

**ESTATE NO: 11-2960200
COURT FILE:
VANCOUVER REGISTRY**

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
TANTALUS LABS LTD.**

FIRST REPORT OF THE TRUSTEE

ERNST & YOUNG INC.

July 7, 2023

**TABLE OF CONTENTS
TO THE
FIRST REPORT OF THE TRUSTEE**

INTRODUCTION.....	1
TERMS OF REFERENCE	4
BACKGROUND OF TANTALUS	6
FINANCIAL POSITION AND CAUSES OF INSOLVENCY.....	9
ASSETS, LIABILITIES AND CORRESPONDENCE WITH KEY CREDITORS.....	11
PROPOSAL TRUSTEE'S ACTIVITIES AND COMPLIANCE WITH STATUTORY OBLIGATIONS	19
CASH FLOW PROJECTIONS FOR JUNE 28, 2023 TO SEPTEMBER 27, 2023	23
SALES AND INVESTMENT PROCESS FOR COMPANY.....	28
KEY EMPLOYEE RETENTION PLAN.....	29
REQUEST FOR WEPPA TO APPLY TO THE TERMINATED EMPLOYEES.....	31
COURT ORDERED CHARGES	32
PROPOSAL TRUSTEE'S RECOMMENDATIONS	33

LISTING OF APPENDICES

Notice to CRA	Appendix A
Creditor Notice	Appendix B
Creditor List	Appendix C
First Report Cash Flow Projections	Appendix D
Tantalus Teaser	Appendix E

INTRODUCTION

1. On June 28, 2023 (the “**Filing Date**”), Tantalus Labs Ltd. (the “**Company**” or “**Tantalus**”) filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”).
2. Ernst & Young Inc. consented to act as the trustee under the NOI and as proposal trustee in this matter (collectively, the “**Proposal Trustee**”).
3. Pursuant to Section 69(1) of the BIA, a stay of proceedings has been in effect with respect to the Company since the filing of the NOI (the “**Stay**”).
4. In accordance with paragraph 62(1) of the BIA, the Company has until July 28, 2023 to file a proposal, unless the Company applies to this Honourable Court for an extension of that deadline.

Current Relief Sought

5. On July 7, 2023, the Company filed motion materials for a hearing scheduled in this Honourable Court on Monday, July 10, 2023, accompanied by the First Affidavit of Mr. Lucas Jenkins (the “**First Jenkins Affidavit**”) requesting that this Honourable Court grant an Order approving, *inter alia*, the following relief:
 - a) declaring that Canada Revenue Agency (“**CRA**”) is in breach of the Stay, by seeking to enforce its rights as a creditor through regulatory actions and that enforcement of those rights is stayed;

- b) declaring that CRA is estopped from destroying cannabis stamps issued under the Excise License (as defined herein), or any other assets or inventory including cannabis, of Tantalus for the duration of the Stay;
 - c) declaring that the Excise License is extended for the duration of the Stay;
and
 - d) granting Tantalus the ability to sell its inventory out of the ordinary course in the absence of an Excise License pursuant to section 65.13(1) of the BIA, subject to approval of the Proposal Trustee and the secured creditor, The Sungrown Mortgage Corporation (“**Sungrown**”).
6. The Proposal Trustee also understands that the Company will be filing, in short order, motion materials (the “**Company’s Application**”) to be accompanied by a first affidavit of Mr. Dan Sutton and a second affidavit of Mr. Dan Sutton (“**Second Sutton Affidavit**”) requesting that this Honourable Court grant an Order approving, *inter alia*, the following relief:
- a) granting of the following priority charges over Tantalus’ current and future assets, undertakings and properties of every nature and kind, including all proceeds thereof (the “**Property**”):
 - I. an Administration Charge (as defined below) in the amount of \$200,000 in favour of counsel for Tantalus, MLT Aikins LLP, Ernst & Young Inc., in its capacity as Proposal Trustee, and counsel for the Proposal Trustee, Nathanson Schachter & Thompson LLP (collectively, the “**Administration Professionals**”);

- II. a Directors' Charge (as defined below) in the amount of \$175,000 in favour of current directors and officers of Tantalus (collectively, the "**Directors and Officers**");
 - III. a key employee retention plan ("**KERP**") Charge (as defined below) in the amount of \$350,000 in favour of certain employees of Tantalus deemed critical to complete a restructuring under these NOI proceedings;
- b) approving the KERP (detailed below) and authorizing and directing Tantalus to make the payments under the KERP;
 - c) approving the Success Fee (detailed below) and authorizing and directing Tantalus to make payment of the Success Fee, if applicable;
 - d) declaring that pursuant to section 5(5) of the *Wage Earner Protection Program Act*, SC 2005, c 47, s 1 ("**WEPPA**"), Tantalus and its former employees meet the criteria established by section 3.2 of the *Wage Earner Protection Program Regulations* SOR 12008-222; and
 - e) sealing the Second Sutton Affidavit, which contains confidential exhibits relating to the KERP, the KERP Charge, and valuations for the assets and inventory of Tantalus.

Purpose of the First Report

- 7. The Purpose of this first report of the Proposal Trustee (the "**First Report**") is to advise this Honourable Court with respect to, *inter alia*, the following:
 - a) the background of Tantalus;

- b) the financial position and causes of insolvency;
- c) the assets and liabilities of the Company;
- d) communications with CRA and Sungrown;
- e) the activities undertaken by the Proposal Trustee in accordance with the provisions of the BIA;
- f) the Company's projected cash flows (the "**First Report Cash Flow Projections**") for the 13-week period from June 28, 2023 to September 27, 2023 (the "**Cash Flow Period**");
- g) an overview of the proposed KERP and related KERP Charge;
- h) an overview of the proposed Success Fee;
- i) an overview of the Company's request for relief under the WEPPA;
- j) an update on the Company's efforts to market and sell Tantalus' assets or shares during the NOI proceedings;
- k) a summary of the charges sought, including the KERP Charge, the Administration Charge, and the Directors' and Officers' Charge (all defined below); and
- l) the Proposal Trustee's Recommendations.

TERMS OF REFERENCE

8. In preparing this First Report, the Proposal Trustee has been provided with, and in making the comments herein relied upon, unaudited financial information, the Company's books and records, financial information prepared by the Company,

and discussions with management of the Company. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of such information contained in this First Report.

9. Certain information referred to in this First Report consists of forecasts and projections. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the information.
10. The Proposal Trustee also references in its report on the Company's First Report Cash Flow Projections and underlying assumptions and notes that its review and commentary thereon was performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 99-5 (Proposal Trustee's Report on Cash Flow Statement).
11. Future oriented financial information referred to in this report was prepared based on management's estimates and probable and hypothetical assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual

results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

12. This First Report has been prepared for the use of this Honourable Court and the Company's stakeholders as general information relating to the Company and its operations. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Proposal Trustee assumes no responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction, or use of this First Report contrary to the provisions of this paragraph.
13. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND OF TANTALUS

14. Tantalus' business and background are detailed at paragraphs 12 through 32 of the First Lucas Affidavit and are summarized below.
15. Tantalus Pharmaceuticals Ltd. was incorporated on October 29, 2012 pursuant to the *Business Corporations Act (British Columbia)* (the "**BCBCA**") and changed its name to Tantalus Labs Ltd. pursuant to the BCBCA on November 6, 2016. Its registered office is located at 595 Howe Street, Vancouver, B.C.
16. Tantalus is a vertically integrated cannabis business cultivating, marketing, and selling high-quality cannabis products, including infused pre rolls and flower, using sustainable cultivation methods. Tantalus has supply agreements with several provincial government liquor and cannabis branches in BC, Alberta, Manitoba, Ontario, PEI, Yukon, and Saskatchewan. Cannabis supplied to these government

entities is in turn sold to retailers within the respective provinces for the recreational consumer. Tantalus also sells its cannabis wholesale to other licensed cannabis producers.

17. Tantalus holds the following relevant licenses specific to the cannabis industry:
 - a) a federal license issued by Health Canada to cultivate, process and sell cannabis in Canada that is set to expire on May 19, 2024 (the “**Cannabis License**”); and
 - b) an excise license issued by the CRA under the *Excise Act*, 2001, SC 2002, c 22 (the “**Excise Act**”) (the “**Excise License**”). The expiry of the Excise License is the subject of discussions between Tantalus and the CRA, as detailed in the First Jenkins Affidavit and discussed below.
18. Tantalus is regulated by Health Canada through the *Cannabis Act*, SC 2018, c.16, as amended and related regulations (collectively the “**Cannabis Act**”).
19. Tantalus presently carries on its operations in two locations:
 - a) a 75,000 square foot federally licensed cannabis production facility and greenhouse built in 2021 and located at 9860 272nd Street, Maple Ridge, BC (the “**Facility**”), where it produces, distributes and sells cannabis products. The Facility is owned and operated by Tantalus and produces up to 2,500 kgs of cannabis per year; and
 - b) a small leased office space in Vancouver which is co-tenanted. The Company has informed the Proposal Trustee that they have communicated with the lessor that the premises is no longer required, The lease expires

on August 31, 2023, and they are working with the current co-tenant to have the entirety of the July 2023 rent paid by the co-tenant.

20. On June 28, 2023, the Company terminated 55 of its 77 employees leaving 22 employees required to maximize the value from all Tantalus assets and ensure compliance with all financial, Health Canada and other laws and regulations. The Cannabis Act dictates a number of key individuals that must be designated as license holders. These positions may include Quality Assurance Person (“**QAP**”), Master Grower, Head of Security, and one or more Responsible Persons In-Charge (“**RPICs**”). The Company has retained the following employees required to wind down operations:
 - a) the CEO (RPIC);
 - b) the CFO (RPIC) and Controller;
 - c) the COO (RPIC), the SVP Operations and Cultivation (Master Grower) and 7 salaried operational management and 8 hourly staff;
 - d) the Chief Science Officer (QAP);
 - e) the HR Generalist; and
 - f) the CTO and Facilities Coordinator (Head of Security).
21. There are no unionized employees.
22. Tantalus is privately-held. 34.06% of its shares are owned by a numbered company that is in turn owned by 13 individuals and companies some of which are related to Tantalus. The remaining 65.94% of Tantalus’ shares are widely held by

177 employees, board members, consultants, and other individuals and companies.

FINANCIAL POSITION AND CAUSES OF INSOLVENCY

23. Set out below is a summary of the Company's consolidated historical financial results for the year ended December 31, 2022 and the 3 months ended March 31, 2023.

	Year Ended December 31, 2022	3 Months Ended March 31, 2023
Total Revenue	\$16,169,729	\$2,818,664
Excise taxes and regulatory fees	(3,838,896)	(647,612)
Net Revenue	\$12,330,833	\$2,171,052
Cost of Sales	(8,925,495)	(1,657,896)
Gross Margin Before Fair Value Adjustments	\$3,405,338	\$513,156
Realized fair value amount included in inventory sold	(2,612,888)	(467,696)
Unrealized gain on changes in fair value of biological assets	2,223,489	28,719
Gross Margin	\$3,015,939	\$74,179
Salaries and benefits	(2,626,800)	(663,505)
Interest Expense	(1,017,250)	(256,782)
Greenhouse Expenses	(1,471,088)	(230,720)
Office and Admin and other	(2,195,934)	(591,663)
Total Operating Expenses	\$(7,311,072)	\$(1,742,670)
Income / (Loss) from Operations	\$(4,295,133)	\$(1,668,491)
Government Grant Income	280,437	94,544
Finance and other income	13,490	8,122
Foreign Exchange loss	(27,529)	(5,479)
Net Income / (Loss) before Taxes	\$(4,028,735)	\$(1,571,304)

24. As detailed in the table above, the Company has experienced and continues to experience significant net losses. Through discussions with the Company's management, the Proposal Trustee understands that the Company's financial difficulties are primarily due to the systemic issues in the cannabis industry in

Canada including the burdensome regulatory and taxation environment. Extreme and unanticipated price compression combined with a significant excise tax have contributed to a widespread absence of income and cash flow across the substantial majority of firms in the industry. This is compounded by weak investor sentiment, limited access to traditional bank debt, and resistance to sales of equity to raise treasury funds industry wide.

25. As a result of the recurring financial losses, Sungrown advised the Company that it was no longer prepared to continue its historic forbearance or fund the Company's losses which stem in large part, in the view of Sungrown, not from any mismanagement, but mostly due to the taxes imposed by CRA. The amount due to Sungrown is \$5,586,808 as at June 28, 2023. A description of the relationship, agreements and security between Tantalus and Sungrown will be detailed in an Affidavit to be filed, in short order, within these NOI proceedings.
26. On June 12, 2023, Sungrown issued a demand for payment and Notice of Intention to Enforce Security pursuant to section 244 of the BIA (the "**Demand**"). A copy of the Demand is attached at Exhibit "B" to the First Jenkins Affidavit.
27. In addition, the CRA is demanding payment of outstanding excise tax amounts totalling \$4,473,082 that accrued during the period from March of 2020 to May 31, 2023.
28. On June 12, 2023, the CRA sent a letter to Tantalus confirming terms of an arrangement that were agreed between the CRA and Tantalus which, *inter alia*, required Tantalus to make 7 payments of \$35,000 each starting June 30, 2023 (the "**June 12 Letter**") in respect of the arrears of excise taxes owing, in addition to its

ongoing monthly excise taxes due. The June 12 Letter also stated that if the payments were not made on time that the CRA may have to take legal action without further notice including garnishing income, directing the sheriff to seize and sell asset, and use any other legal means to collect the amount due.

29. The Company determined that filing the NOI would provide the necessary “breathing room” to explore strategic alternatives, including seeking out new potential investors or alternatively enable the Company to implement an orderly wind-down of operations to maximize recovery by its stakeholders. The Company engaged in discussions with Sungrown and was able to secure their support for a restructuring plan the details of which are set out in paragraph 40 herein.

ASSETS, LIABILITIES AND CORRESPONDENCE WITH KEY CREDITORS

30. Set out below is a summary of the Company’s assets and liabilities as at March 31, 2023.

Balance Sheet as of March 31, 2023

Cash	1,063,554	Accounts payable and accruals	(5,127,879)
Accounts receivable	933,042	Deferred revenue	(85,519)
Inventory	3,384,381	Loans and borrowings	(6,703,706)
Biological assets	588,183	Total Current Liabilities	(11,917,104)
Prepaid assets and other	273,073	Provisions	(113,393)
Total Current Assets	6,242,233	Loans and borrowings	(1,127,655)
		Total liabilities	(13,158,152)
Property, plant and equipment	10,824,262	Share capital	(29,651,066)
Intangible asset	51,329	Reserve for equity settled share-based transactions	(5,577,052)
Long-term deposit	93,393	Accumulated other comprehensive income	(283,155)
Investment	283,155	Deficit	31,175,053
Total Non-Current Assets	11,252,139	Total Shareholders Equity	(4,336,220)
Total Assets	17,494,372	Total Liabilities and Shareholders' Equity	(17,494,372)

Key Assets

31. Per the First Report Cash Flow Projections, the opening cash balance as at June 28, 2023 is \$1,538,551.
32. Per the First Report Cash Flow Projections, accounts receivable as at June 28, 2023 total \$856,050 and consist primarily of amounts due from governments pursuant to supply agreements. Per discussion with senior management, these customers have a good track record of remitting payments on time.
33. Inventories consist of packaged, bulk and in-process cannabis and cannabis products, and non-cannabis materials and supplies. Biological assets consist of seeds and live cannabis plants.
34. Property, plant and equipment consist of land, improvements including green house building, security system, and farmhouse improvements. The current appraisal by Colliers International will be attached to an Affidavit in these proceedings which we understand shall be sealed so as not to impact the sales process.

Liabilities

35. The table below summarizes the Company's liabilities as at June 28, 2023.

<u>Creditor</u>	<u>Nature of Debt</u>	<u>As at June 28, 2023</u>
Sungrown Mortgage Corporation	Secured	\$ 5,586,808
Total Secured		\$ 5,586,808
Bridge Loans	Unsecured	1,020,055
PacifiCan	Unsecured	1,812,579
Receiver General for Canada	Unsecured	4,473,082
Other Trade Accounts Payable	Unsecured	1,130,478
Total Unsecured		\$ 8,436,194
Total Debt		\$ 14,023,002

Sungrown Secured Debt

36. As identified at paragraph 7 of the First Jenkins Affidavit and as will be further detailed in other Affidavits to be filed, in short order, in these NOI proceedings, the Company is indebted to Sungrown in the sum of approximately \$5.6 million (excluding interest, fees, legal costs, and disbursements) (the “**Sungrown Debt**”) under a Commitment Letter dated November 16, 2015 as has been amended or extended on several occasions (the “**Commitment Letter**”).
37. On November 20, 2015, Tantalus provided security by way of a collateral mortgage on the lands where the Facility is located in Maple Ridge. On March 18, 2020, Tantalus provided further security to Sungrown which included a general security agreement over all of the assets of Tantalus. The Trustee has not yet reviewed the security documents, but it is not aware of any dispute related to the validity or enforceability of the security.
38. On September 8, 2020, Tantalus and Sungrown entered into a forbearance agreement, which was extended and amended several times and, prior to the Demand made on June 12, 2023, was set to expire on January 17, 2024.
39. On June 12, 2023, as noted above, Sungrown sent the Demand stating that the amounts due to CRA for excise taxes and CRA’s threats to garnish and seize Tantalus’ assets amount to a material adverse change under the Commitment Letter and therefore the total amount of the Sungrown debt was due and payable.
40. After lengthy negotiations between Tantalus and Sungrown, on June 28, 2023, Tantalus and Sungrown entered into a letter of agreement with Tantalus (the

“**Letter of Agreement**”) wherein Sungrown agreed, *inter alia*, to not enforce its security against the Property of Tantalus on the following key terms (a copy of the Letter of Agreement will be attached to an Affidavit filed, in short order, within these NOI proceedings):

- a) Tantalus agrees that the amount outstanding excluding interest, fees, legal costs, and disbursements amounts to \$5,586,808.49;
- b) existing defaults on the Credit Facility have occurred and continue to occur and the Sungrown Debt is currently due and owing;
- c) Tantalus received the Demand and waived the 10-day notice period provided therein;
- d) Tantalus must remain current in the payment of source deductions to CRA;
- e) unless Sungrown is paid out in full or an alternative solvency solution is acceptable to Sungrown, in its sole discretion, the following shall occur:
 - I. by no later than June 29, 2023, Tantalus must file the NOI;
 - II. Tantalus, with assistance from the Proposal Trustee, will:
 1. market and solicit interest in Tantalus’ business (the “**Business**”) to known potential buyers and agree to the following timelines:
 - a. enter into and deliver to Sungrown a binding letter of intent for the purchase of the Business on terms acceptable to Sungrown, in its sole discretion, by no later than July 26, 2023;

- b. enter into and deliver to Sungrown an agreement for the purchase and sale of the Business on terms acceptable to Sungrown, in its sole direction, no later than August 24, 2023; and
 - c. close the sale by no later than September 15, 2023, provided that the timelines and target dates may be extended at the request of Tantalus, in consultation with the Trustee, and with consent of Sungrown; and
 - 2. any single sale of inventory greater than \$100,000 must be agreed to by Sungrown;
 - 3. concurrent with the marketing and solicitation of interest in a sale of the Business, Tantalus may market any or all of the assets with Sungrown's consent;
 - 4. Sungrown agrees to the KERP and KERP charge, the Success Fees, the Administration Charge and the Directors' and Officers' Charge (all defined below);
- III. Tantalus may not seek to extend the NOI proceedings beyond the initial 30-day stay without Sungrown's consent; and
- f) Tantalus must release Sungrown from any and all claims that it may have against Sungrown with respect to the Sungrown Debt and Commitment Letter.

Bridge Loans

41. In May 2019, the Company entered into multiple unsecured promissory notes as a form of bridge financing (the “**Bridge Loans**”). As at June 28, 2023, outstanding principal and interest on the Bridge Loans amounted to \$1,020,055.

PacifiCan Loans

42. In May of 2020, the Company received an unsecured loan for working capital assistance from Western Economic Development Canada (now PacifiCan) (“**PacifiCan**”). This loan is non-interest bearing and amounted to \$838,000 as at June 28, 2023.
43. In April of 2021, the Company received an unsecured loan from PacifiCan to proceed with a business scale up project and received funds for capital and non-capital assistance to scale-up its cultivation processing and fulfillment operations at the Facility, to invest in certain sales and marketing initiatives and to add key personnel hires. This loan is non-interest bearing and amounted to \$974,579 as at June 28, 2023.

CRA Unsecured Debt for Excise Taxes and Correspondence with the CRA

44. As stated above, the CRA has an unsecured claim of \$4,473,082 as at May 31, 2023 for outstanding excise taxes due pursuant to the Excise Act that accrued during the period from March of 2020 to May 31, 2023.
45. The Company requires its Excise License to sell cannabis inventory under the Excise Act. The Excise License is currently set to expire on July 10, 2023, which is why the Company is requesting the relief set out in the First Jenkins Affidavit.

46. A complete and lengthy chronology of correspondence between the Company, CRA, and the Proposal Trustee (the “**Chronology**”) can be found in, and is the main subject of, the First Jenkins Affidavit.
47. The CRA’s primary position, which has been continuously communicated throughout the Chronology is that a holder of a license issued under the Excise Act who wishes to maintain or renew their excise license must continue to meet certain conditions imposed under the Excise Act, namely that a licensee must maintain sufficient financial resources to conduct their business in a responsible manner.
48. On June 12, 2023, CRA and Tantalus agreed to terms of an arrangement (the “**CRA Payment Plan**”) which included, *inter alia*, that 7 monthly payments would be made commencing June 30, 2023, each in the amount of \$35,000, to pay the excise tax arrears.
49. On June 28, 2023, as stated above, the NOI was filed. Due to filing of the NOI, the amounts due on June 30, 2023, under the CRA Payment Plan, were not made as they were considered pre-filing debts.
50. On June 29, 2023, the Proposal Trustee sent a notice by way of mail and fax to the CRA (the “**CRA Notice**”) notifying it of the NOI proceedings and related stay of proceedings. A copy of the CRA Notice is attached hereto at **Appendix “A”**.
51. On July 5, 2023, the Company, its counsel, CRA, and the Proposal Trustee attended a call to discuss the reasons why CRA was not planning to renew the Company’s Excise License. CRA maintained the same position in previous

discussions, that Tantalus was not maintaining sufficient resources to conduct their business in a responsible manner.

52. The Company's position, *inter alia*, is that it does have sufficient financial resources to conduct its business in a responsible manner, which is confirmed in the First Report Cash Flow Projections, as described below.

Proposal Trustee's Comments on the CRA Excise License Position

53. As detailed below, the First Report Cash Flow Projections illustrate that the Company has sufficient cash flows to fund the Company through these NOI proceedings, sale of its assets, and windown of its operations during the Cash Flow Period. The First Report Cash Flow Projections also contemplate payment of ongoing obligations to pay excise taxes owing under the Excise Act related to inventory sold during these NOI proceedings. It appears to the Proposal Trustee that the Company does maintain sufficient financial resources to conduct its business in a responsible manner. The Proposal Trustee, through discussions with its counsel, is of the opinion that the mere filing of the NOI should not lead the CRA to conclude that the Company does not have sufficient financial resources to conduct its business in a responsible manner.
54. Under the Excise Act, the Company cannot sell its cannabis inventory without a valid and active Excise License. Should a renewal of the Excise License be granted by either the CRA, or, if requested, by way of an Order of this Honourable Court, it would allow the Company to sell its cannabis inventory in an orderly fashion and for it to maximize returns for that asset. As detailed in the First Report

Cash Flow Projections, inventory is expected to be sold for approximately \$2,000,000.

55. If renewal is not granted, then the inventory would either have to be sold prior to July 10, 2023 via “fire sale”, which will result in less return than an orderly sale, or not sold at all (likely eventually destroyed), which will result no value being realized by the Company for its creditors. The First Report Cash Flow Projections contemplate that the cannabis inventory would be sold for approximately \$300,000 in a fire sale.
56. The Orders sought by counsel for Tantalus are expected to allow for a greater realization from the sale of the inventory and assets for the benefit of all creditors, including CRA, and will maintain the potential for a transaction involving the sale of the Business as a going concern, which may preserve the jobs of the remaining employees and future excise tax revenues for CRA. The Orders sought do not appear to prejudice CRA in any way and CRA would in fact appear to benefit from the granting of such orders as a result of the increased tax revenues rather than the reduced proceeds anticipated to be received in a forced liquidation or fire sale scenario.

PROPOSAL TRUSTEE’S ACTIVITIES AND COMPLIANCE WITH STATUTORY OBLIGATIONS

57. Pursuant to Section 50.4(6) of the BIA, the Proposal Trustee has completed the following notice and service requirements:
 - a) within five days after the NOI Filing Date:

- I. made the NOIs publicly available by posting copies on the Proposal Trustee’s website (www.ey.com/ca/Tantalus) (the “**Website**”);
 - II. sent, by mail, notice to every known creditor advising them that the Company filed the NOI, that there is a stay in place, and that publicly available documents will be posted to the Proposal Trustee’s website (a copy of the notice is attached as **Appendix “B”** to this First Report); and
 - III. assisted the Company in preparing a list of creditors including the names, addresses, and estimated amounts owed and made the list publicly available on the Website. A copy of the creditor list is attached as **Appendix “C”** to this report.
58. The Proposal Trustee assisted management in preparing a First Report Cash Flow Projections, including notes, for the period from June 28, 2023 to September 27, 2023, together with the Company’s and the Proposal Trustee’s respective reports thereon. In accordance with Section 50.4(2) of the BIA, the Proposal Trustee filed a copy of the First Report Cash Flow Projections and the aforementioned reports with the Official Receiver on July 7, 2023.
59. In addition to the foregoing statutory obligations and those matters outlined elsewhere in the First Report, the Proposal Trustee has, *inter alia*:
- a) met with management to explain its obligations during the NOI proceedings and to explain the Stay Period in place;

- b) worked with management to cut-off vendor payable balances effective the date of the NOI and clearly delineate suppliers accounts for the post-filing activity;
- c) assisted senior management in the development of a marketing information and buyer lists and contacts for the sale or investment into the business;
- d) reviewed data room and related buyer information prepared by senior management;
- e) assisted senior management with identifying potential auctioneers to sell certain equipment and packaging;
- f) assisted senior management in communications with certain suppliers;
- g) reviewed and provided comments with respect to the proposed KERP;
- h) reviewed and discussed the Agreement Letter between the Company and Sungrown;
- i) advised senior management on the process to claim WEPPA under the NOI and corresponded with Service Canada as to the employee eligibility under WEPPA;
- j) communicated with the Companies' major financial stakeholders including Sungrown;
- k) communicated with CRA, the Company and the Company's counsel with respect to the CRA Excise License position;

- l) responded in a timely manner to inquiries from affected stakeholders including suppliers and employees;
- m) assisted senior management with respect to the NOI process, including the necessary procedural aspects of the proceedings; and
- n) drafted this First Report.

CASH FLOW PROJECTIONS FOR JUNE 28, 2023 TO SEPTEMBER 27, 2023

60. The First Report Cash Flow Projections (attached as **Appendix “D”** to this report) is summarized in the table below:

First Report Cash Flow Projections For the 13-week period from July 28, 2023 to September 27, 2023

	Orderly Liquidation	Forced Liquidation (Fire Sale)	Variance
Cash Inflows			
Accounts Receivable Collections	\$856,050	\$856,050	-
Inventory - Packaged	1,200,000	172,500	(1,027,500)
Inventory - Bulk	758,497	121,500	(636,997)
Receipt from sale of shares in Elevated Signals	212,366	212,366	-
	\$ 3,026,914	\$ 1,362,416	\$ (1,664,497)
Cash Outflows			
<i>Facility Operating Costs</i>			
Shipping	\$(25,215)	\$(10,215)	\$15,000
Lab Testing	(1,000)	-	1,000
Employee Expense Reimbursements	(5,000)	(5,000)	-
Hydro	(15,000)	(15,000)	-
Fortis	(7,000)	(7,000)	-
Internet	(1,300)	(1,300)	-
Misc operating costs	(7,795)	(7,795)	-
Labour Costs (retained Tantalus employees)	(244,189)	(244,189)	-
SunLife Employee Benefits (July 2023)	(14,000)	(14,000)	-
GST payable	(15,000)	(15,000)	-
Excise Taxes Payable (July 2023 sales)	(336,000)	(48,300)	287,700
Insurance (Property coverage for 3-months)	(45,000)	(45,000)	-
Total Operating Costs	\$ (716,498)	\$ (412,799)	\$ 303,700
<i>Restructuring Costs</i>			
Receiver/ Trustee Cost (+ Legal)	\$(155,000)	\$(155,000)	-
Legal Fees	(250,000)	(250,000)	-
KERP	(350,000)	(350,000)	-
Sungrown Restructuring Support Fee	(50,000)	(50,000)	-
Total Restructuring Costs	\$ (805,000)	\$ (805,000)	\$ -
Net Cash Flow	\$ 1,505,415	\$ 144,618	\$ (1,360,797)
Cash Balance, Beginning	\$1,538,551	\$1,538,551	-
Net Cash Flow	1,505,415	144,618	(1,360,797)
Cash Balance, Ending	\$ 3,043,966	\$ 1,683,168	\$ (1,360,797)

Scenario Analysis

61. The First Report Cash Flow Projections contain two projections based on the following scenarios:
- a) **Scenario 1** - the CRA or this Honourable Court renew the Excise Tax License and the cannabis inventory can be sold through an orderly sale over the month of July, 2023 (“**Orderly Liquidation**”);
 - b) **Scenario 2** - the CRA or this Honourable Court do not renew the Excise Tax License and the cannabis inventory must be sold subject to a “fire sale” for reduced pricing (“**Forced Liquidation**”).
62. As summarized in the table above, the key cash flow differences between the Orderly Liquidation and the Forced Liquidation are as follows:
- a) in a Forced Liquidation, the bulk and packaged inventory would be required to be sold at a significant discount causing a variance of approximately \$1.6 million;
 - b) in a Forced Liquidation, shipping costs would be approximately \$15,000 less expensive as product would be shipped to only one buyer rather than several;
 - c) in a Forced Liquidation, lab testing of \$1,000 would not be required as inventory would need to be sold as is and any product requiring lab testing could not be sold; and

- d) in a Forced Liquidation, excise taxes owed to CRA for post-filing sales would be significantly reduced by \$287,700 as excise taxes directly correlate to total revenues from packaged inventory.
63. The major probable and hypothetical assumptions underpinning both the Orderly Liquidation and Forced Liquidation Scenarios are:
- a) all cannabis production is halted and only finished packaged and bulk inventory will be available for sale;
 - b) the Company's suppliers continue to support and work with the Company after the NOI Filing Date;
 - c) Cannabis inventory will be sold during the period under either an orderly sale or a fire sale;
 - d) facility expenses, delivery costs, and other expenditures remain in line with historical averages.

Cash receipts

64. Accounts receivable are primarily due from provincial governments across Canada pursuant to cannabis supply agreements and certain other licensed producers in Saskatchewan for the sale of wholesale cannabis. All customers have a good track record for timely payment.
65. Tantalus has approximately 345 kilograms of packaged inventory that is ready for sale through wholesale distribution partners. In an Orderly Liquidation, it is assumed that all packaged inventory will be sold at a 25% discount due to the nature of the NOI proceedings. In a Forced Liquidation, it is assumed packaged

inventory would be sold for an approximate 90% discount as the inventory would need to be sold to another licensed producer, instead of through government supply contracts.

66. Tantalus has approximately 865 kilograms of bulk unpackaged cannabis inventory (trimmed and dried) that it can sell to other licensed producers. It expects to sell this inventory at 60 cents per gram in an Orderly Liquidation and 10 cents per gram in a Forced Liquidation.
67. The Company owns shares in a private company called Elevated Signals and based on a recent transaction and current interest in the shares that it can obtain approximately 75% of its market value.

Cash disbursements

68. Operating costs including, shipping, lab testing, employee expense, hydro, fortis, and internet costs are required to operate the facilities and wind down the operations during the Cash Flow Period and amount to \$62,310 in an Orderly Liquidation and approximately \$46,310 in a Forced Liquidation. As detailed above shipping costs would be less expensive and lab testing would not be required in a Forced Liquidation.
69. Labour costs include monthly salaries, wages, and source deductions totalling of \$177,907 for the 22 employees that remain at Tantalus to wind-down operations during the current 30 day stay period. It is expected that there will be further terminations as the Company winds-down requiring approximate monthly labour costs of approximately \$44,000 for the remainder of the Cash Flow Period.

70. Benefits include benefits for all employees for the month of July 2023 and have been terminated as of August 2023.
71. Excise taxes payable are estimated to be approximately 28% of total sales of packaged inventory. Excise taxes are not payable on sales of bulk unpackaged inventory.

Proposal Trustee's Commentary

72. The First Report Cash Flow Projections illustrates that the Company has sufficient cash flows to fund the NOI proceedings, sale of assets, and wind down of operations during the Cash Flow Period.
73. Based the Proposal Trustee's review of the First Report Cash Flow Projections, nothing has come to the Proposal Trustee's attention that causes it to believe that, in all material respects:
 - a) the hypothetical assumptions are not consistent with the purpose of First Report Cash Flow Projections;
 - b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the First Report Cash Flow Projections, given the hypothetical assumptions; or
 - c) the First Report Cash Flow Projections does not reflect the probable and hypothetical assumptions.

SALES AND INVESTMENT PROCESS FOR COMPANY

74. As discussed above, the Letter of Agreement requires the Company to market and sell the assets or shares of Tantalus prior to July 26, 2023, which required the Company to commence marketing the assets (“**Property**”) and Business of the Company immediately after filing the NOI.
75. On June 30, 2023, the Company, in consultation with the Proposal Trustee, prepared and sent a teaser (the “**Teaser**”) to a list of potential strategic and financial buyers. The teaser is attached hereto at **Appendix “E”** and the sales or investment process within the Teaser is summarized below:
- a) the opportunity includes restructuring, recapitalization or other form or reorganization of the business affairs of Tantalus as a going concern sale of all, substantially all, or one or more components of Tantalus’ assets and business operations as a going concern or otherwise;
 - b) any bidder must sign a non-disclosure agreement and letter setting forth identification and contact information related to the bidder;
 - c) any bidder must provide information to show the bidders financial wherewithal to close a transaction;
 - d) once the NDA is signed, access to a data room holding pertinent information about the Property and the Business will be provided;
 - e) potential bidders that wish to make a formal binding offer to purchase must do so by 5pm (Eastern Time) on Friday, July 14, 2023;

- f) the Proposal Trustee, in consultation with, and with the approval of Tantalus, will designate the most competitive qualifying bids (“**Qualifying Bids**”) and Tantalus may conduct and administer an auction process amongst the Qualifying Bids to select the successful bid (“**Successful Bid**”), if desirable.
 - g) Tantalus will seek court approval to consummate the Successful Bid.
76. Since the Teaser was distributed, the Company has received significant preliminary interest in the purchase of inventory, equipment, and the Business and has provided access to the data room to over 20 potential purchasers. The Company, with assistance from the Proposal Trustee, will continue to market and organize a sale of the Property and/or Business throughout these NOI proceedings.

KEY EMPLOYEE RETENTION PLAN

77. The Company has developed a plan to incentivize certain key employees to continue their employment with Tantalus. In furtherance of the KERP, the Company is seeking a priority charge for the KERP in favour of the employees covered by the KERP in the amount of \$350,000. We understand that details of the KERP will be provided in an Affidavit to be filed in the within proceedings.
78. One of the Company’s important assets is its remaining employee base and associated human capital, which has a direct impact on the Company’s ability to implement a successful wind-down of its business and sale of its assets. The Trustee is of the view that without appropriate human capital, the ability to

maximize realizations from the sale of the Company's inventory and the Facility would be greatly impaired.

79. In addition, as detailed above, many of the individuals that are participants in the KERP play key roles with respect to the nature of the Company and its industry and are required to be employed by the Company pursuant to the Cannabis Act while it holds and sells its cannabis inventory.
80. A loss of key technical, operational, and members of the senior leadership team would create a knowledge and operational void and in turn negatively impact the viability of the restructuring. Accordingly, in consultation with the Trustee, the Company has developed the KERP to provide incentives, in addition to regular wages, to senior executives and other operational and technical employees to support the Company through its wind-down of operations and to maximize recovery for its creditors.
81. The Trustee has reviewed the proposed KERP and is of the view that the amounts are reasonable in the circumstances.
82. The Trustee also notes that Sungrown has consented to the KERP, KERP Charge and Success Fees in the Letter of Agreement.

Success fee

83. In addition to the KERP and the KERP Charge, the Company is also proposing a Success Fee be paid to the participants of the KERP, which is contingent on the successful sale of Tantalus as a going concern or upon the successful sale of the inventory, assets, or Facility of Tantalus, but only where the net proceeds of such

sale exceed the aggregate principal, interest and other amounts owing to Sungrown.

84. The proposed Success Fee is based on the following sliding scale and is payable from the aggregate net proceeds from any sale in excess of the amount due to Sungrown:

- a) 10% of the first \$500,000;
- b) 15% of the amounts between \$500,001 and \$1,500,000; and
- c) 20% of amounts in excess of \$1,500,001.

85. The Trustee is of the view that the Success Fee is reasonable in the circumstances and is comparable to what the total success fee may amount to if the property were sold through an external broker.

86. The KERP Charge does not include any monies payable in respect of the Success Fee. The Success Fee would be treated like a broker commission and be payable as an expense.

REQUEST FOR WEPPA TO APPLY TO THE TERMINATED EMPLOYEES

87. Tantalus and the Proposal Trustee are of the view that the wind down of Tantalus qualifies the 22 terminated employees of Tantalus to participate in WEPPA. The Proposal Trustee consulted with Service Canada (who administers the WEPPA program), who was supportive of extending WEPPA relief to the terminated employees. Accordingly, Tantalus is seeking an order that confirms that the former employees of Tantalus are individuals whom WEPPA applies.

88. The Proposal Trustee supports the relief sought with respect to the WEPPA relief and will work with Tantalus to ensure the employees eligible for relief pursuant to WEPPA are notified of their entitlement and are provided the requisite information to pursue a WEPPA claim with Service Canada.

COURT ORDERED CHARGES

89. Tantalus is seeking the following charges:
- a) An administration charge over their assets, properties and undertakings up to a maximum amount of \$200,000 to secure payment of fees and disbursements of its counsel, the Proposal Trustee, and the Proposal Trustee's counsel (the "**Administration Charge**");
 - b) A charge in favour of its Directors and Officers over the Company's assets, properties, and undertakings up to a maximum of \$175,000 to indemnify the Directors and Officers in respect of liabilities they may incur in these proceedings. (the "**Directors' and Officers' Charge**"). Tantalus estimates that the priority payables in respect of which the Directors and Officers have potential liability at any point in time during these NOI proceedings is approximately \$175,000; and
 - c) a charge in favour of the KERP in the amount of \$350,000 (the "**KERP Charge**").
90. The Proposal Trustee has discussed the Administration Charge, the Directors' and Officers' Charge, the KERP Charge, and the Success Fee with the Company and is of the view that it is reasonable in the circumstances.

Priority of Charges

91. Tantalus is proposing that the priority of the Administration Charge, the Directors' and Officers' Charge, and the KERP Charge as against the Property, shall be as follows:

- a) First – Administration Charge to a maximum of \$200,000
- b) Second – Directors' and Officers' Charge to a maximum of \$175,000; and
- c) Third – KERP Charge to a maximum of \$350,000.

PROPOSAL TRUSTEE'S RECOMMENDATIONS

92. Based on the foregoing, the Proposal Trustee recommends that this Honourable Court grant the requested Orders.

All of which is respectfully submitted this 7th day of July, 2023.

ERNST & YOUNG INC.,
in its capacity as Proposal Trustee
under the notice of intention to make a proposal of Tantalus Labs Ltd.
and not in its personal capacity

Per:



Holly Palmer, CIRP, LIT
Senior Vice President

Appendix A



Ernst & Young Inc.
Suite 1900
1133 Melville Street
Vancouver, BC V6E 4E5

Tel: +1 604 891 8200
Fax: +1 604 899 3530
ey.com/ca/Tantalus

June 29, 2023

To Canada Revenue Agency,

NOTICE OF INTENTION TO MAKE A PROPOSAL OF TANTALUS LABS LTD (“Tantalus”)

On June 28, 2023, Tantalus filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). Ernst & Young Inc. (“**EY**”) consented to act as Trustee in the proposal proceedings.

You are receiving this notice as Tantalus has identified you as a creditor. We enclose herewith the following:

1. Certificate of Filing of a Notice of Intention to make a Proposal;
2. Form 33 – Notice of Intention to Make a Proposal; and
3. a List of Creditors with claims of \$250 or more per the Company’s records.

Pursuant to section 69(1) of the BIA, all proceedings and actions against Tantalus are stayed. No creditor shall have any remedy against Tantalus or its property, or shall commence or continue any action, execution or other proceedings for the recovery of a claim against Tantalus arising prior to June 28, 2023. The applicable portions of Section 69 are enclosed with this notice.

We understand you were in contact with Tantalus today with respect to revocation of its license held with CRA due to the recent NOI filing. As stated above, all creditors, including CRA are stayed from taking any action against Tantalus or its property in order to enforce recovery of your claim.

Tantalus will continue to operate during these proposal proceedings. Once Tantalus formulates a proposal, further documentation will be provided to you, at which time you will be provided the opportunity to file a Proof of Claim form to assert your claim. If the amount owing to you is different to the amount listed on the List of Creditors, you are not required to contact the Trustee at this time.

Further information with respect to this matter can be found available on the Trustee’s website, which will be active in the coming days: www.ey.com/ca/Tantalus. Should you have further questions or require additional information, please contact Holly Palmer at 604-899-3583 or Holly.Palmer@parthenon.ey.com.

Sincerely,

ERNST & YOUNG INC.

*In its capacity as Trustee under the Notice of Intention to make a Proposal of
Tantalus Labs Ltd.
and not in its personal or corporate capacity*

Per:

Holly Palmer, CPA, CIRP, LIT
Senior Vice President

Stay Of Proceedings — Notice Of Intention

69 (1) Subject to subsections (2) and (3) and sections 69.4, 69.5 and 69.6, on the filing of a notice of intention under section 50.4 by an insolvent person,

(a) no creditor has any remedy against the insolvent person or the insolvent person's property, or shall commence or continue any action, execution or other proceedings, for the recovery of a claim provable in bankruptcy,

(b) no provision of a security agreement between the insolvent person and a secured creditor that provides, in substance, that on

(i) the insolvent person's insolvency,

(ii) the default by the insolvent person of an obligation under the security agreement, or

(iii) the filing by the insolvent person of a notice of intention under section 50.4,

the insolvent person ceases to have such rights to use or deal with assets secured under the agreement as he would otherwise have, has any force or effect,

(c) Her Majesty in right of Canada may not exercise Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*, or

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that

(A) refers to subsection 224(1.2) of the *Income Tax Act*, and

(B) provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts,

in respect of the insolvent person where the insolvent person is a tax debtor under that subsection or provision, and

(d) Her Majesty in right of a province may not exercise her rights under any provision of provincial legislation in respect of the insolvent person where the insolvent person is a debtor under the provincial legislation and the provision has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a province providing a comprehensive pension plan as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a provincial pension plan as defined in that subsection,

until the filing of a proposal under subsection 62(1) in respect of the insolvent person or the bankruptcy of the insolvent person.

Limitation

(2) The stays provided by subsection (1) do not apply

(a) to prevent a secured creditor who took possession of secured assets of the insolvent person for the purpose of realization before the notice of intention under section 50.4 was filed from dealing with those assets;

(b) to prevent a secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security against the insolvent person more than ten days before the notice of intention under section 50.4 was filed, from enforcing that security, unless the secured creditor consents to the stay;

(c) to prevent a secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security from enforcing the security if the insolvent person has, under subsection 244(2), consented to the enforcement action; or

(d) [Repealed, 2012, c. 31, s. 416]

Limitation

(3) A stay provided by paragraph (1)(c) or (d) does not apply, or terminates, in respect of Her Majesty in right of Canada and every province if

(a) the insolvent person defaults on payment of any amount that becomes due to Her Majesty after the filing of the notice of intention and could be subject to a demand under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a **province providing a comprehensive pension plan** as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a **provincial pension plan** as defined in that subsection; or

(b) any other creditor is or becomes entitled to realize a security on any property that could be claimed by Her Majesty in exercising Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a **province providing a comprehensive pension plan** as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a **provincial pension plan** as defined in that subsection.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-2960200
Estate No. 11-2960200

In the Matter of the Notice of Intention to make a proposal of:

Tantalus Labs Ltd.

Insolvent Person

ERNST & YOUNG INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

June 28, 2023

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 28, 2023, 19:38

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tantalus Labs Ltd.
of the City of Vancouver
in the Province of British Columbia

Take notice that:

1. I, Tantalus Labs Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Ernst & Young Inc. of 1133 Melville St. Suite 1900, Vancouver, BC, V6E 4E5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Vancouver in the Province of British Columbia, this 28th day of June 2023.



Tantalus Labs Ltd.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
 in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
28885 Investments Ltd.	201 - 1236 Bidwell Street Vancouver BC V6G 2K9		9,663.16
A & L Canada Laboratories Inc	2136 Jetstream Rd London Ontario ON N5V 3P5		13,694.27
Aban Security Systems	113 – 980 West 1st Street North Vancouver BC V7P 3N4		504.00
Abby Bin Services (2014) Inc.	101-8030 Enterprise Dr Chilliwack BC V2R 5N8		1,903.92
ADP	3250 Bloor St W 16th Floor Etobicoke ON M8X 2X9		1,242.16
Airstream Heating & Air Conditioning	7224 Curragh Ave Burnaby BC V5J 4V9		3,449.25
Alpine Greenhouse Services 2017 Ltd.	PO Box 948 Aldergrove BC V4W 2V1		3,510.75
Ample Organics	290 Caldari Rd Unit #2015A Concord ON L4K 4J4		8,399.85
Apollo Applied Research	240 Duncan Mill Rd #201 North York ON M3B 3S6		306.00
Aramark Canada Ltd. (Take A Break Coffee Service)	P.O. Box 12132 Station A Toronto ON M5W 0K5		2,864.60
Arnolds Rentals	7141A Mershon Street Mission BC V2V 6K2		1,200.00
Auxly Ottawa Inc.	55 Bruce Crescent Carleton Place ON K7C 3T3		31,418.96
BC Hydro	333 Dunsmuir St Vancouver BC V6B 5R3		16,692.99
Bell Mobility Inc.	5099 Creekbank Road Mississauga ON L4W 5N2		1,650.87
Bob's A to Z Rentals	20850 Lougheed Hwy Maple Ridge BC V2X 2R3		3,021.20

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
 in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Bugbusters Pest Control	20-20888 McKinney Avenue Maple Ridge BC V2X 0L7		312.90
Canada Post	2701 RIVERSIDE DR OTTAWA ON K1A 1L7		1,231.92
Canadian Analytical Laboratories	6733 KITIMAT ROAD MISSISSAUGA ON L5N 1W3		10,366.65
Canadian Bank Note	145 Richmond Road Ottawa ON K1Z 1A1		6,447.66
Canadian Industrial Mills Services Ltd.	2707 – 1011 West Cordova Street Vancouver BC V6C 0B2		306,016.43
CannaMetrics	1055 W Georgia St #1500 Vancouver BC V6E 4N7		2,240.00
Cintas	DEPT 400004 PO BOX 4372 STN A TORONTO ON M5W 0J2		1,807.90
City of Maple Ridge	11995 Haney Pl Maple Ridge BC V2X 6A9		36,351.28
CLW Distributors	5091 Slocan Street Vancouver BC V5R 2A6		2,425.50
CN Pharma Group	(Canadian National Pharma Group) 31270 Wheel Ave Abbotsford BC V2T 6H1		30,434.57
Connect Logistics Services	#1 2 Boudreau Road St. Albert AB T8N 6K3		255.02
Creative Display	#104 - 4238 Lozells Avenue Burnaby BC V5A 0C4		4,335.58
DLA Piper	Suite 6000, 1 First Canadian Place, PO box 367, 100 King Street Toronto ON M5X 1E2		14,581.87
Dot Compliance Suite	2375 E Camelback Rd, Suite 600 Phoenix AZ 85016 USA		2,453.64

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
 in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Dumoulin Black	10th Floor, 595 Howe Street Vancouver BC V6C 2T5		1,774.65
Dymapak	45 E Putnam Ave., Suite 124 Greenwich CT 06830 USA		8,193.30
Ebottles.com	4286 West Main St. Jupiter FL 33458 USA		9,868.30
Encore Poly Corporation	240 W Passaic St. Suite #7 Maywood NJ 07607 USA		4,452.74
FortisBC	PO Box 6666 Station Terminal Vancouver BC V6B 6M9		4,198.84
Great Little Box Company	11300 Twigg Place Richmond BC V6V 3C1		11,870.65
Greenway Greenhouse Cannabis	1478 Seacliff Drive KINGSVILLE ON N9Y 2M2		240,129.75
Health Canada	P/L 1918b - L/P1918b, Rm-Pièce 1804b 161 Goldenrod Drwy Ottawa ON K1A 0K9		388,490.66
James Tong	204 - 1022 Fort St. Victoria BC V8V 3K4		25,501.37
John B. Mitchell	14 Alexander Circle Edmonton AB T5N 1Z9		102,005.48
Kipco Investments Ltd.	309 - 1930 Pandora Street Vancouver BC V5L 0C7		51,002.74
Kirei Building Maintenance	170 - 422 Richards St Vancouver BC V6B 2Z4		840.00
KPMG	P.O. Box 4348 Station A Toronto ON M5W 7A6		6,965.70
KungTech	428 Alegra Terrace Milpitas CA 95035 USA		1,442.56

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Laboratoire Phytochemia	628 Boulevard Saguenay Ouest Chicoutimi QC G7J 1H4		6,305.25
Lakeview Power Systems Inc.	Unit 4 19299 - 94 Avenue Surrey BC V4N 4E6		1,798.63
MAG Contracting	32439 Beaver Drive Mission BC V2V 5R3		682.50
Maple Leaf Disposal	20378 Langley Bypass Langley BC V3A 5E7		784.98
Maple Leaf Greenery	71 Sixth St. New Westminster BC V3L 2Z6		757.66
Masada Enterprises Corporation	900 - 10303 Jasper Avenue Edmonton AB T5J 3N6		153,008.22
Medical Saints	1-150 Nantucket Blvd. Scarborough ON M1P 2P1		20,782.79
Minuteman Press	181 West 6th Ave Vancouver BC V5Y 1K3		3,523.55
North Shore Cannabis Expo	2637 Tennis Crescent Vancouver BC V6T 2C1		500.00
Obsession Cleaning Services	25145 108 Ave. Maple Ridge BC V2W 1G8		798.60
One to One	73A Millwick Dr North York ON M9L 1Y4		2,063.37
Orbis Express	6791 Elmbridge Way Suite 200 Richmond BC V7C 4N1		21,191.17
Paul Safarik			25,501.37
Peaceleaf Cannabis	203-8801 Resources Rd Grande Prairie AB T8V 3A6		554.40
PEI Cannabis	3 Garfield Street Charlottetown PE C1A 6A4		7,162.20

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
 in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
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Phoenix Staffing Solutions	211-15240 56 Ave. Surrey BC V3S 5K7		66,060.23
Pin High Capital	Suite 1250 - 885 West Georgia St. Vancouver BC V6C 3E8		102,005.48
Plant Products (Biobest Canada)	Willowbrook Business Center Unit 114 19292 60th Ave Surrey BC V3S 3M2		5,022.30
Plantlife Cannabis (2082326 Alberta Ltd.)	2500-10175 101 Street North-West Edmonton AB T5J 0H3		864.42
Prairie Merchant	Seventh Floor, 933 – 17th Avenue SW Calgary AB T2T 5R6		102,005.48
Premier Cloud	504-1803 Douglas Street Victoria BC V8T 5C3		3,092.70
Pureaqua Water Company	P.O. Box #479 - 20800 Lougheed Hwy. Maple Ridge BC V2X 3P2		435.10
Purolator Courier Ltd	PO Box 4800, Stn. Main Concord ON L4K 0K1		18,362.43
Receiver General for Canada	Place du Portage Phase III 11A2-11 Laurier Street Gatineau QC K1A 0S5		4,473,081.55
Rose Security Services	260-500 Sixth Avenue New Westminster BC V3L 1V3		1,247.40
Sani Marc	42 rue de l'Artisan Victoriaville QC G6P 7E3		1,127.43
Scigiene Corporation	PO Box 25024, RPO Morningside Toronto ON M1E 0A7		437.91
Segra Biogenesis Corp	21300 Gordon Way #108 Richmond BC V6W 1M2		4,271.68
Shopify Inc	151 O'Connor St. Ground Floor Ottawa ON K2P 2L8		417.26
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SK Track Loaders Ltd.	4690 Saddlehorn Crescent Langley BC V2Z 2L7		3,570.00
Sneeze Magazine	990 JACKSON WAY Delta BC V4L 1W4		525.00
Sterigenics Radiation Technologies Canada, Inc.	1425 Kebet Way Port Coquitlam BC V3C 6L3		18,309.30
Sunbelt Rentals, Inc	PO BOX 99257 - STATION TERMINAL VANCOUVER BC V6B 0N5		1,790.43
Sungrown Mortgage Corporation	14 Alexander Circle Edmonton AB T5N 1Z9		5,586,808.49
Tableau Software, LLC - Salesforce	C/O 913321 PO BOX 4090 STN A TORONTO ON M5W 0E9		1,240.07
Terralink Horticulture Inc.	464 Riverside Rd. Abbotsford BC V2S 7M1		6,190.33
The Joint Cannabis	578 St. Mary's Rd. Winnipeg MB R2M 3L5		11,037.40
The Pot Shack	#3-1115 Grosvenor Avenue Saskatoon SK S7H 4G2		420.00
The UPS Canada	UPS 4900 Station A Toronto ON M5W 0A7		1,919.21
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UniFirst Canada	9189 196 A Street Langley BC V1M 3B5		3,967.96
Urban Impact	5 Capilano Way New Westminster BC V3L 5G3		373.45
Vancity Visa	PO Box 2120, Station Terminal Vancouver V6B 5R8		14,090.17
VXG Inc.	77 Bloor St West - Suite 600 Toronto ON M5S 1M2		1,506.75

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(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tantalus Labs Ltd.
of the City of Vancouver
in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Water Tiger (Tiger Purification Systems Inc.)	PO Box 42097 Champlain Mall Vancouver BC V5S 4R5		607.02
Western Economic Diversification Canada	PacifiCan 1300-300 West Georgia Street Vancouver BC V6B 6B4		838,000.00
Western Economic Diversification Canada	PacifiCan 1300-300 West Georgia Street Vancouver BC V6B 6B4		974,579.00
William Boulton	2650 - 650 West Georgia St. Vancouver BC V6B 4N8		153,008.22
ZenDesk	989 Market St. San Francisco CA 94103 USA		302.02
Total			14,023,083.82



Tantalus Labs Ltd.
Insolvent Person

Appendix B



Ernst & Young Inc.
Suite 1900
1133 Melville Street
Vancouver, BC V6E 4E5

Tel: +1 604 891 8200
Fax: +1 604 899 3530
ey.com/ca/Tantalus

June 29, 2023

To the creditors of Tantalus Labs Ltd.

NOTICE OF INTENTION TO MAKE A PROPOSAL OF TANTALUS LABS LTD (“Tantalus”)

On June 28, 2023, Tantalus filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). Ernst & Young Inc. (“**EY**”) consented to act as Trustee in the proposal proceedings.

You are receiving this notice as Tantalus has identified you as a creditor. We enclose herewith the following:

1. Certificate of Filing of a Notice of Intention to make a Proposal;
2. Form 33 – Notice of Intention to Make a Proposal; and
3. a List of Creditors with claims of \$250 or more per the Company’s records.

Pursuant to section 69(1) of the BIA, all proceedings and actions against Tantalus are stayed. No creditor shall have any remedy against Tantalus or its property, or shall commence or continue any action, execution or other proceedings for the recovery of a claim against Tantalus arising prior to June 28, 2023. The applicable portions of Section 69 are enclosed with this notice.

Tantalus will continue to operate during these proposal proceedings. Once Tantalus formulates a proposal, further documentation will be provided to you, at which time you will be provided the opportunity to file a Proof of Claim form to assert your claim. If the amount owing to you is different to the amount listed on the List of Creditors, you are not required to contact the Trustee at this time.

Further information with respect to this matter can be found available on the Trustee’s website, which will be active in the coming days: www.ey.com/ca/Tantalus. Should you have further questions or require additional information, please contact Kaleb Dekker at 604-648-6716 or Kaleb.Dekker@parthenon.ey.com.

Sincerely,

ERNST & YOUNG INC.

In its capacity as Trustee under the Notice of Intention to make a Proposal of Tantalus Labs Ltd.

and not in its personal or corporate capacity

Per:

Holly Palmer, CPA, CIRP, LIT

Senior Vice President

Stay Of Proceedings — Notice Of Intention

69 (1) Subject to subsections (2) and (3) and sections 69.4, 69.5 and 69.6, on the filing of a notice of intention under section 50.4 by an insolvent person,

(a) no creditor has any remedy against the insolvent person or the insolvent person's property, or shall commence or continue any action, execution or other proceedings, for the recovery of a claim provable in bankruptcy,

(b) no provision of a security agreement between the insolvent person and a secured creditor that provides, in substance, that on

(i) the insolvent person's insolvency,

(ii) the default by the insolvent person of an obligation under the security agreement, or

(iii) the filing by the insolvent person of a notice of intention under section 50.4,

the insolvent person ceases to have such rights to use or deal with assets secured under the agreement as he would otherwise have, has any force or effect,

(c) Her Majesty in right of Canada may not exercise Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*, or

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that

(A) refers to subsection 224(1.2) of the *Income Tax Act*, and

(B) provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts,

in respect of the insolvent person where the insolvent person is a tax debtor under that subsection or provision, and

(d) Her Majesty in right of a province may not exercise her rights under any provision of provincial legislation in respect of the insolvent person where the insolvent person is a debtor under the provincial legislation and the provision has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a province providing a comprehensive pension plan as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a provincial pension plan as defined in that subsection,

until the filing of a proposal under subsection 62(1) in respect of the insolvent person or the bankruptcy of the insolvent person.

Limitation

(2) The stays provided by subsection (1) do not apply

(a) to prevent a secured creditor who took possession of secured assets of the insolvent person for the purpose of realization before the notice of intention under section 50.4 was filed from dealing with those assets;

(b) to prevent a secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security against the insolvent person more than ten days before the notice of intention under section 50.4 was filed, from enforcing that security, unless the secured creditor consents to the stay;

(c) to prevent a secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security from enforcing the security if the insolvent person has, under subsection 244(2), consented to the enforcement action; or

(d) [Repealed, 2012, c. 31, s. 416]

Limitation

(3) A stay provided by paragraph (1)(c) or (d) does not apply, or terminates, in respect of Her Majesty in right of Canada and every province if

(a) the insolvent person defaults on payment of any amount that becomes due to Her Majesty after the filing of the notice of intention and could be subject to a demand under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a **province providing a comprehensive pension plan** as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a **provincial pension plan** as defined in that subsection; or

(b) any other creditor is or becomes entitled to realize a security on any property that could be claimed by Her Majesty in exercising Her rights under

(i) subsection 224(1.2) of the *Income Tax Act*,

(ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts, or

(iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*, or

(B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a **province providing a comprehensive pension plan** as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a **provincial pension plan** as defined in that subsection.



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia
Division No. 03 - Vancouver
Court No. 11-2960200
Estate No. 11-2960200

In the Matter of the Notice of Intention to make a proposal of:

Tantalus Labs Ltd.

Insolvent Person

ERNST & YOUNG INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

June 28, 2023

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: June 28, 2023, 19:38

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tantalus Labs Ltd.
of the City of Vancouver
in the Province of British Columbia

Take notice that:

1. I, Tantalus Labs Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Ernst & Young Inc. of 1133 Melville St. Suite 1900, Vancouver, BC, V6E 4E5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Vancouver in the Province of British Columbia, this 28th day of June 2023.



Tantalus Labs Ltd.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: British Columbia
 Division No. 03 - Vancouver
 Court No.
 Estate No.

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 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Tantalus Labs Ltd.
 of the City of Vancouver
 in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
28885 Investments Ltd.	201 - 1236 Bidwell Street Vancouver BC V6G 2K9		9,663.16
A & L Canada Laboratories Inc	2136 Jetstream Rd London Ontario ON N5V 3P5		13,694.27
Aban Security Systems	113 – 980 West 1st Street North Vancouver BC V7P 3N4		504.00
Abby Bin Services (2014) Inc.	101-8030 Enterprise Dr Chilliwack BC V2R 5N8		1,903.92
ADP	3250 Bloor St W 16th Floor Etobicoke ON M8X 2X9		1,242.16
Airstream Heating & Air Conditioning	7224 Curragh Ave Burnaby BC V5J 4V9		3,449.25
Alpine Greenhouse Services 2017 Ltd.	PO Box 948 Aldergrove BC V4W 2V1		3,510.75
Ample Organics	290 Caldari Rd Unit #2015A Concord ON L4K 4J4		8,399.85
Apollo Applied Research	240 Duncan Mill Rd #201 North York ON M3B 3S6		306.00
Aramark Canada Ltd. (Take A Break Coffee Service)	P.O. Box 12132 Station A Toronto ON M5W 0K5		2,864.60
Arnolds Rentals	7141A Mershon Street Mission BC V2V 6K2		1,200.00
Auxly Ottawa Inc.	55 Bruce Crescent Carleton Place ON K7C 3T3		31,418.96
BC Hydro	333 Dunsmuir St Vancouver BC V6B 5R3		16,692.99
Bell Mobility Inc.	5099 Creekbank Road Mississauga ON L4W 5N2		1,650.87
Bob's A to Z Rentals	20850 Lougheed Hwy Maple Ridge BC V2X 2R3		3,021.20

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Creditor	Address	Account#	Claim Amount
Bugbusters Pest Control	20-20888 McKinney Avenue Maple Ridge BC V2X 0L7		312.90
Canada Post	2701 RIVERSIDE DR OTTAWA ON K1A 1L7		1,231.92
Canadian Analytical Laboratories	6733 KITIMAT ROAD MISSISSAUGA ON L5N 1W3		10,366.65
Canadian Bank Note	145 Richmond Road Ottawa ON K1Z 1A1		6,447.66
Canadian Industrial Mills Services Ltd.	2707 – 1011 West Cordova Street Vancouver BC V6C 0B2		306,016.43
CannaMetrics	1055 W Georgia St #1500 Vancouver BC V6E 4N7		2,240.00
Cintas	DEPT 400004 PO BOX 4372 STN A TORONTO ON M5W 0J2		1,807.90
City of Maple Ridge	11995 Haney Pl Maple Ridge BC V2X 6A9		36,351.28
CLW Distributors	5091 Slocan Street Vancouver BC V5R 2A6		2,425.50
CN Pharma Group	(Canadian National Pharma Group) 31270 Wheel Ave Abbotsford BC V2T 6H1		30,434.57
Connect Logistics Services	#1 2 Boudreau Road St. Albert AB T8N 6K3		255.02
Creative Display	#104 - 4238 Lozells Avenue Burnaby BC V5A 0C4		4,335.58
DLA Piper	Suite 6000, 1 First Canadian Place, PO box 367, 100 King Street Toronto ON M5X 1E2		14,581.87
Dot Compliance Suite	2375 E Camelback Rd, Suite 600 Phoenix AZ 85016 USA		2,453.64

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Dumoulin Black	10th Floor, 595 Howe Street Vancouver BC V6C 2T5		1,774.65
Dymapak	45 E Putnam Ave., Suite 124 Greenwich CT 06830 USA		8,193.30
Ebottles.com	4286 West Main St. Jupiter FL 33458 USA		9,868.30
Encore Poly Corporation	240 W Passaic St. Suite #7 Maywood NJ 07607 USA		4,452.74
FortisBC	PO Box 6666 Station Terminal Vancouver BC V6B 6M9		4,198.84
Great Little Box Company	11300 Twigg Place Richmond BC V6V 3C1		11,870.65
Greenway Greenhouse Cannabis	1478 Seacliff Drive KINGSVILLE ON N9Y 2M2		240,129.75
Health Canada	P/L 1918b - L/P1918b, Rm-Pièce 1804b 161 Goldenrod Drwy Ottawa ON K1A 0K9		388,490.66
James Tong	204 - 1022 Fort St. Victoria BC V8V 3K4		25,501.37
John B. Mitchell	14 Alexander Circle Edmonton AB T5N 1Z9		102,005.48
Kipco Investments Ltd.	309 - 1930 Pandora Street Vancouver BC V5L 0C7		51,002.74
Kirei Building Maintenance	170 - 422 Richards St Vancouver BC V6B 2Z4		840.00
KPMG	P.O. Box 4348 Station A Toronto ON M5W 7A6		6,965.70
KungTech	428 Alegra Terrace Milpitas CA 95035 USA		1,442.56

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Premier Cloud	504-1803 Douglas Street Victoria BC V8T 5C3		3,092.70
Pureaqua Water Company	P.O. Box #479 - 20800 Lougheed Hwy. Maple Ridge BC V2X 3P2		435.10
Purolator Courier Ltd	PO Box 4800, Stn. Main Concord ON L4K 0K1		18,362.43
Receiver General for Canada	Place du Portage Phase III 11A2-11 Laurier Street Gatineau QC K1A 0S5		4,473,081.55
Rose Security Services	260-500 Sixth Avenue New Westminister BC V3L 1V3		1,247.40
Sani Marc	42 rue de l'Artisan Victoriaville QC G6P 7E3		1,127.43
Scigiene Corporation	PO Box 25024, RPO Morningside Toronto ON M1E 0A7		437.91
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The Pot Shack	#3-1115 Grosvenor Avenue Saskatoon SK S7H 4G2		420.00
The UPS Canada	UPS 4900 Station A Toronto ON M5W 0A7		1,919.21
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UniFirst Canada	9189 196 A Street Langley BC V1M 3B5		3,967.96
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Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Tantalus Labs Ltd.
of the City of Vancouver
in the Province of British Columbia

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Water Tiger (Tiger Purification Systems Inc.)	PO Box 42097 Champlain Mall Vancouver BC V5S 4R5		607.02
Western Economic Diversification Canada	PacifiCan 1300-300 West Georgia Street Vancouver BC V6B 6B4		838,000.00
Western Economic Diversification Canada	PacifiCan 1300-300 West Georgia Street Vancouver BC V6B 6B4		974,579.00
William Boulton	2650 - 650 West Georgia St. Vancouver BC V6B 4N8		153,008.22
ZenDesk	989 Market St. San Francisco CA 94103 USA		302.02
Total			14,023,083.82



Tantalus Labs Ltd.
Insolvent Person

Appendix C

Tantalus Labs Ltd. (the "Company")
 Creditors List as at June 28, 2023 (Preliminary and Unaudited)
 as prepared by the Company
 (Amounts greater than \$250 CAD)

SECURED

Creditor Name	Street	City	Province	Postal Code	Country	Claim Amount
Sungrown Mortgage Corporation	14 Alexander Circle	Edmonton	AB	T5N 1Z9	CA	\$ 5,586,808.49
Total						\$ 5,586,808.49

UNSECURED

Creditor Name	Street	City	Province	Postal Code	Country	Claim Amount
28885 Investments Ltd.	201 - 1236 Bidwell Street	Vancouver	BC	V6G 2K9	CA	\$ 9,663.16
A & L Canada Laboratories Inc.	2136 Jetstream Rd	London	ON	N5V 3P5	CA	\$ 13,694.27
Aban Security Systems	113 – 980 West 1st Street	North Vancouver	BC	V7P 3N4	CA	\$ 504.00
Abby Bin Services (2014) Inc.	101-8030 Enterprise Dr	Chilliwack	BC	V2R 5N8	CA	\$ 1,903.92
ADP	3250 Bloor St W 16th Floor	Etobicoke	ON	M8X 2X9	CA	\$ 1,242.16
Airstream Heating & Air Conditioning	7224 Curragh Ave	Burnaby	BC	V5J 4V9	CA	\$ 3,449.25
Alpine Greenhouse Services 2017 Ltd.	PO Box 948	Aldergrove	BC	V4W 2V1	CA	\$ 3,510.75
Ample Organics	290 Caldari Rd Unit #2015A	Concord	ON	L4K 4J4	CA	\$ 8,399.85
Apollo Applied Research	240 Duncan Mill Rd #201	North York	ON	M3B 3S6	CA	\$ 306.00
Aramark Canada Ltd. (Take A Break Coffee Services)	P.O. Box 12132 Station A	Toronto	ON	M5W 0K5	CA	\$ 2,864.60
Arnolds Rentals	7141A Mershon Street	Mission	BC	V2V 6K2	CA	\$ 1,200.00
Auxly Ottawa Inc.	55 Bruce Crescent	Carleton Place	ON	K7C 3T3	CA	\$ 31,418.96
BC Hydro	333 Dunsmuir St	Vancouver	BC	V6B 5R3	CA	\$ 16,692.99
Bell Mobility Inc.	5099 Creekbank Road	Mississauga	ON	L4W 5N2	CA	\$ 1,650.87
Bob's A to Z Rentals	20850 Lougheed Hwy	Maple Ridge	BC	V2X 2R3	CA	\$ 3,021.20
Bugbusters Pest Control	20-20888 McKinney Avenue	Maple Ridge	BC	V2X 0L7	CA	\$ 312.90
Canada Post	2701 RIVERSIDE DR	OTTAWA	ON	K1A 1L7	CA	\$ 1,231.92
Canadian Analytical Laboratories	6733 KITIMAT ROAD	Mississauga	ON	L5N 1W3	CA	\$ 10,366.65
Canadian Bank Note	145 Richmond Road	Ottawa	ON	K1Z 1A1	CA	\$ 6,447.66
Canadian Industrial Mills Services Ltd.	2707 – 1011 West Cordova Street	Vancouver	BC	V6C 0B2	CA	\$ 306,016.43
CannaMetrics	1055 W Georgia St #1500	Vancouver	BC	V6E 4N7	CA	\$ 2,240.00
Cintas	DEPT 400004 PO BOX 4372 STN A	Toronto	ON	M5W 0J2	CA	\$ 1,807.90
City of Maple Ridge	11995 Haney Pl	Maple Ridge	BC	V2X 6A9	CA	\$ 36,351.28
CLW Distributors	5091 Slocan Street	Vancouver	BC	V5R 2A6	CA	\$ 2,425.50
CN Pharma Group	31270 Wheel Ave	Abbotsford	BC	V2T 6H1	CA	\$ 30,434.57
Connect Logistics Services	#1 2 Boudreau Road	St. Albert	AB	T8N 6K3	CA	\$ 255.02
Creative Display	#104 - 4238 Lozells Avenue	Burnaby	BC	V5A 0C4	CA	\$ 4,335.58
DLA Piper	Suite 6000, 1 First Canadian Place, PO box 367, 100 King Street	Toronto	ON	M5X 1E2	CA	\$ 14,581.87
Dot Compliance Suite	2375 E Camelback Rd, Suite 600	Phoenix	AZ	85016	USA	\$ 2,453.64
Dumoulin Black	10th Floor, 595 Howe Street	Vancouver	BC	V6C 2T5	CA	\$ 1,774.65
Dymapak	45 E Putnam Ave., Suite 124	Greenwich	CT	6830	USA	\$ 8,193.30
Ebottles.com	4286 West Main St.	Jupiter	FL	33458	USA	\$ 9,868.30
Encore Poly Corporation	240 W Passaic St. Suite #7	Maywood	NJ	7607	USA	\$ 4,452.74
FortisBC	PO Box 6666 Station Terminal	Vancouver	BC	V6B 6M9	CA	\$ 4,198.84
Great Little Box Company	11300 Twigg Place	Richmond	BC	V6V 3C1	CA	\$ 11,870.65

Tantalus Labs Ltd. (the "Company")
Creditors List as at June 28, 2023 (Preliminary and Unaudited)
as prepared by the Company
(Amounts greater than \$250 CAD)

Greenway Greenhouse Cannabis	1478 Seacliff Drive	KINGSVILLE	ON	N9Y 2M2	CA	\$	240,129.75
Health Canada	P/L 1918b - L/P1918b, Rm-Pièce 1804b 161 Goldenrod Drwy	Ottawa	ON	K1A 0K9	CA	\$	388,490.66
James Tong	204 - 1022 Fort St.	Victoria	BC	V8V 3K4	CA	\$	25,501.37
John B. Mitchell	14 Alexander Circle	Edmonton	AB	T5N 1Z9	CA	\$	102,005.48
Kipco Investments Ltd.	309 - 1930 Pandora Street	Vancouver	BC	V5L 0C7	CA	\$	51,002.74
Kirei Building Maintenance	170 - 422 Richards St	Vancouver	BC	V6B 2Z4	CA	\$	840.00
KPMG	P.O. Box 4348 Station A	Toronto	ON	M5W 7A6	CA	\$	6,965.70
KungTech	428 Alegra Terrace	Milpitas	CA	95035	USA	\$	1,442.56
Laboratoire Phytochemia	628 Boulevard Saguenay Ouest	Chicoutimi	QC	G7J 1H4	CA	\$	6,305.25
Lakeview Power Systems Inc.	Unit 4 19299 - 94 Avenue	Surrey	BC	V4N 4E6	CA	\$	1,798.63
MAG Contracting	32439 Beaver Drive	Mission	BC	V2V 5R3	CA	\$	682.50
Maple Leaf Disposal	20378 Langley Bypass	Langley	BC	V3A 5E7	CA	\$	784.98
Maple Leaf Greenery	71 Sixth St.	New Westminster	BC	V3L 2Z6	CA	\$	757.66
Masada Enterprises Corporation	900 - 10303 Jasper Avenue	Edmonton	AB	T5J 3N6	CA	\$	153,008.22
Medical Saints	1-150 Nantucket Blvd.	Scarborough	ON	M1P 2P1	CA	\$	20,782.79
Minuteman Press	181 West 6th Ave	Vancouver	BC	V5Y 1K3	CA	\$	3,523.55
North Shore Cannabis Expo	2637 Tennis Crescent	Vancouver	BC	V6T 2C1	CA	\$	500.00
Obsession Cleaning Services	25145 108 Ave.	Maple Ridge	BC	V2W 1G8	CA	\$	798.60
One to One	73A Millwick Dr	North York	ON	M9L 1Y4	CA	\$	2,063.37
Orbis Express	6791 Elmbridge Way Suite 200	Richmond	BC	V7C 4N1	CA	\$	21,191.17
Paul Safarik	Apt 301, 1720 Larch Street	Vancouver	BC	V6K 3N8	CA	\$	25,501.37
Peaceleaf Cannabis	203-8801 Resources Rd	Grande Prairie	AB	T8V 3A6	CA	\$	554.40
PEI Cannabis	3 Garfield Street	Charlottetown	PE	C1A 6A4	CA	\$	7,162.20
Phoenix Supply Chain Consultants Ltd.	211-15240 56 Ave.	Surrey	BC	V3S 5K7	CA	\$	66,060.23
Pin High Capital	Suite 1250 - 885 West Georgia St.	Vancouver	BC	V6C 3E8	CA	\$	102,005.48
Plant Products (Biobest Canada)	Willowbrook Business Center Unit 114 19292 60th Ave	Surrey	BC	V3S 3M2	CA	\$	5,022.30
Plantlife Cannabis (2082326 Alberta Ltd.)	2500-10175 101 Street North-West	Edmonton	AB	T5J 0H3	CA	\$	864.42
Prairie Merchant	Seventh Floor, 933 – 17th Avenue SW	Calgary	AB	T2T 5R6	CA	\$	102,005.48
Premier Cloud	504-1803 Douglas Street	Victoria	BC	V8T 5C3	CA	\$	3,092.70
Pureaqua Water Company	P.O. Box #479 - 20800 Lougheed Hwy.	Maple Ridge	BC	V2X 3P2	CA	\$	435.10
Purolator Courier Ltd	PO Box 4800, Stn. Main	Concord	ON	L4K 0K1	CA	\$	18,362.43
Receiver General for Canada	Place du Portage Phase III 11A2-11 Laurier Street	Gatineau	QC	K1A 0S5	CA	\$	4,473,081.55
Rose Security Services	260-500 Sixth Avenue	New Westminster	BC	V3L 1V3	CA	\$	1,247.40
Sani Marc	42 rue de l'Artisan	Victoriaville	QC	G6P 7E3	CA	\$	1,127.43
Scigiene Corporation	PO Box 25024, RPO Morningside	Toronto	ON	M1E 0A7	CA	\$	437.91
Segra Biogenesis Corp	21300 Gordon Way #108	Richmond	BC	V6W 1M2	CA	\$	4,271.68
Shopify Inc	151 O'Connor St. Ground Floor	Ottawa	ON	K2P 2L8	CA	\$	417.26
Sigma Analytical Services	1510 Birchmount Rd #209/210	Toronto	ON	M1P 2G6	CA	\$	381.38
SK Track Loaders Ltd.	4690 Saddlehorn Crescent	Langley	BC	V2Z 2L7	CA	\$	3,570.00
Sneeze Magazine	990 JACKSON WAY	Delta	BC	V4L 1W4	CA	\$	525.00
Sterigenics Radiation Technologies Canada, Inc.	1425 Kebet Way	Port Coquitlam	BC	V3C 6L3	CA	\$	18,309.30
Sunbelt Rentals, Inc	PO BOX 99257 - STATION TERMINAL	VANCOUVER	BC	V6B 0N5	CA	\$	1,790.43
Tableau Software, LLC - Salesforce	C/O 913321 PO BOX 4090 STN A	TORONTO	ON	M5W 0E9	CA	\$	1,240.07
Terralink Horticulture Inc.	464 Riverside Rd.	Abbotsford	BC	V2S 7M1	CA	\$	6,190.33
The Joint Cannabis	578 St. Mary's Rd.	Winnipeg	MB	R2M 3L5	CA	\$	11,037.40

Tantalus Labs Ltd. (the "Company")
 Creditors List as at June 28, 2023 (Preliminary and Unaudited)
 as prepared by the Company
 (Amounts greater than \$250 CAD)

The Pot Shack	#3-1115 Grosvenor Avenue	Saskatoon	SK	S7H 4G2	CA	\$	420.00
The UPS Canada	UPS 4900 Station A	Toronto	ON	M5W 0A7	CA	\$	1,919.21
Uline	UPS 4900 Station A	Toronto	ON	M5W 0A7	CA	\$	5,091.92
UniFirst Canada	9189 196 A Street	Langley	BC	V1M 3B5	CA	\$	3,967.96
Urban Impact	5 Capilano Way	New Westminster	BC	V3L 5G3	CA	\$	373.45
Vancity Visa	PO Box 2120, Station Terminal	Vancouver	BC	V6B 5R8	CA	\$	14,090.17
VXG Inc.	77 Bloor St West - Suite 600	Toronto	ON	M5S 1M2	CA	\$	1,506.75
Water Tiger (Tiger Purification Systems Inc.)	PO Box 42097 Champlain Mall	Vancouver	BC	V5S 4R5	CA	\$	607.02
Western Economic Diversification Canada	1300-300 West Georgia Street	Vancouver	BC	V6B 6B4	CA	\$	838,000.00
Western Economic Diversification Canada	1300-300 West Georgia Street	Vancouver	BC	V6B 6B4	CA	\$	974,579.00
William Boulton	2650 - 650 West Georgia St.	Vancouver	BC	V6B 4N8	CA	\$	153,008.22
ZenDesk	989 Market St.	San Francisco	CA	94103	USA	\$	302.02

Total \$ 8,436,275.33

Appendix D

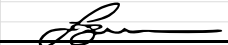
Tantalus Labs Ltd.

30-DAY STAY OF PROCEEDINGS															
Week			1	2	3	4	5	6	7	8	9	10	11	12	13
Dates (Week Ending)	Note	Total	Jul 5, 2023	Jul 12, 2023	Jul 19, 2023	Jul 26, 2023	Aug 2, 2023	Aug 9, 2023	Aug 16, 2023	Aug 23, 2023	Aug 30, 2023	Sep 6, 2023	Sep 13, 2023	Sep 20, 2023	Sep 27, 2023
Cash Inflows															
Accounts Receivables Collections		\$ 856,050	\$ 63,705	\$ 220,000	\$ 294,935	\$ 277,410									
Inventory - Packaged	A	\$ 1,200,000				\$ 90,000	\$ 90,000	\$ 300,000	\$ 300,000	\$ 210,000	\$ 210,000	\$ -			
Inventory - Bulk	B	\$ 758,497		\$ 189,624	\$ 189,624	\$ 189,624	\$ 189,624								
SKU Portfolio Value	C	\$ -													
OMNI Software Value	D	\$ -													
Elevated Signals Shares Liquidation Value	E	\$ 212,366				\$ 212,366									
Facility value	F	\$ -													
Cash Outflows															
Facility Operating Costs															
Shipping		\$ (25,215)	\$ (215)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)							
Lab Testing		\$ (1,000)		\$ (500)		\$ (500)									
Employee Expenses		\$ (5,000)		\$ (5,000)											
Hydro		\$ (15,000)				\$ (7,500)					\$ (7,500)				
Fortis		\$ (7,000)				\$ (3,500)					\$ (3,500)				
Internet		\$ (1,300)				\$ (650)					\$ (650)				
Misc operating costs (mgmt phones, Rose security monitoring, Telus fire monitoring)		\$ (7,795)	\$ (295)	\$ (2,500)	\$ (2,500)	\$ (2,500)									
Labour Costs (retained Tantalus employees)	G	\$ (244,189)		\$ (88,954)		\$ (88,954)			\$ (22,094)		\$ (22,094)				\$ (22,094)
SunLife Employee Benefits (July 2023)		\$ (14,000)				\$ (14,000)									
GST payable		\$ (15,000)					\$ (15,000)								
Excise Taxes Payable (July 2023 sales)		\$ (336,000)									\$ (336,000)				
Insurance (Property coverage extension - 3-months)		\$ (45,000)	\$ (75,000)	\$ 30,000											
Restructuring Costs															
Receiver/ Trustee Cost (+ Legal)		\$ (155,000)	\$ (35,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
Legal Fees		\$ (250,000)	\$ (50,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)
KERP		\$ (350,000)					\$ (350,000)								
Sungrown Fee for filing NOI		\$ (50,000)	\$ (50,000)												
Net Cash Flow		\$ 1,505,415	\$ (146,805)	\$ 297,670	\$ 437,059	\$ 606,797	\$ (130,376)	\$ 275,000	\$ 257,906	\$ 190,000	\$ (179,744)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (42,094)
Cash Balance, Beginning		\$ 1,538,551	\$ 1,538,551	\$ 1,391,746	\$ 1,689,416	\$ 2,126,475	\$ 2,733,273	\$ 2,602,897	\$ 2,877,897	\$ 3,135,803	\$ 3,325,803	\$ 3,146,059	\$ 3,126,059	\$ 3,106,059	\$ 3,086,059
Net Cash Flow		\$ 1,505,415	\$ (146,805)	\$ 297,670	\$ 437,059	\$ 606,797	\$ (130,376)	\$ 275,000	\$ 257,906	\$ 190,000	\$ (179,744)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (42,094)
Cash Balance, Ending		\$ 3,043,966	\$ 1,391,746	\$ 1,689,416	\$ 2,126,475	\$ 2,733,273	\$ 2,602,897	\$ 2,877,897	\$ 3,135,803	\$ 3,325,803	\$ 3,146,059	\$ 3,126,059	\$ 3,106,059	\$ 3,086,059	\$ 3,043,966

NOTES

- A Tantalus will continue to orchestrate and fulfill purchase orders for its packaged inventory through its wholesale distribution partners for the month of July 2023 (via BCLDB, AGLC, MBL, OCS, PEIMC, YLC, and Saskatchewan) at Tantalus listed prices.
- B Tantalus will sell its bulk unpackaged inventory (trimmed and dried) to other LPs during the month of July (estimated \$0.60/gram)
- C Tantalus is running a Sales and Investment Solicitation Process (SISP) alongside its trustee, E&Y, to monetize the value of its brand and SKU portfolio across Canada
- D Tantalus has internally developed software, named OMNI, for inventory management and fulfillment that it will seek to monetize through the SISP process
- E Tantalus owns shares in a private company Elevated Signals (an agriculture manufacturing software) that is used by a large portion of the licensed producers of cannabis in Canada. They are working through a raise and if feasible we can source a secondary market buyer
- F Tantalus owns the land and greenhouse facility and will be seeking a buyer through the SISP process. The valuation of the facility and land is unknown at this time and will likely close beyond the 13-week period and as such is not included in the cash flows above. A Colliers appraisal dated June 30, 2023 has the facility and equipment valued at \$7.1 million as an alternative use facility
- G Tantalus is retaining 22 employees at the outset to facilitate the finishing of inventory harvests, sale of inventory, fulfillment, regulatory compliance, and running the SISP process.


Lucas Jenkins, CFO

Tantalus Labs Ltd.																		
FIRESALE (LICENCES REVOKED)																		
Week			1	2	3	4	5	6	7	8	9	10	11	12	13			
Dates (Week Ending)	Note	Total	Jul 5, 2023	Jul 12, 2023	Jul 19, 2023	Jul 26, 2023	Aug 2, 2023	Aug 9, 2023	Aug 16, 2023	Aug 23, 2023	Aug 30, 2023	Sep 6, 2023	Sep 13, 2023	Sep 20, 2023	Sep 27, 2023			
Cash Inflows																		
Accounts Receivables Collections	A	\$ 856,050	\$ 63,705	\$ 220,000	\$ 294,935	\$ 277,410												
Inventory - Packaged	A	\$ 172,500				\$ -	\$ 51,750	\$ -	\$ 120,750	\$ -	\$ -	\$ -						
Inventory - Bulk	B	\$ 121,500		\$ -	\$ 121,500	\$ -	\$ -											
SKU Portfolio Value	C	\$ -																
OMNI Software Value	D	\$ -																
Elevated Signals Shares Liquidation Value	E	\$ 212,366				\$ 212,366												
Facility value	F	\$ -																
Cash Outflows																		
Facility Operating Costs																		
Shipping		\$ (10,215)	\$ (215)	\$ (10,000)														
Lab Testing		\$ -																
Employee Expenses		\$ (5,000)		\$ (5,000)														
Hydro		\$ (15,000)				\$ (7,500)					\$ (7,500)							
Fortis		\$ (7,000)				\$ (3,500)					\$ (3,500)							
Internet		\$ (1,300)				\$ (650)					\$ (650)							
Misc operating costs (retained employee phones, Rose security monitoring, Telus fire monitoring)		\$ (7,795)	\$ (295)	\$ (2,500)	\$ (2,500)	\$ (2,500)												
Labour Costs (retained Tantalus employees)	G	\$ (244,189)		\$ (88,954)		\$ (88,954)			\$ (22,094)		\$ (22,094)				\$ (22,094)			
SunLife Employee Benefits (July 2023)		\$ (14,000)				\$ (14,000)												
GST payable		\$ (15,000)					\$ (15,000)											
Excise Taxes Payable (July 2023 sales)		\$ (48,300)									\$ (48,300)							
Insurance (Property coverage extension - 3-months)		\$ (45,000)	\$ (75,000)	\$ 30,000														
Restructuring Costs																		
Trustee Cost (+ Legal)		\$ (155,000)	\$ (35,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)			
Legal Fees		\$ (250,000)	\$ (50,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (30,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)	\$ (10,000)			
KERP		\$ (350,000)					\$ (350,000)											
Sungrown Mortgage Fee for filing NOI		\$ (50,000)	\$ (50,000)															
Net Cash Flow		\$ 144,618	\$ (146,805)	\$ 103,546	\$ 373,935	\$ 332,673	\$ (353,250)	\$ (20,000)	\$ 78,656	\$ (20,000)	\$ (102,044)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (42,094)			
Cash Balance, Beginning		\$ 1,538,551	\$ 1,538,551	\$ 1,391,746	\$ 1,495,292	\$ 1,869,227	\$ 2,201,900	\$ 1,848,650	\$ 1,828,650	\$ 1,907,306	\$ 1,887,306	\$ 1,785,262	\$ 1,765,262	\$ 1,745,262	\$ 1,725,262			
Net Cash Flow		\$ 144,618	\$ (146,805)	\$ 103,546	\$ 373,935	\$ 332,673	\$ (353,250)	\$ (20,000)	\$ 78,656	\$ (20,000)	\$ (102,044)	\$ (20,000)	\$ (20,000)	\$ (20,000)	\$ (42,094)			
Cash Balance, Ending		\$ 1,683,169	\$ 1,391,746	\$ 1,495,292	\$ 1,869,227	\$ 2,201,900	\$ 1,848,650	\$ 1,828,650	\$ 1,907,306	\$ 1,887,306	\$ 1,785,262	\$ 1,765,262	\$ 1,745,262	\$ 1,725,262	\$ 1,683,169			
NOTES																		
A If Tantalus licence is pulled on July 11, 2023, Tantalus will have to firesale its packaged inventory to another LP to facilitate orders of its SKUs under another licence of which fees will have to be paid to another LP, thus resulting in significantly less cash flow to Tantalus.																		
B If Tantalus licence is pulled on July 11, 2023, Tantalus will sell its bulk unpackaged inventory (trimmed and dried) to other LPs on an expedited process. This would have to take place on Monday, July 10, 2023 and would be at firesale prices (estimated at average of \$0.10/gram)																		
C Tantalus is running a Sales and Investment Solicitation Process (SISP) alongside its trustee, E&Y, to monetize the value of its brand and SKU portfolio across Canada																		
D Tantalus has internally developed software, named OMNI, for inventory management and fulfillment that it will seek to monetize through the SISP process																		
E Tantalus owns shares in a private company Elevated Signals (an agriculture manufacturing software) that is used by a large portion of the licensed producers of cannabis in Canada. They are working through a private placement and it feasible we can source a secondary market buyer																		
F Tantalus owns the land and greenhouse facility and will be seeking a buyer through the SISP process. The valuation of the facility and land is unknown at this time and will likely close beyond the 13-week period and as such is not included in the cash flows above. A Colliers appraisal dated June 30, 2023 has the facility and equipment valued at \$7.1 million as an alternative use facility																		
G Tantalus is retaining 22 employees at the outset to facilitate the finishing of inventory harvests, sale of inventory, fulfillment, regulatory compliance, and running the SISP process.																		
 Lucas Jenkins, CFO																		

Appendix E

INVESTMENT OPPORTUNITY

SUMMARY

On June 28th, 2023, Tantalus Labs LTD (“Tantalus”) filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act. Ernst & Young Inc. consented to act as Trustee in the proposal proceedings.

Tantalus is commencing a sale and investment solicitation process (the “SISP”), to solicit interest in an acquisition or refinancing of Tantalus or a sale of the assets and/or the business of Tantalus by way of merger, reorganization, recapitalization, primary equity issuance, inventory liquidation, asset liquidation or other similar transaction (the “Opportunity”). The Trustee will be overseeing, assisting and be in consultation with Tantalus throughout the SISP.

If you are interested in pursuing this opportunity, please sign back the non-disclosure agreement (“NDA”).

BUSINESS OVERVIEW

Tantalus is a cultivator, processor, and seller of cannabis in compliance with Health Canada regulations. The flagship SunLab facility is licensed for cultivation, processing, extraction, sales, and on site Research and Testing. SunLab has operated in compliance with Good Agricultural and Collection Practices (GACP), and is eligible for export to Australia and Israel.

The Company currently sells 121 active listings through authorized distributors and retailers in 7 provinces and territories in Canada. The Company also buys and sells wholesale cannabis to and from other cannabis license holders across Canada, and has exported successfully to international buyers with relationships in Australia and Israel.

The Company’s state-of-the-art purpose-built greenhouse facility is a key differentiator in their business, with industry leading preroll production capacity of over 500,000 units per month. Tantalus operations and processes have been proven to produce premium priced cannabis and deliver a 98%+ all time crop success rate.

- **Top 25 LP by Revenue in Canada**
- **12 million+ Pre-rolls rolled and sold**
- **Top 5 Pre-Roll by Sales in Canada**
- **75,000 ft2 Greenhouse in Maple Ridge, BC**
- **3000kg Annual Production Capacity**
- **3000+ Retailer Relationships**

FINANCIAL HIGHLIGHTS

\$16m 2022 Revenue

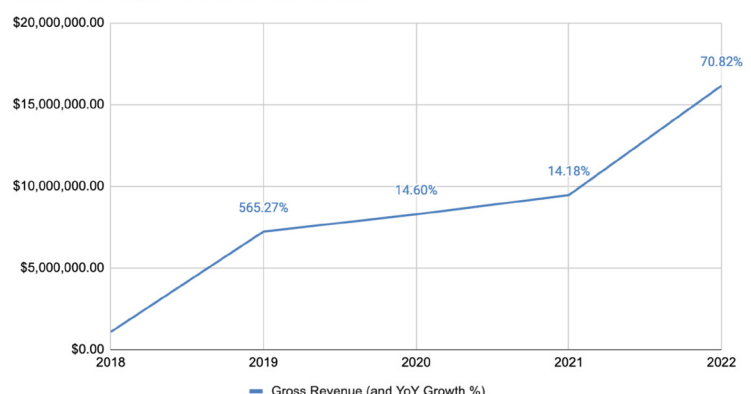
71% Revenue Growth through FY2022

Q2 2023 Revenue of \$4.3 million

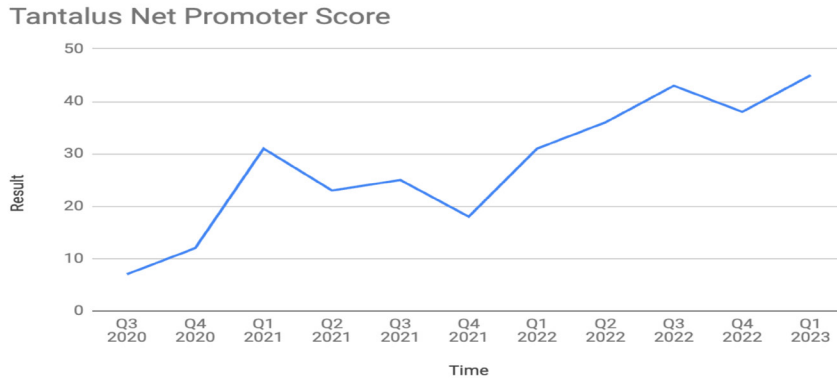
45%+ QoQ Revenue Growth from Q1-Q2 2023

Gross Revenues All-Time of \$49.0 million

Gross Revenue - FY2018 to FY2022



NPS GROWTH CHART



RETAILER FEEDBACK

“Consistent and hard hitting. Pre rolls and dried flower always giving the best high.”
- *Jackpot Cannabis*

“Great quality, thought, and care - exceptional cannabis”
- *Inspired Cannabis*

“We order your products all the time, the quality is amazing, burns clean, Pre-rolls never canoe, unique strains, consistent is on point!!! Your brand rocks!!!”
- *Earths Own Naturals*

“Tantalus Pre-rolls are a customer favourite at my store. Great price with higher levels of THC, nice burn and great flavour.”
- *Short Grass Cannabis*

ASSET HIGHLIGHTS

PLANT AND PROPERTY (SUNLAB FACILITY)

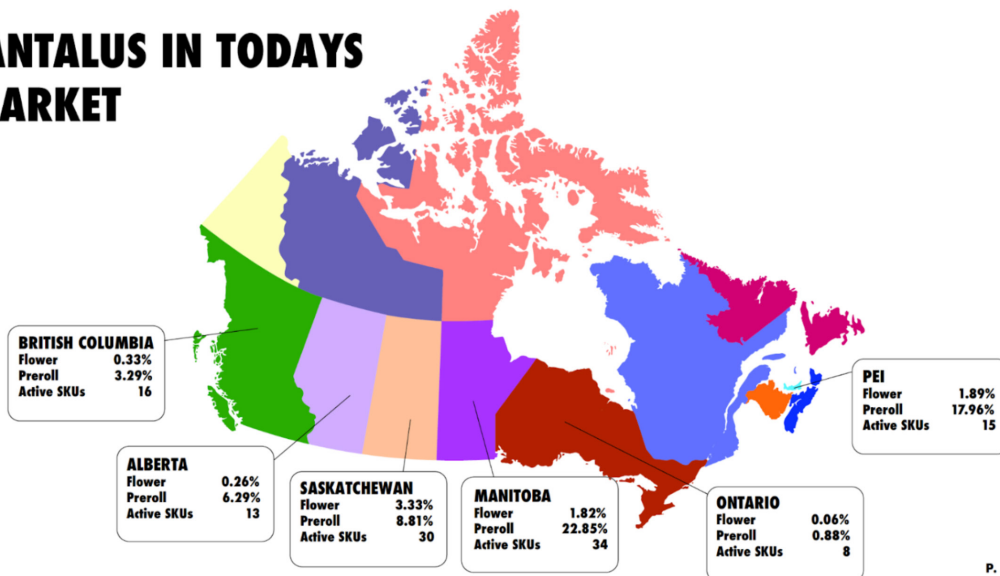
~50,000 sq feet of greenhouse canopy, and ~25,000 sq feet of processing space. Preroll manufacturing capacity of over 500,000 units per month. Drawings and permits for 50,000 sq feet of canopy expansion.

~15 Acres of land in Maple Ridge, BC, located ~1hr from Vancouver in the Fraser Valley with a ~3,000 sqft home on the property.

BULK INVENTORIES

~1,200 kg of trimmed and graded inventory ranging from 22% - 34% THC and averaging 27% THC

TANTALUS IN TODAY'S MARKET



As mentioned, the Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of Tantalus as a going concern or a sale of all, substantially all, or one or more components of Tantalus's assets (the "Property") and business operations (the "Business") as a going concern or otherwise.

The SISP is summarized as follows:

INTEREST

Any party who wishes to participate in the SISP (a "Potential Bidder") must provide the following to Tantalus: an executed NDA and a letter setting forth the identity, contact information and direct and indirect principals of the Potential Bidder.

The Potential Bidder must also provide information to Tantalus as to their financial wherewithal to close a transaction.

Once Tantalus has received an executed NDA and is satisfied with the Potential Bidder's financial wherewithal to close a transaction, it shall provide the Potential Bidder access to due diligence material and information relating to the Property and Business as the Applicants or the Trustee deem appropriate.

Due diligence shall include access to an electronic data room containing information about the Applicants and the Business, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request.

FORMAL BINDING BID DEADLINE

Potential Bidders that wish to make a formal offer to purchase or make an investment in the Applicants or their Property or Business (a "Bidder") shall submit any non-binding offer as soon as possible and a binding offer (a "Bid") that complies with certain requirements to Tantalus by no later than 5pm (Eastern Time) on Friday, July 14th ("Bid Deadline"). Some of the elements that will be considered to determine if a Bid is a Qualified Bid (as defined below) include:

Whether the Bidder has a bona fide interest in completing a sale or investment;

Whether the Bidder has the financial capabilities to consummate such transaction;

The Trustee, in consultation with, and with the approval of Tantalus, will designate the most competitive bids that comply with the foregoing requirements to be "Qualified Bids". In the event that there is a stalking horse agreement approved by the Court, this too will become a Qualified Bid.

Tantalus, in consultation with the Trustee, will identify the highest or otherwise best bid received (the "Successful Bid"). Tantalus may conduct and administer an auction process to select the Successful Bid if desirable. Tantalus will seek court approval to consummate the Successful Bid.

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