-Based Investment Corp.**

A. Plant-Based Investment Corp. (the “**Borrower**”) intends to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an initial order (the “**Initial Order**”), among other things, commencing proceedings (the “**CCAA Proceedings**”) under the *Companies Creditors’ Arrangement Act* (the “**CCAA**”), imposing of a stay of proceedings (the “**Initial Stay**”), appointing msi Spergel Inc. as Monitor of the Borrower (in such capacity, the “**Monitor**”), approving this term sheet (this “**Term Sheet**”) and granting the Interim Financing Charge (as defined below) in the sum of \$200,000.

B. In the event that the Initial Order is granted, and prior to the expiry of the Initial Stay, the Borrower will seek an Amended and Restated Initial Order within the CCAA Proceedings (the “**ARIO**”) seeking, in addition to the relief set out in the Initial Order: (i) an extension of the Initial Stay; (ii) approval of a Court-supervised sales and investment solicitation process (“**SISP**”) to be conducted within the CCAA Proceedings; and (iii) an increase in the Interim Financing Charge to \$500,000.00.

C. The Borrower requires immediate funding to satisfy the cashflow requirements of the CCAA Proceedings and the SISP, and other short-term liquidity requirements.

D. 1000492681 Ontario Inc. (the “**Lender**”) has agreed to advance to the Borrower a debtor-in-possession loan in the aggregate principal amount of \$500,000 subject to, and in accordance with, the terms and conditions of this Term Sheet.

**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:** Plant-Based Investment Corp.
2. **Lender:** 1000492681 Ontario Inc.
3. **DIP Facility:** Non-revolving facility in the maximum principal amount of \$500,000 (the “**DIP Facility**”).
4. **Purpose:** The DIP Facility shall be available to fund: (i) working capital needs of the Borrower in accordance with the cash flow projections approved by the Monitor and the Lender from time to time (the “**Cash Flow Projections**”); (ii) the Lender’s Fees and Expenses (as defined below); (iii) professional fees and expenses incurred by the Borrower and the Monitor in respect of the CCAA Proceedings and the SISP; and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.

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 Lender and the Monitor.

**5. Facility Advances:**

Subject to the funding conditions set out in Section 11 and Section 12 of this Term Sheet, the DIP Facility shall be available in two advances, as follows:

- (a) upon the issuance of the Initial Order, \$200,000, or such lesser amount as may be approved by the Initial Order (the “**First Advance**”), shall be advanced to the Borrower to finance working capital requirements for the 10-day period immediately following the date of the Initial Order; and
- (b) upon the issuance of the ARIO, the balance of the DIP Facility, being \$300,000 (the “**Second Advance**” and together with the First Advance, the “**Advances**”), shall be advanced to the Borrower.

**6. Interest Rate and Fees:**

Interest on the principal amount of each Advance outstanding from time to time shall be calculated at a rate equal to 12% per annum, which interest shall be calculated on the daily outstanding balance owing under the DIP Facility, and shall accrue and be paid on the Maturity Date (as defined below).

The Borrower shall pay a commitment fee in the amount of \$10,000 (the “**Fee**”), representing 2% of the total amount available under the DIP Facility, which shall be fully earned upon the execution of this Term Sheet and shall be paid or otherwise satisfied on the Maturity Date. For certainty, the Fee shall be secured by the Interim Financing Charge.

7.

**8. Fees and Expenses:**

The Borrower shall pay all fees and expenses (collectively, the “**Lender’s Fees and Expenses**”) incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Facility, the Initial Order, the ARIO, the Interim Financing Charge and with the enforcement of the Lender’s rights and remedies hereunder and thereunder, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Lender, on a full indemnity basis. For greater certainty, “Lender’s Fees and Expenses” shall include all reasonable fees and expenses incurred by the Lender in connection with the CCAA Proceedings and all Court attendances in respect thereof. If the Lender has paid any expense for which the Lender is entitled to reimbursement from the Borrower, such expense shall be added to the DIP Facility and shall accrue interest at the rate set out above. All such fees and expenses and interest thereon shall be secured by the Interim Financing Charge whether or not any funds under the DIP Facility are advanced.

**9. Security:**

All debts, liabilities and obligations of the Borrower to the Lender under or in connection with the DIP Facility, this Term Sheet and any other documents delivered in connection therewith shall be secured by a Court-ordered priority charge (the “**Interim Financing Charge**”) granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired (the “**Property**”), subject only to an administration charge in the maximum aggregate amount of \$150,000 for the payment of the fees and expenses of the Monitor, counsel to the Borrower and counsel to the Monitor (the “**Administration Charge**”).

**10. Maturity Date:** The Borrower shall repay all obligations owing under the DIP Facility on the earlier of (the “**Maturity Date**”):

- (a) October 31, 2023;
- (b) the closing of a sale or investment transaction for substantially all of the Property, resulting from the SISP, which transaction has been approved by an order of the Court;
- (c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrower’s creditors, and by an order of the Court;
- (d) the date on which the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a proceeding under the *Bankruptcy and Insolvency Act* (the “**BIA**”);
- (e) the occurrence of an Event of Default (as defined herein), subject to a cure period of five (5) business days, beginning on the date that the Lender learns of such Event of Default.

**11. Funding Conditions;  
First Advance:** The availability of the First Advance under the DIP Facility shall be subject to and conditional upon the following, which may be waived by the Lender in writing:

- (a) The Court shall have issued the Initial Order, in a form satisfactory to the Lender, including:
  - i. approving this Term Sheet and the DIP Facility;
  - ii. granting the Interim Financing Charge in favour of the Lender;
  - iii. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the Interim Financing Charge;
  - iv. providing that the Interim Financing Charge shall be valid and effective to secure all of the obligations of the Borrower to the 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;
  - v. declaring that the granting of the Interim Financing Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the Interim Financing 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
  - vi. provisions restricting the granting of any additional liens or encumbrances on the Property, other than as permitted herein and in the Initial Order;

- (b) The Initial Order shall not have been vacated, stayed, appealed or amended in a manner not acceptable to the Lender, acting reasonably;
- (c) no Event of Default shall have occurred.

**12. Funding Conditions;  
Second Advance:**

The availability of the Second Advance under the DIP Facility shall be subject to and conditional upon the following, which may be waived by the Lender in writing:

- (a) The Court shall have issued the ARIO, in a form satisfactory to the Lender, including:
  - i. approving the SISP;
  - ii. approving this Term Sheet and the DIP Facility;
  - iii. granting the Interim Financing Charge in favour of the Lender;
  - iv. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the Interim Financing Charge;
  - v. providing that the Interim Financing Charge shall be valid and effective to secure all of the obligations of the Borrower to the 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;
  - vi. declaring that the granting of the Interim Financing Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the Interim Financing 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
  - vii. provisions restricting the granting of any additional liens or encumbrances on the Property, other than as permitted herein and in the ARIO;
- (b) The ARIO shall not have been vacated, stayed, appealed or amended in a manner not acceptable to the Lender, acting reasonably;
- (c) no Event of Default shall have occurred.

**13. Covenants:**

The Borrower covenants and agrees with the Lender, so long as any amounts are outstanding by the Borrower to the Lender hereunder, to:

- (a) promptly on the receipt by the Borrower of the same, give the Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order or the ARIO, including (without

limitation) any application to the Court for the granting of new or additional security that will or may have priority over the Interim Financing Charge, or otherwise for the variation of the priority of the Interim Financing Charge;

- (b) provide the Lender with any additional financial information reasonably requested by the Lender, to the extent that it is readily available;
- (c) use the Advances only in accordance with Section 4 of this Term Sheet;
- (d) provide the Lender with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;
- (e) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
- (f) pay all property taxes and other claims which, under law, may rank prior to or *pari passu* with the Interim Financing Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;
- (g) not declare any dividend, or make any other distributions with respect to any shares of the Borrower without the prior written consent of the Lender;
- (h) not make any payment to any director, officer, investor or related party (except salary and wages in the normal course) without the prior written consent of the Lender;
- (i) keep the Property fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;
- (j) not sell, transfer, assign, convey or lease any Property unless agreed to by the Lender; and
- (k) not, without the prior written consent of the 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 Interim Financing Charge) over any of its Property, whether ranking in priority to or subordinate to the Interim Financing Charge.

**14. Events of Default:**

The DIP Facility shall be subject to the following events of default (“**Events of Default**”):

- (a) the Borrower’s failure to pay any amount due hereunder when due and payable;



- (b) any covenant, condition precedent, payment obligation, or other term or condition of this Term Sheet is not complied with or fulfilled to the satisfaction of the Lender;
- (c) the seeking or support by the Borrower of, or the issuance of, any court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender;
- (d) the issuance of any Court order lifting or terminating (in whole or in part) the stay of proceedings in the CCAA Proceedings, or discontinuing, dismissing or otherwise terminating the CCAA Proceedings;
- (e) the issuance of any court order staying, reversing, vacating or modifying the terms of the Initial Order or the ARIO, the DIP Facility or the Interim Financing Charge without the Lender's consent;
- (f) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the Initial Order or the ARIO, in each case if the notice of appeal, application for leave to appeal or appeal is not being actively defended by the Borrower or if the appeal is granted;
- (g) the occurrence of an event that will, in the opinion of the Lender, materially impair the Borrower's financial condition, operations or ability to perform under this Term Sheet or any order of the Court;
- (h) failure by the Borrower to comply with the Initial Order or the ARIO;
- (i) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrower; (ii) the Property of the Borrower; (iii) the Interim Financing Charge, including its relative priority; (iv) the ability of the Borrower to perform its obligations to the Lender or to any person under any material contract; or (v) the Lender's ability to enforce any of its rights or remedies against the Property or for the obligations of the Borrower to be satisfied from the realization thereof;
- (j) the Borrower becomes bankrupt or subject to a proceeding under the BIA, or a receiver, interim receiver, receiver and manager or trustee in bankruptcy is appointed in respect of the Borrower or any of its Property;
- (k) the acceptance of any offer resulting from the SISP, or the filing of a motion seeking approval of the Court to accept any such offer, unless the total indebtedness owing by the Borrower under the DIP Facility is to be paid in full in cash or other immediately available funds upon completion of the transaction resulting from such offer, or unless the Lender has consented to such acceptance or filing in writing;
- (l) the sale, transfer, assignment, conveyance or lease of substantially all of the Property, except pursuant to a transaction resulting from the SISP or as may be otherwise approved by the Lender in writing;
- (m) the filing of any plan of reorganization, compromise, arrangement or liquidation to which the Lender does not consent;

- (n) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrower under the DIP Facility, the Interim Financing Charge or its priority; (ii) for monetary, injunctive or other relief against the Lender or the Property; or (iii) preventing, hindering or otherwise delaying the exercise by the Lender of any of its rights and remedies hereunder, pursuant to the Initial Order or the ARIO or under applicable law, or the enforcement or realization by the Lender against any of the Property.

**15. Remedies and Enforcement:**

Following the occurrence of an Event of Default, and upon five (5) business days' written notice to the Borrower and the Monitor, the Lender shall have the right, subject to the Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings, to:

- (a) terminate the DIP Facility;
- (b) enforce the Interim Financing Charge and realize on the Borrower's Property and any other collateral securing the DIP Facility;
- (c) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act* (Ontario), the *Mortgages Act* (Ontario) or any legislation of similar effect; and
- (d) exercise all such other rights and remedies available to the Lender under this Term Sheet, the Initial Order, the ARIO, any other order of the Court or applicable law.

No failure or delay on the part of the Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

**16. Evidence of Indebtedness:**

The Lender shall maintain records evidencing the DIP Facility. The Lender's accounts and records shall constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Lender under the DIP Facility.

**17. Further Assurances:**

The Borrower will, at its own expense and promptly on demand by the Lender at any time, do such acts and things and execute and deliver such deeds and documents as the Lender may request to give effect to any of the provisions set out hereunder.

**18. Assignment:**

The Borrower shall not assign this Term Sheet or any of the provisions set out herein without the prior written consent of the Lender. The Lender may assign or sell its rights or obligations with respect to this Term Sheet to any person without the prior written consent of the Borrower.

**19. Governing Law:**

The DIP Facility and the provisions set out herein shall be governed by and construed in all respects in accordance with the laws of Ontario and the laws of Canada applicable therein.

**20. Currency:**

All references to currency in this Term Sheet are references to Canadian Dollars.

**21. Acceptance:**

This Term Sheet is open for acceptance until 5:00 p.m. (Toronto time) on April 26, 2023. A copy of this Term Sheet, countersigned by the Borrower, may be delivered by electronic transmission or personal delivery.

*[Signature Page Follows]*

Dated this 27<sup>th</sup> day of April, 2023.

**1000492681 ONTARIO INC.**

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

Name: Desmond D'Silva

Title: President

I have authority to bind the Corporation.

**ACCEPTANCE**

**TO: 1000492681 ONTARIO INC.**

For good and valuable consideration received, Plant-Based Investment Corp. accepts and agrees to comply with the provisions of the Term Sheet set out above.

Dated this 28 day of April, 2023.

**PLANT-BASED INVESTMENT CORP.**

By: 

Name: Paul Crath

Title: Chief Executive Officer

I have authority to bind the Corporation.

This is Exhibit "R" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario

**Plant-Based Investment Corp. ("PBIC")**

Cash Flow Statement (in CAD\$)

For the 2-Week Initial Stay Period (commencing May 1, 2023)

(CAD)	Week Ending	Notes	Initial Stay Period		Total
			Week 1 1-May	Week 2 8-May	
<b>Investment Receipts</b>					
Expected Proceeds from Sales of Investments			\$ -	\$ -	\$ -
<b>Total Investment Receipts</b>					
<b>Operating Disbursements</b>					
Miller Thompson LLP (Retainer)			50,000		
msi Spergel Inc. (Retainer)			50,000		
D&O Insurance Policy			12,202		12,202
Paul Crath (CEO)			5,000		5,000
Michael Johnston (CFO)			5,000		5,000
Graham Simmonds (Chairman)			5,000		5,000
Accounting Services (Consultant)			5,650		5,650
Financial Analyst (Consultant)			5,650		5,650
<b>Investment Disbursements</b>					
209820 Highway 26 Lease (Blue Mountains, ON, CA)		[1]	6,000		6,000
209820 Highway 26 Capital Call (Blue Mountains, ON, CA)		[2]	14,000		14,000
483 Driggs Avenue Lease (Brooklyn, NY, USA) [USD \$24,000]		[3]	33,000		33,000
13095223 Canada Corp. d/b/a Cali-Brands LOC Advance		[4]	10,000		10,000
<b>Total Disbursements</b>					
			201,502	-	201,502
<b>Net Change in Cash from Operations</b>					
			(201,502)	-	(201,502)
<b>Net Change in Cash</b>					
			(201,502)	-	(201,502)
<b>Opening Cash</b>					
			5,254	3,752	5,254
<b>DIP Financing</b>					
			200,000	-	200,000
<b>Ending Cash</b>					
			\$ 3,752	\$ 3,752	\$ 3,752

**Notes**

[1] See Paragraph 56 of Affidavit of Paul Crath.

[2] See Paragraph 57 of Affidavit of Paul Crath.

[3] May 2023 rent payable on an investemnt lease by 483 Driggs Avenue Inc., a 100% subsidiary of PBIC and which PBIC is guarantor.

[4] Line of Credit (LOC) advance to a joint venture in which PBIC is a partner.

**PLANT-BASED INVESTMENT CORP.**By: 

Name: Paul Crath

Title: Chief Executive Officer

This is Exhibit "S" referred to  
in the Affidavit of Paul Crath  
sworn April 28, 2023

*patrick conroy*

---

A Commissioner for Oaths in and  
for the Province of Ontario



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c.C-36 AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLANT-BASED INVESTMENT CORP. (the "**Applicant**")

**CONSENT**

msi Spergel Inc. ("**Spergel**") hereby consents to act as Monitor of Plant-Based Investment Corp. in accordance with an order substantially in the form requested by the Applicant, or as such order may be amended in a manner satisfactory to Spergel.

DATED at Toronto, Ontario this 27<sup>th</sup> day of April, 2023.

**msi Spergel Inc.**

Per:



---

Mukul Manchanda  
CPA, CIRP, LIT – Managing  
Partner

---

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
ACT, R.S.C. 1985, c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PLANT-BASED INVESTMENT CORP.

Court File No.: CV-23-

---

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

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**CONSENT TO ACT**

---

**MILLER THOMSON LLP**  
40 King Street West, Suite 5800  
Toronto, Ontario  
M5H 3S1, Canada

**Patrick Corney LSO#: 65462N**  
pcorney@millerthomson.com  
Tel: 416.595.8555

**James W. Reid LSA#: 18109**  
jwreid@millerthomson.com  
Tel: 403.298.2418

Lawyers for the Applicant

TAB 3: Consent of msi Spergel inc.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.  
1985, c.C-36 AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLANT-BASED INVESTMENT CORP. (the "**Applicant**")

**CONSENT**

msi Spergel Inc. ("**Spergel**") hereby consents to act as Monitor of Plant-Based Investment Corp. in accordance with an order substantially in the form requested by the Applicant, or as such order may be amended in a manner satisfactory to Spergel.

DATED at Toronto, Ontario this 27<sup>th</sup> day of April, 2023.

**msi Spergel Inc.**

Per:



---

Mukul Manchanda  
CPA, CIRP, LIT – Managing  
Partner

---

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
ACT, R.S.C. 1985, c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PLANT-BASED INVESTMENT CORP.

Court File No.: CV-23-

---

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

---

**CONSENT TO ACT**

---

**MILLER THOMSON LLP**  
40 King Street West, Suite 5800  
Toronto, Ontario  
M5H 3S1, Canada

**Patrick Corney LSO#: 65462N**  
pcorney@millerthomson.com  
Tel: 416.595.8555

**James W. Reid LSA#: 18109**  
jwreid@millerthomson.com  
Tel: 403.298.2418

Lawyers for the Applicant

**TAB 4: Initial Order**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	MONDAY, THE 1 <sup>ST</sup>
	)	
JUSTICE CONWAY	)	DAY OF MAY, 2023

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36 AS AMENDED

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLANT-BASED INVESTMENT CORP.**

**INITIAL ORDER**

**THIS APPLICATION**, made by Plant-Based Investment Corp. ("**PBIC**" or the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by Zoom video conference.

**ON READING** the affidavit of Paul Crath sworn April 28, 2023, and the Exhibits thereto (the "**Initial Crath Affidavit**"), and on hearing the submissions of counsel to PBIC, and on reading the consent of msi Spergel inc. to act as the proposed monitor of the Applicant (in such capacity, the "**Monitor**").

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

**DEFINITIONS**

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Crath Affidavit.

## **APPLICATION**

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, contractors, advisors, consultants, agents, experts, accountants, counsel, and such other persons (collectively, “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Initial Crath Affidavit or, with the consent of the Monitor, replace it with another central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.



6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order to the extent that such expenses are incurred and payable by the Applicant:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **STAY OF PROCEEDINGS**

11. **THIS COURT ORDERS** that until and including May 11, 2023, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees, directors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

12. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies 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**”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits, or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform, any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the Applicant shall be or shall be deemed to be negated, suspended, waived, and/or terminated as a result of this Order.

## **CONTINUATION OF SERVICES**

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply or license of goods and/or services, including without limitation all computer software, communication and other data services, banking services, payroll and benefit services, insurance, transportation services, utility, or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

15. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

16. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or

arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

#### **APPOINTMENT OF MONITOR**

17. **THIS COURT ORDERS** that msi Spergel inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

18. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of

the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel, advisors or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

19. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

20. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

21. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have

any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

22. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

23. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicant on a weekly basis.

24. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **ADMINISTRATION CHARGE**

25. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$100,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

## **DIP FINANCING**

26. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility the (“**DIP Loan**”) from 1000492681 Ontario Inc. (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$200,000 advanced to the Applicant under the DIP Loan (plus interest, fees and expenses in accordance with the DIP Term Sheet (as defined below)) unless permitted by further Order of this Court.

27. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicant and the DIP Lender dated as of April 27, 2023 (the “**DIP Term Sheet**”), filed.

28. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Term Sheet, 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 the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, 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.

29. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which 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 32 and 34 hereof.

30. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) 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;



- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon five (5) business days' written notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Term Sheet, Definitive Documents, and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

31. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

32. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

- (a) First - Administration Charge (to the maximum amount of \$100,000); and
- (b) Second – DIP Lender's Charge.

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, or the DIP Lender's Charge (collectively, 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.

34. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender’s Charge (all as constituted and defined herein) 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 Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender, and the beneficiaries of the Directors’ Charge and the Administration Charge, or further Order of this Court.

36. **THIS COURT ORDERS** that the Administration Charge, the Definitive Documents and the DIP Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender 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 the Applicant, 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 the Applicant 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 the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and
  - (i) the payments made by the Applicant 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.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant’s interest in such real property leases.

#### **RELIEF FROM REPORTING OBLIGATIONS**

38. **THIS COURT ORDERS** that the decision by the Applicant to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicant failing to make any Securities Filings required by the Securities Provisions during the Stay Period.

39. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicant nor the Monitor shall have any personal liability for any failure by the Applicant to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock

exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicant.

## **SERVICE AND NOTICE**

40. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA (the “**CCAA Notice**”); and (b) within five (5) days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant’s books and records), a notice to all known creditors having a claim against the Applicant of more than \$1,000, and (iii) prepare a list showing the names and addresses of such creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

41. **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: [www.spergelcorporate.ca/engagements](http://www.spergelcorporate.ca/engagements) (the “**Monitor’s Website**”).

42. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic message to the Applicant’s creditors or other interested parties at their respective addresses (including e-mail

addresses) as last shown in the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard/Daylight Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard/Daylight Time; or (c) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail.

43. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicant’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).

#### **COMEBACK HEARING**

44. **THIS COURT ORDERS** that the comeback motion in these CCAA proceedings shall be heard on or before May 11, 2023 (the “**Comeback Hearing**”).

#### **GENERAL**

45. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or apply for advice and directions in the discharge of their respective powers and duties hereunder.

46. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

47. **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 the Applicant, the Monitor, and their respective agents in carrying

out the terms of this Order. All courts, tribunals, regulatory, and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

48. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

49. **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

50. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

51. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

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Madame Justice Conway

**TAB 5: Blackline Initial Order against Model Order**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE — MADAME ) ~~WEEKDAY~~MONDAY, THE #1<sup>ST</sup>  
JUSTICE — CONWAY ) DAY OF ~~MONTH, 20YR~~MAY, 2023

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
~~[APPLICANT'S NAME]~~ (the "Applicant") PLANT-BASED INVESTMENT CORP.

INITIAL ORDER

THIS APPLICATION, made by Plant-Based Investment Corp. ("PBIC" or the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day ~~at 330 University Avenue, Toronto, Ontario~~ by Zoom video conference.

ON READING the affidavit of ~~[NAME]~~ Paul Crath sworn ~~[DATE]~~ April 28, 2023, and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~ (the "Initial Crath Affidavit"), and on hearing the submissions of counsel ~~for [NAMES], no one appearing for [NAME]<sup>1</sup> although duly served as appears from the affidavit of service of [NAME] sworn [DATE] to PBIC,~~ and on reading the consent of ~~[MONITOR'S NAME]~~ msi Spergel inc. to act as the proposed monitor of the Applicant (in such capacity, the "Monitor,"

SERVICE

<sup>1</sup> ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~



1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated<sup>2</sup> so that this Application is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Crath Affidavit.

## APPLICATION

3. ~~2-~~ **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## ~~PLAN OF ARRANGEMENT~~

~~3. — THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

## POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant ~~is~~ shall be authorized and empowered to continue to retain and employ the employees, contractors, advisors, consultants, agents, experts, accountants, counsel, and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

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~~<sup>2</sup> If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

5. **{THIS COURT ORDERS** that the Applicant shall be entitled to continue to ~~utilize~~use the central cash management system<sup>3</sup> currently in place as described in the Initial Crath Affidavit ~~of [NAME] sworn [DATE] or~~or, with the consent of the Monitor, replace it with another ~~substantially similar~~ central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.}]

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order to the extent that such expenses are incurred and payable by the Applicant:

- (a) all outstanding and future wages, salaries, employee ~~and pension~~ benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses ~~payable on or after the date of this Order,~~ in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant ~~in respect of these proceedings,~~ at their standard rates and charges.

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~~<sup>3</sup>This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not ~~required to be~~ remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed ~~or resiliated~~<sup>4</sup> in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

~~11. — THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:~~

- ~~(a) — permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate]~~<sup>5</sup>

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<sup>4</sup>~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

<sup>5</sup>~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

(b) ~~— [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]; and~~

(c) ~~— pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

~~all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").~~

12. ~~— THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims [or resiliates] the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer [or resiliation] of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.~~

13. ~~— THIS COURT ORDERS that if a notice of disclaimer [or resiliation] is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer [or resiliation], the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer [or resiliation], the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

**NO**

**STAY OF PROCEEDINGS ~~AGAINST THE APPLICANT OR THE PROPERTY~~**

11. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE—MAX. 30 DAYS]~~ May 11, 2023, or such later date as this Court may order (the **"Stay Period"**), no proceeding or enforcement process in any court or tribunal (each, a **"Proceeding"**) shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees, directors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

12. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies 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"**) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits, or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH RIGHTS**

13. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform, any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour

of the Applicant shall be or shall be deemed to be negated, suspended, waived, and/or terminated as a result of this Order.

### CONTINUATION OF SERVICES

14. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply or license of goods and/or services, including without limitation all computer software, communication and other data services, ~~centralized~~-banking services, payroll and benefit services, insurance, transportation services, utility, or other services to the Business ~~or~~of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

### NON-DEROGATION OF RIGHTS

15. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

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<sup>6</sup>~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

### ~~DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE~~

~~20. — THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.~~

~~21. — THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$●, as security for the indemnity provided in paragraph [20] of this Order. The Directors' Charge shall have the priority set out in paragraphs [38] and [40] herein.~~

~~22. — THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of~~

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<sup>7</sup>The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.

<sup>8</sup>Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.



~~the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph [20] of this Order.~~

#### **APPOINTMENT OF MONITOR**

17. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~ msi Spergel inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

18. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel ~~on a [TIME INTERVAL] basis~~ of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, ~~but not less than [TIME INTERVAL], or as otherwise~~ agreed to by the DIP Lender;

~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~

~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

(e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

(f) ~~(h)~~ be at liberty to engage independent legal counsel, advisors or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

19. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

20. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or ~~to~~ take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by

applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

21. ~~27.~~ **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

22. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

23. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicant on a ~~[TIME INTERVAL]~~ weekly basis ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$●-[, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.~~

24. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

ADMINISTRATION CHARGE

25. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and counsel to the Applicant's ~~counsel~~ shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$~~●~~100,000, as security for their professional fees and disbursements incurred at ~~the~~their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~32 and ~~{40}~~34 hereof.

**DIP FINANCING**

26. ~~32.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility the ("DIP Loan") from ~~{DIP LENDER'S NAME}~~1000492681 Ontario Inc. (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~●~~200,000 advanced to the Applicant under the DIP Loan (plus interest, fees and expenses in accordance with the DIP Term Sheet (as defined below)) unless permitted by further Order of this Court.

27. ~~33.~~ **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the ~~commitment letter~~DIP Term Sheet between the Applicant and the DIP Lender dated as of ~~{DATE}~~April 27, 2023 (the "~~Commitment Letter~~""DIP Term Sheet"), filed.

28. ~~34.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the "DIP Term Sheet, the "Definitive Documents""), as are contemplated by the ~~Commitment Letter~~DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~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.

29. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which 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 ~~38~~32 and ~~40~~34 hereof.

30. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) 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;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~five (5) business days' written~~ notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the ~~Commitment Letter~~DIP Term Sheet, Definitive Documents, and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the ~~Commitment Letter~~DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

31. ~~37.~~ **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

32. ~~38.~~ **THIS COURT ORDERS** that the priorities of ~~the Directors' Charge,~~ the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows<sup>9</sup>:

(a) First ~~=~~ Administration Charge (to the maximum amount of \$~~●~~100,000); and

(b) Second ~~=~~ DIP Lender's Charge; ~~and~~

~~Third = Directors' Charge (to the maximum amount of \$●).~~

33. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, or the DIP Lender's Charge (collectively, 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.

34. ~~40.~~ **THIS COURT ORDERS** that each of ~~the Directors' Charge,~~ the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) 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 Person.

35. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

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<sup>9</sup>~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

36. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the~~ Administration Charge, ~~the~~ ~~Commitment Letter~~, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender 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 the Applicant, 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 ~~Commitment Letter~~ DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant 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 the Applicant entering into the ~~Commitment Letter~~ DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and
  - (i) ~~(e)~~ the payments made by the Applicant pursuant to this Order, the ~~Commitment Letter~~ 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.

37. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

## RELIEF FROM REPORTING OBLIGATIONS

38. THIS COURT ORDERS that the decision by the Applicant to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “Securities Filings”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “Securities Provisions”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicant failing to make any Securities Filings required by the Securities Provisions during the Stay Period.

39. THIS COURT ORDERS that none of the directors, officers, employees, and other representatives of the Applicant nor the Monitor shall have any personal liability for any failure by the Applicant to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicant.

## **SERVICE AND NOTICE**

40. 44.—THIS COURT ORDERS that the Monitor shall (ia) without delay, publish in ~~[newspapers specified by the Court]~~the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (the “CCAA Notice”); and (ib) within five (5) days after the date of this Order, (Ai) make this Order publicly available in the manner prescribed under the CCAA, (Bii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant’s books and records), a notice to ~~every~~all known ~~creditor who has~~creditors having a claim against the Applicant of more than \$~~1000~~1,000, and (Ciii) prepare a list showing the names and addresses of ~~those~~such creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations



made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

41. ~~45.~~ **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/e-service-protocol/>~~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~~ case website shall be established in accordance with the Protocol with the following URL ~~“@”~~: [www.spergelcorporate.ca/engagements](http://www.spergelcorporate.ca/engagements) (the “**Monitor’s Website**”).

42. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding ~~true~~ copies thereof by prepaid ordinary mail, courier, personal delivery ~~or~~, facsimile transmission or electronic message to the Applicant’s creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown ~~on~~ in the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard/Daylight Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery or facsimile transmission shall be deemed to be received or electronic message sent after 5:00 p.m. Eastern Standard/Daylight Time; or (c) on the next third (3<sup>rd</sup>) business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

43. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicant’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).

### COMEBACK HEARING

44. **THIS COURT ORDERS** that the comeback motion in these CCAA proceedings shall be heard on or before May 11, 2023 (the “Comeback Hearing”).

### **GENERAL**

45. ~~47.~~ **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or apply for advice and directions in the discharge of ~~its~~ their respective powers and duties hereunder.

46. ~~48.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

47. ~~49.~~ **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 the Applicant, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory, and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

48. ~~50.~~ **THIS COURT ORDERS** that ~~each of~~ the Applicant and the Monitor be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

49. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

50. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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51. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

Madame Justice Conway

Document comparison by Workshare Compare on Friday, April 28, 2023  
12:06:44 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/69486401/1
Description	#69486401v1<Legal> - 68672874_1_Model Order
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/69445587/6
Description	#69445587v6<Legal> - Initial Order
Rendering set	Standard

Legend:	
<a href="#">Insertion</a>	
<del>Deletion</del>	
Moved from	
<a href="#">Moved to</a>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	252
Deletions	255
Moved from	2
Moved to	2
Style changes	0
Format changes	0
Total changes	511



**TAB 6: Amended and Restated Initial Order**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE )  
 )  
JUSTICE )

THURSDAY, THE 11<sup>th</sup>  
DAY OF MAY, 2023  
as amended and restated on  
[**THURSDAY, THE 11<sup>th</sup>**  
**DAY OF MAY, 2023**]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36 AS AMENDED

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLANT-BASED INVESTMENT CORP.**

**AMENDED AND RESTATED INITIAL ORDER**

**THIS APPLICATION**, made by Plant-Based Investment Corp. (“**PBIC**” or the “**Applicant**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day [**by Zoom video conference**].

**ON READING** the affidavit of Paul Crath sworn April 28, 2023, and the Exhibits thereto (the “**Initial Crath Affidavit**”), and on hearing the submissions of counsel to PBIC and msi Spergel inc., the monitor of the Applicant (in such capacity, the “**Monitor**”), and on reading the consent of the proposed Monitor to act in such capacity.

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

**DEFINITIONS**

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Crath Affidavit.

## **APPLICATION**

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## **PLAN OF ARRANGEMENT**

4. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

## **POSSESSION OF PROPERTY AND OPERATIONS**

5. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, contractors, advisors, consultants, agents, experts, accountants, counsel, and such other persons (collectively, “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Initial Crath Affidavit or, with the consent of the Monitor, replace it with another central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an



unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order to the extent that such expenses are incurred and payable by the Applicant:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant at their standard rates and charges.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

9. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect

of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

### **STAY OF PROCEEDINGS**

15. **THIS COURT ORDERS** that until and including May 11, 2023, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees, directors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies 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**”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits, or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

### **NO INTERFERENCE WITH RIGHTS**

17. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform, any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the Applicant shall be or shall be deemed to be negated, suspended, waived, and/or terminated as a result of this Order.

### **CONTINUATION OF SERVICES**

18. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply or license of goods and/or services, including without limitation all computer software, communication and other data services, banking services, payroll and benefit services, insurance, transportation services, utility, or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

## **APPOINTMENT OF MONITOR**

21. **THIS COURT ORDERS** that msi Spergel inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicant in its preparation of the Applicant’s cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors’ or shareholders’ meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant’s business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel, advisors or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) be at liberty to serve as a “foreign representative” of the Applicant in any proceeding outside of Canada;
- (j) assist the Applicant, to the extent required by the Applicant, with any matters relating to any foreign proceeding commenced in relation to the Applicant; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay



the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicant on a weekly basis.

28. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **ADMINISTRATION CHARGE**

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$150,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 36 and 38 hereof.

#### **DIP FINANCING**

30. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility the (“**DIP Loan**”) from 1000492681 Ontario Inc. (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$500,000 advanced to the Applicant under the DIP Loan (plus interest, fees and expenses in accordance with the DIP Term Sheet (as defined below)) unless permitted by further Order of this Court.

31. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicant and the DIP Lender dated as of April 27, 2023 (the “**DIP Term Sheet**”), filed.

32. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Term Sheet, 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 the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, 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.

33. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which 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 36 and 38 hereof.

34. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) 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;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon five (5) business days’ written notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Term Sheet, Definitive Documents, and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

35. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the “BIA”), with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

36. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender’s Charge, as among them, shall be as follows:

- (a) First - Administration Charge (to the maximum amount of \$150,000); and
- (b) Second – DIP Lender’s Charge.

37. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors’ Charge, the Administration Charge, or the DIP Lender’s Charge (collectively, 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.

38. **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender’s Charge (all as constituted and defined herein) 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 Person.

39. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender, and the beneficiaries of the Directors’ Charge and the Administration Charge, or further Order of this Court.

40. **THIS COURT ORDERS** that the Administration Charge, the Definitive Documents and the DIP Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) and/or the DIP Lender 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 the Applicant, 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 the Applicant 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 the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and
  - (i) the payments made by the Applicant 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.

41. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant’s interest in such real property leases.

#### **RELIEF FROM REPORTING OBLIGATIONS**

42. **THIS COURT ORDERS** that the decision by the Applicant to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange,

including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the rules, regulations and policies of the Canadian Securities Exchange (collectively, the “**Securities Provisions**”), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicant failing to make any Securities Filings required by the Securities Provisions during the Stay Period.

43. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicant nor the Monitor shall have any personal liability for any failure by the Applicant to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicant.

#### **SERVICE AND NOTICE**

44. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA (the “**CCAA Notice**”); and (b) within five (5) days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant’s books and records), a notice to all known creditors having a claim against the Applicant of more than \$1,000, and (iii) prepare a list showing the names and addresses of such creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

45. **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: <https://www.spergelcorporate.ca/engagements/> (the “**Monitor’s Website**”).

46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic message to the Applicant’s creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard/Daylight Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard/Daylight Time; or (c) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail.

47. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicant’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).

## **GENERAL**

48. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or apply for advice and directions in the discharge of their respective powers and duties hereunder.

49. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

50. **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 the Applicant, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory, and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

51. **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

52. **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

53. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

54. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.●

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Madame Justice Conway

**TAB 7: Blackline Amended and Restated Initial Order against  
Initial Order**



ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ~~MADAME~~ ) ~~MONDAY~~THURSDAY, THE ~~1<sup>ST</sup>~~11<sup>th</sup>  
JUSTICE ~~CONWAY~~ ) DAY OF MAY, 2023  
as amended and restated on  
[THURSDAY, THE 11<sup>th</sup>  
DAY OF MAY, 2023]

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
PLANT-BASED INVESTMENT CORP.

AMENDED AND RESTATED INITIAL ORDER

**THIS APPLICATION**, made by Plant-Based Investment Corp. (“**PBIC**” or the “**Applicant**”), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day [by Zoom video conference].

**ON READING** the affidavit of Paul Crath sworn April 28, 2023, and the Exhibits thereto (the “**Initial Crath Affidavit**”), and on hearing the submissions of counsel to PBIC and msi Spergel inc., the monitor of the Applicant (in such capacity, the “Monitor”), and on reading the consent of ~~msi Spergel inc. to act as~~ the proposed monitor of the Applicant (Monitor to act in such capacity, the “Monitor”).

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Crath Affidavit.

## APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “Plan”).

## POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant shall be authorized and empowered to continue to retain and employ the employees, contractors, advisors, consultants, agents, experts, accountants, counsel, and such other persons (collectively, “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. ~~5.~~ **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Initial Crath Affidavit or, with the consent of the Monitor, replace it with another central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash

Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. ~~6.~~ **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order to the extent that such expenses are incurred and payable by the Applicant:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant at their standard rates and charges.

8. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

9. ~~8.~~ **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

## RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “Restructuring”).

13. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such

secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **STAY OF PROCEEDINGS**

15. ~~11.~~ **THIS COURT ORDERS** that until and including May 11, 2023, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees, directors, advisors, officers, and representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees, directors, officers or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. ~~12.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies 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**”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and

suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits, or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

17. ~~13.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform, any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the prior written consent of the Applicant and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the Applicant shall be or shall be deemed to be negated, suspended, waived, and/or terminated as a result of this Order.

#### **CONTINUATION OF SERVICES**

18. ~~14.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply or license of goods and/or services, including without limitation all computer software, communication and other data services, banking services, payroll and benefit services, insurance, transportation services, utility, or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

**NON-DEROGATION OF RIGHTS**

19. ~~15.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

**PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

**APPOINTMENT OF MONITOR**

21. ~~17.~~ **THIS COURT ORDERS** that msi Spergel inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, partners, members, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. ~~18.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;



- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the DIP Lender and its counsel of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis as agreed to by the DIP Lender;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) ~~(e)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) ~~(f)~~ be at liberty to engage independent legal counsel, advisors or such other persons, or utilize the services of employees of its affiliates, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) be at liberty to serve as a "foreign representative" of the Applicant in any proceeding outside of Canada;
- (j) assist the Applicant, to the extent required by the Applicant, with any matters relating to any foreign proceeding commenced in relation to the Applicant; and

(k) ~~(g)~~ perform such other duties as are required by this Order or by this Court from time to time.

23. ~~19.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. ~~20.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (collectively, the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

25. ~~21.~~ **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant and the DIP Lender with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

26. ~~22.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

27. ~~23.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicant on a weekly basis.

28. ~~24.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **ADMINISTRATION CHARGE**

29. ~~25.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$~~100,000~~150,000, as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~32~~36 and ~~34~~38 hereof.

#### **DIP FINANCING**

30. ~~26.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility the (“**DIP Loan**”) from 1000492681 Ontario Inc. (the “**DIP Lender**”) in order to finance the Applicant’s working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$~~200,000~~500,000 advanced to the Applicant under the DIP Loan (plus

interest, fees and expenses in accordance with the DIP Term Sheet (as defined below)) unless permitted by further Order of this Court.

31. ~~27.~~ **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicant and the DIP Lender dated as of April 27, 2023 (the “**DIP Term Sheet**”), filed.

32. ~~28.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Term Sheet, 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 the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, 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.

33. ~~29.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which 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 ~~32~~36 and ~~34~~38 hereof.

34. ~~30.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) 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;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon five (5) business days’ written notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the DIP Term Sheet, Definitive Documents, and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or

consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

35. ~~34.~~ **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

36. ~~32.~~ **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

- (a) First - Administration Charge (to the maximum amount of \$~~100,000~~150,000); and
- (b) Second – DIP Lender's Charge.

37. ~~33.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge, or the DIP Lender's Charge (collectively, 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.

38. ~~34.~~ **THIS COURT ORDERS** that each of the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein) 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 Person.

39. ~~35.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender, and the beneficiaries of the Directors’ Charge and the Administration Charge, or further Order of this Court.

40. ~~36.~~ **THIS COURT ORDERS** that the Administration Charge, the Definitive Documents and the DIP Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender 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 the Applicant, 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 the Applicant 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 the Applicant entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and

- (i) the payments made by the Applicant 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.

41. ~~37.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

### **RELIEF FROM REPORTING OBLIGATIONS**

42. ~~38.~~ **THIS COURT ORDERS** that the decision by the Applicant to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the Securities Act (Ontario), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the rules, regulations and policies of the Canadian Securities Exchange (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of the Applicant failing to make any Securities Filings required by the Securities Provisions during the Stay Period.

43. ~~39.~~ **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicant nor the Monitor shall have any personal liability for any failure by the Applicant to make any Securities Filings required by the Securities Provisions during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicant.

**SERVICE AND NOTICE**

44. ~~40.~~ **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA (the “**CCAA Notice**”); and (b) within five (5) days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicant’s books and records), a notice to all known creditors having a claim against the Applicant of more than \$1,000, and (iii) prepare a list showing the names and addresses of such creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by the Court.

45. ~~41.~~ **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:  
[www.spergelcorporate.ca/engagements](http://www.spergelcorporate.ca/engagements)<https://www.spergelcorporate.ca/engagements/>\_\_\_\_\_ (the “**Monitor’s Website**”).

46. ~~42.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or electronic message to the Applicant’s creditors or other interested parties at their respective addresses (including



e-mail addresses) as last shown in the books and records of the Applicant and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. Eastern Standard/Daylight Time (or on the next business day following the date of forwarding thereof if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery, facsimile transmission or electronic message sent after 5:00 p.m. Eastern Standard/Daylight Time; or (c) on the third (3<sup>rd</sup>) business day following the date of forwarding thereof, if sent by ordinary mail.

47. ~~43.~~ **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicant'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).

### **COMEBACK HEARING**

~~44. — THIS COURT ORDERS that the comeback motion in these CCAA proceedings shall be heard on or before May 11, 2023 (the "Comeback Hearing").~~

### **GENERAL**

48. ~~45.~~ **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order, or apply for advice and directions in the discharge of their respective powers and duties hereunder.

49. ~~46.~~ **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

50. ~~47.~~ **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 the Applicant, the Monitor, and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory, and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

51. ~~48.~~ **THIS COURT ORDERS** that the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory, or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

52. ~~49.~~ **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order at the Comeback Hearing on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

53. ~~50.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

54. ~~51.~~ **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.●

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Madame Justice Conway

Document comparison by Workshare Compare on Friday, April 28, 2023  
11:45:34 AM

<b>Input:</b>	
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Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/69478236/4
Description	#69478236v4<Legal> - PBIC Draft Amended and Restated Initial Order
Rendering set	Standard

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Format change	
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Padding cell	

<b>Statistics:</b>	
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