

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR**  
**ARRANGEMENT OF 9869247 CANADA LIMITED (d.b.a.**  
**SAFARI FLOWER COMPANY) AND GN VENTURES LTD.**  
(each an “**Applicant**” and collectively, the “**Applicants**”)

**SECOND REPORT OF THE MONITOR**  
**DATED FEBRUARY 23, 2024**

**INTRODUCTION**

1. On January 12, 2024, the Applicants brought an application (the “**Initial Application**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings to allow them an opportunity to restructure their business and affairs.
2. On that same day, the Court granted an Initial Order (the “**Initial Order**”) in these CCAA proceedings (the “**CCAA Proceedings**”) that, among other things:
  - a. appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the “**Monitor**”);
  - b. ordered a stay of proceedings in favour of the Applicants through to January 22, 2024 (the “**Stay Period**”);
  - c. granted an administration charge in the amount of \$150,000 (the “**Administration Charge**”) in favour of counsel for the Applicants, the Monitor and its counsel; and

- d. granted a directors' charge in favour of the directors and officers of the Applicants in the amount of \$61,000 ("**Directors' Charge**").
3. On January 22, 2024, the Court granted an Amended and Restated Initial Order (the "**ARIO**") that, among other things:
    - a. extended the Stay Period to February 29, 2024;
    - b. increased the amount of the Administration Charge to \$350,000;
    - c. increased the amount of the Director's Charge to \$243,000;
    - d. approved a debtor-in-possession credit facility (the "**DIP Loan**") between the Applicants and NE SPEC II LP ("**Blacksail**" or the "**DIP Lender**"), pursuant to a term sheet between the Applicants and the DIP Lender dated as of January 19, 2024 (the "**DIP Term Sheet**"), in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under the DIP Loan shall not exceed the principal amount of \$1 million (plus interest, fees and expenses); and
    - e. granted a DIP charge to the DIP Lender to secure the obligations of the Applicants to the DIP Lender under the DIP Term Sheet.

## **PURPOSE**

4. The purpose of this second report of the Monitor (the "**Second Report**") is to provide information to the Court on:
  - a. the Monitor's activities since the granting of the ARIO;
  - b. the Applicants' receipts and disbursements for the period from January 15, 2024, to February 18, 2024, compared to the cash flow forecast appended as Appendix "B" (the "**Initial Cash Flow Forecast**") to the Monitor's First Report dated January 19, 2024 (the "**First Report**");
  - c. the Applicants' updated weekly cash flow forecast from February 19, 2024 to March 31, 2024 on a consolidated basis for all of the Applicants (the "**Cash Flow Forecast**"); and

- d. the Monitor's recommendation with respect to the Applicants' motion returnable February 26, 2024 seeking an order (the "**Settlement Order**"), among other things:
- i. extending the stay period (the "**Stay Period**") in favour of the Applicants from February 29, 2024 to and including March 29, 2024 (the "**Extended Stay Period**");
  - ii. increasing the authorized borrowings under the Amended DIP Term Sheet dated February 22, 2024 (the "**Amended DIP Term Sheet**"), to a maximum principal amount of \$1,300,000 and increasing the DIP Lender's Charge to a maximum principal amount of \$1,300,000 plus interest, fees, legal costs and any other amounts payable under the Amended DIP Term Sheet;
  - iii. approving a key employee retention plan for Management (as defined below) (the "**KERP**"), and granting a priority charge in favour of Management in the maximum amount of \$200,000 (the "**KERP Charge**"), which will rank behind the Directors' Charge;
  - iv. approving the settlement agreement dated February 22, 2024 (the "**Consultant Agreement**") among the Applicants, the Lenders (as defined below), and Hyde Advisory & Investments Inc. ("**HAI**") and the payments contemplated therein and granting a priority charge in favour of HAI, ranking behind the DIP Lender's Charge and ahead of the Director's Charge and KERP Charge; and
  - v. approving the Monitor's First Report and Second Report and the activities of the Monitor and its counsel summarized in the First Report and Second Report.

## TERMS OF REFERENCE

5. In preparing this Second Report and making the comments herein, the Monitor has been provided with, and has relied upon, audited and unaudited financial information, books and records prepared by the Applicants, discussions with Dr. Brigitte Simons, the Chief Executive Officer (the “**CEO**”) and Patrick Grobe, the Chief Financial Officer (the “**CFO**”) of Safari Flower (as defined below), (the CEO and CFO collectively, the “**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this Second Report in respect of the Cash Flow Forecast:
  - a. the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
  - b. some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
6. Future oriented financial information referred to in this Second Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
7. Unless otherwise indicated, the Monitor’s understanding of factual matters expressed in this Second Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
9. The Monitor established a case website at [www.ey.com/ca/safari](http://www.ey.com/ca/safari) (the “**Monitor’s Website**”) to disseminate information to stakeholders in respect of the Applicants’ CCAA Proceedings.

## **BACKGROUND**

10. The Applicants, through their operating company 9869247 Canada Limited (d.b.a. Safari Flower Company) (“**Safari Flower**”), are a licensed cultivator and processor of cannabis.
11. Safari Flower’s principal business activities include cultivating, manufacturing and packaging finished goods for sale under its own label as well as for other licensed operators (white label) for the domestic and international markets.
12. Safari Flower is licensed by Health Canada in Canada, holds international certifications permitting it to supply cannabis to Israeli and Australian medicinal cannabis markets, and is European Good Manufacturing Practice certified to supply cannabis into the European medicinal cannabis market.
13. GN Ventures is a holding company and the 100% parent of Safari Flower.

## **MONITOR’S ACTIVITIES TO DATE**

14. Since the granting of the ARIO, the Monitor has:
  - a. responded to e-mails and telephone calls received from parties with respect to these CCAA Proceedings;
  - b. assisted the Applicants with the KERP;
  - c. reviewed the Applicants’ disbursements;
  - d. participated in discussions among the Applicants, the Lenders and HAI to conclude the Consultant Agreement and the payments contemplated therein; and
  - e. reviewed the sales process conducted by HAI and provided comments herein.

## APPLICANTS' RECEIPTS AND DISBURSEMENTS

15. Since the date of the Initial Order, the Applicants have maintained their existing operations and, to date, has not encountered any operational issues.
16. A summary of the Applicants' actual receipts and disbursements during the period from January 15, 2024, to February 18, 2024 (the "**Reporting Period**"), as compared to the Initial Cash Flow Forecast (the "**Variance Analysis**") is attached as **Appendix "A"** to this Second Report.
17. During the Reporting Period, the Applicants' operations generated a net cash outflow of approximately \$299,000. The disbursements relate mainly to payroll, insurance and utilities and professional fees. As at February 18, 2024, the Applicants' cash on hand was approximately \$1 million. It has received the first tranche of the DIP Loan in the amount of \$500,000. The DIP Lender did not deduct the commitment fee of \$30,000 from the first tranche of the DIP Loan, accordingly, that amount remains outstanding and it expected to be paid at the time of the second tranche. This payment has been accounted for in the Cash Flow Forecast.
18. The favourable cash position variance for the Reporting Period of approximately \$950,000 is primarily a result of:
  - a. favourable timing differences in respect of payment of restructuring costs. This is expected to reverse in the coming weeks; and
  - b. favourable timing differences in regards to general operational costs.
19. The Cash Flow Forecast has been amended during the Forecast Period (defined below) to include the timing difference in the subsequent weeks, if applicable.

## OVERVIEW OF APPLICANTS' CASH FLOW FORECAST

20. The Applicants, with the assistance of the Monitor, have prepared a Cash Flow Forecast which includes forecast receipts and disbursements for the period from February 19, 2024 to the week ending March 31, 2024 (the "**Cash Flow Period**") for the purpose of projecting the

Applicants' estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast is attached as **Appendix "B"** to this Second Report.

21. The Cash Flow Forecast is presented on a weekly basis during the Cash Flow Period and represents the estimates of Management of the Applicants' projected cash flow during the Cash Flow Period. The Cash Flow Forecast has been prepared by the Applicants using probable and hypothetical assumptions (the "**Assumptions**") set out in the notes to the Cash Flow Forecast.
22. The Monitor has reviewed the Cash Flow Forecast through inquiries, analytical procedures and discussions, and review of documents related to the Information supplied to it by Management. Based on the Monitor's review, nothing has come to its attention that causes it to believe, in any material respect, that:
  - a. the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
  - b. as at the date of this Second Report, the Assumptions are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - c. the Cash Flow Forecast does not reflect the Assumptions.
23. The Cash Flow Forecast shows that the Applicants project estimated total combined receipts of approximately \$296,000 and estimated total combined disbursements of approximately \$1,935,000. The disbursements contemplate amounts for key employee retention payments and the first payment contemplated by the Consultant Agreement.
24. Based on the Cash Flow Forecast, the Applicants will require access to the remaining balance of the DIP Loan, being \$470,000, by February 25, 2024 as well as an additional \$300,000 in interim financing to continue the business through the Extended Stay Period. As a result, the Applicants are seeking to increase the quantum of the authorized borrowings under the DIP Term Sheet from \$1,000,000 to \$1,300,000 to reflect this additional financing need.

25. The Cash Flow Forecast projects that the Applicants will have sufficient liquidity during the Extended Stay Period with the proposed increase in the DIP Loan, should it be approved by this Court.

### **CONSULTANT AGREEMENT**

26. As set out in the Affidavit of Leanne Brigitte Simons dated February 23, 2024 (the “**Third Simons Affidavit**”), in or around March 2023, Safari Flower and HAI commenced discussions regarding a pre-filing sale and investment solicitation process (the “**Sale Process**”) to be facilitated by HAI outside of the CCAA in order to maximize value. These discussions continued through June, resulting in Safari Flower and HAI entering into an agreement (the “**Advisor and Success Fee Agreement**”) for HAI to implement the Sale Process in exchange for a success fee, which would be calculated pursuant to the payment structure set out therein.
27. The Applicants’ secured lenders, Blacksail and Gray Jay Estates Inc. (“**Gray Jay**” and together with Blacksail, the “**Lenders**” or individually, a “**Lender**”) also supported the Applicants’ engagement of HAI to implement the Sale Process as it was expressly contemplated in the Accommodation Agreement between the Lenders and the Applicants dated June 30, 2023 (the “**Accommodation Agreement**”).
28. The Lenders and the Applicants agreed that HAI would market the Safari Flower’s business, including the Stevensville facility, to a targeted list of prospects and, following the Sale Process, the Applicants would enter CCAA proceedings to approve the sale through a reverse vesting order. The Lenders reserved the right to submit a credit bid in the Sale Process.
29. HAI ran the Sale Process as described in the Third Simons Affidavit which concluded with a potential purchaser, however, the Lenders indicated that instead of accepting the bid, one of them would be the purchaser through a credit bid.
30. At the outset of these CCAA Proceedings, a dispute arose among the Applicants and the Lenders, on one side, and HAI on the other, with respect to the compensation under the Advisor and Success Fee Agreement. Since that time, HAI, the Lenders and the Applicants,

in consultation with the Monitor, have negotiated the Consultant Agreement to resolve their dispute and compensate HAI for its efforts during the Sale Process.

31. The Consultant Agreement contemplates the Applicants making an initial payment to HAI of \$200,000 plus HST within five days of approval by this Court of the Consultant Agreement and a second payment of \$180,000 plus HST (the “**Second Payment**”) upon the earlier of (a) court approval of a share purchase agreement between one of the Lenders and the Applicants (the “**Approved Transaction**”) or (b) April 15, 2024 (the “**Outside Date**”). A proposed charge (the “**Consultant Charge**”) in the amount of \$180,000 plus applicable taxes will secure the Second Payment. If there is no Approved Transaction by the Outside Date, Blacksail must make the Second Payment, and will take an assignment of the Consultant Charge.
32. The Monitor notes that the approval of the Sale Process is not before the Court at this time and reserves it right to comment on any such relief. Having said that, the Monitor has had discussions with HAI and has reviewed underlying documentation supporting the Sale Process conducted by HAI as described in the Third Simons Affidavit.
33. The Monitor is of the view that:
  - a. the Sales Process implemented by HAI has advanced the restructuring of the Applicants;  
and
  - b. the continued support that HAI will provide the Applicants, the Lenders, and the Monitor in these proceedings is a key element to achieving an Approved Transaction.
34. The terms of the Consultant Agreement were rigorously negotiated by the Applicants and the Lenders, on the one side, and HAI, on the other. Each side involves sophisticated parties dealing at arms’ length. All parties with an apparent economic interest in the estate support the relief sought.
35. In this context, the Monitor is of the view that the compensation under the Consultant Agreement is reasonable and it is appropriate to compensate HAI. The Monitor also supports the proposed Consultant Charge.

## **PROPOSED KEY EMPLOYEE RETENTION PLAN AND KERP CHARGE**

36. The Applicants, in consultation with the Monitor, developed the KERP. The KERP has been approved by the Applicants' directors.
37. Under the terms of the KERP, the Applicants propose to make the following payments to Management, namely being the CEO and the CFO:
  - a. \$30,000 each as of the date the KERP is approved by the Court and the Settlement Order issued;
  - b. \$50,000 each as of the date of a transaction Closing (as defined in the KERP Agreement attached as Exhibit "B" to the Third Simons Affidavit); and
  - c. \$50,000 to either or both the CEO and CFO if the purchaser of the Applicants does not continue their employment as part of an Approved Transaction, payable on closing of the Approved Transaction.
38. Management will continue to be paid all regular salary and other amounts in accordance with their existing employment arrangements.
39. The CFO has confirmed to the Monitor that Management will not be entitled to the payments on closing of an Approved Transaction if they voluntarily resign prior to the Closing.
40. The retention of Management and their ongoing commitment to the Applicants are essential to the preservation of the Safari Flower's operation during the restructuring and pursuit of a potential transaction. The KERP was formulated to incentivize Management in addition to the previously agreed KERP between Management and the Lenders as provided in the Accommodation Agreement.
41. The Monitor understands that the DIP Lender is supportive of the KERP and KERP Charge.
42. The Monitor has reviewed the KERP and is of the view that the retention of Management to enable the Company to effect a possible going concern transaction is in the best interests of all stakeholders. Given the highly regulated nature of the Cannabis industry, leadership and involvement of Management, it would be challenging for the Applicants to easily replace

Management or operate the business. In addition, the Monitor believes the terms of the proposed KERP and the amount of the proposed KERP Charge are reasonable in the circumstances when compared to other retention plans that the Monitor has reviewed and that courts in Ontario have approved in other proceedings.

43. After the initial \$30,000 payment is made to each member of Management, the maximum amount that could be paid under the KERP is in the aggregate sum of \$200,000. The proposed KERP Charge in the maximum amount of \$200,000 is intended to secure the KERP entitlements behind the Directors' Charge.
44. The Monitor is of the view that the KERP and the payments contemplated thereunder are reasonable and appropriate in the circumstances and will encourage the continued participation of Management in these CCAA Proceedings.

#### **AMENDMENT TO THE DIP TERM SHEET**

45. On February 22, 2024, the Applicants and the DIP Lender agreed to the Amended DIP Term Sheet. A copy of the Amended DIP Term Sheet is attached as **Appendix "C"**.
46. The Amended DIP Term Sheet provides an extension of the maturity date of the DIP Loan from March 15, 2024 to April 1, 2024 and increases in the principal amount of the DIP Loan by \$300,000 to account for additional interim financing required from March 15, 2024 to March 29, 2024.
47. The Monitor supports the Amended DIP Term Sheet as it aligns the maturity date with the Extended Stay Period and the necessary funding required during this period.
48. The Monitor supports the increase in the DIP Charge to align to the increase in DIP Loan.

#### **EXTENSION TO THE STAY PERIOD**

49. The Stay Period is currently set to expire on February 29, 2024. The Applicants are requesting an extension of the Stay Period until March 29, 2024.
50. The Monitor understands that the Lenders require more time to conclude their negotiations in respect to the assignment of debt and security and to determine who will be the successful

Lender to advance a transaction. As a result, the Applicants require an extension to the Extended Stay Period.

51. The Monitor is of the view that the requested stay extension is appropriate and that the Applicants continue to operate in good faith and with due diligence.
52. Provided that this Court grants the proposed increase of the DIP Loan to the principal amount of \$1,300,000, the Cash Flow Forecast indicates that the Applicants will have sufficient liquidity for the duration of the Extended Stay Period.

#### **APPROVAL OF THE MONITOR'S ACTIVITIES**

53. The activities of the Monitor are discussed in the First Report and this Second Report. The Monitor is seeking this Court's approval of these reports and the activities outlined therein.
54. The proposed approval of the Monitor's activities and reports is limited such that only the Monitor, in its personal capacity and with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

#### **CONCLUSIONS AND RECOMMENDATIONS**

55. For the reasons stated herein, the Monitor supports the relief sought by the Applicants and recommends that the Court grant the order if the Court sees fit.

All of which is respectfully submitted this 23<sup>rd</sup> day of February 2024.

**ERNST & YOUNG INC., in its capacity  
as Monitor of the Applicants, and not in  
its corporate or personal capacity.**

per:  \_\_\_\_\_

**Karen Fung, CPA, CA  
Senior Vice-President**

**Appendix A**  
Variance Analysis

**9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD.**

**Variance Analysis**

**For the Period January 15, 2024 to February 18, 2024**

**(CDN \$)**

	<b>Court Report As Filed</b>	<b>Actual</b>	<b>Variance</b>	<b>Notes</b>
<b>Receipts</b>				
Collections of Sales	299,136	368,123	68,986	1
Other Collections	3,200	3,282	82	
<b>Total Receipts</b>	<b>302,336</b>	<b>371,404</b>	<b>69,068</b>	
<b>Disbursements</b>				
Payroll	(192,750)	(158,379)	34,371	2
Operational G&A Taxes	(64,172)	(57,296)	6,876	
Utilities	(108,490)	(96,992)	11,499	
Operating Costs	(350,000)	(175,492)	174,508	3
Restructuring Costs	(806,000)	(182,732)	623,268	4
<b>Total Disbursements</b>	<b>(1,521,412)</b>	<b>(670,891)</b>	<b>850,521</b>	
<b>Net Cash Receipts/ (Disbursements)</b>	<b>(1,219,076)</b>	<b>(299,486)</b>	<b>919,590</b>	
<b>Cash on hand</b>				
Opening Balance	804,871	804,871	0	
DIP Facility Draw/Repayment	470,000	500,000	30,000	5
Net Cash Receipts/(disbursements)	(1,219,076)	(299,486)	919,590	
<b>Ending cash balance</b>	<b>55,795</b>	<b>1,005,385</b>	<b>949,590</b>	

**Notes**

- 1) Collection of accounts receivable was greater than forecast and represents a favourable timing difference.
- 2) Payroll cost lower due to delay in replacement hiring and is a permanent difference.
- 3) Payment of operating costs were less than forecast and represent a timing difference.
- 4) Payment of restructuring costs were less than forecast and represent a timing difference.
- 5) The DIP Lender funding the full amount rather than reducing the commitment fee.  
This will be paid on the next draw from the Applicant

**Appendix B**  
Cash Flow Forecast

**9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD.**  
**Consolidated Cash Flow Forecast**  
**\$CDN**

	Notes	1 19-Feb-24	2 26-Feb-24	3 4-Mar-24	4 11-Mar-24	5 18-Mar-24	6 25-Mar-24	Total
<b>Receipts</b>								
Collections of Sales	1	\$ 38,497	\$ 21,000	\$ 44,778	\$ 101,995	\$ 44,651	\$ 45,391	\$ 296,312
Other Collections	2	-	-	-	-	-	-	\$ -
<b>Total Receipts</b>		<b>38,497</b>	<b>21,000</b>	<b>44,778</b>	<b>101,995</b>	<b>44,651</b>	<b>45,391</b>	<b>296,312</b>
<b>Disbursements</b>								
Operating Costs	3	60,000	60,000	60,000	65,000	60,000	60,000	\$ 365,000
Payroll Costs	4	-	106,200	-	85,000	-	93,500	\$ 284,700
Utilities	5	133,000	7,000	-	7,000	162,500	-	\$ 309,500
Operational G&A and Taxes	6	13,558	31,650	23,896	-	13,558	56,650	\$ 139,313
Restructuring Costs	7	-	576,000	65,000	65,000	65,000	65,000	\$ 836,000
<b>Total Disbursements</b>		<b>206,558</b>	<b>780,850</b>	<b>148,896</b>	<b>222,000</b>	<b>301,058</b>	<b>275,150</b>	<b>1,934,513</b>
<b>Net cash receipts/(disbursements)</b>		<b>\$ (168,061)</b>	<b>\$ (759,850)</b>	<b>\$ (104,118)</b>	<b>\$ (120,005)</b>	<b>\$ (256,408)</b>	<b>\$ (229,759)</b>	<b>\$ (1,638,201)</b>
<b>Cash on hand</b>								
Opening Balance	8	\$ 1,005,385	\$ 1,292,823	\$ 532,973	\$ 428,855	\$ 308,850	\$ 352,442	\$ 1,005,385
DIP Facility Draw/Repayment		455,500	-	-	-	300,000	(7,500)	748,000
Net Cash Receipts/(disbursements)		(168,061)	(759,850)	(104,118)	(120,005)	(256,408)	(229,759)	(1,638,201)
<b>Ending cash balance</b>		<b>\$ 1,292,823</b>	<b>\$ 532,973</b>	<b>\$ 428,855</b>	<b>\$ 308,850</b>	<b>\$ 352,442</b>	<b>\$ 115,183</b>	<b>\$ 115,183</b>
<b>Proposed Debt-in-Process Financing</b>								
Opening balance		\$ 532,939	\$ 989,874	\$ 992,539	\$ 995,211	\$ 997,890	\$1,300,577	\$ 532,939
Draw/(Repayment)	9	455,500	-	-	-	300,000	(7,500)	748,000
Commitment fee		-	-	-	-	-	-	-
Accrued Interest		1,435	2,665	2,672	2,679	2,687	3,502	15,640
<b>Ending balance</b>		<b>\$ 989,874</b>	<b>\$ 992,539</b>	<b>\$ 995,211</b>	<b>\$ 997,890</b>	<b>\$ 1,300,577</b>	<b>\$1,296,579</b>	<b>\$ 1,296,579</b>

**IN THE MATTER OF THE CCAA OF 9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD. (collectively, the “Applicants”)**

**Notes to the Unaudited Cash Flow Forecast of the Applicants**

**February 19, 2024 to March 31, 2024 (the “Forecast Period”)**

**Disclaimer:**

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), the Applicants, with the assistance of Ernst & Young Inc. (the “**Monitor**”), have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the Applicants’ operations and additional assumptions discussed below with respect to the impact of a *Companies’ Creditors Arrangement Act* (“**CCAA**”) filing (the “**Probable and Hypothetical Assumptions**” or the “**Assumptions**”). Since the Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period will vary from the Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

**Overview:**

The Cash Flow Forecast includes the receipts and disbursements of the Applicants during the Forecast Period. The Applicants, with the assistance of the Monitor, have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the Applicants’ ongoing operations during the anticipated stay extension period.

Receipts and disbursements are denominated in Canadian dollars.

**Assumptions:**

**1. Sales**

This category includes revenues generated by the Applicants through the sale of cannabis products to provincial distributors domestically, bulk to other licensed producers and internationally to licensed customers in their respective countries.

**2. Other Receipts**

This category includes HST refunds.

**3. Operating Costs**

Represents disbursements related to purchase of raw materials, consumables, general repairs and maintenance, and security.

**4. Payroll Costs**

Employees are paid on a bi-monthly basis. Payroll costs include WSIB, EHT and benefits.

**5. Utilities**

Represents the cost of gas, water and hydro.

**6. Operational G&A and Taxes**

Operational expenses such as health Canada licences, insurance, sales taxes, property taxes and excise duty taxes.

**7. Restructuring Costs**

Restructuring costs include professional fee payments and expenses of the Applicants' legal counsel, the Monitor and its counsel in connection with the Applicants' restructuring proceedings. It also includes the initial payment of the proposed KERP and the first payment under the Consultant Agreement as more fully described in the Monitor's Second Report.

**8. Beginning Balance**

Represents the opening cash balance as of February 19, 2024.

**9. DIP Draws/(Repayments)**

Represent DIP draws pursuant the DIP term sheet dated January 19, 2024, as amended. Interest payments are also included in these amounts.

**Appendix C**  
Amended DIP Term Sheet

**NE SPEC II LP on behalf of a company to be incorporated (the “DIP LENDER”)**  
**AMENDED DEBTOR IN POSSESSION FINANCING TERM SHEET**  
(the “Amended Term Sheet”)

**February 21, 2024**

9869247 Canada Limited  
2818 House Road  
Stevensville, Ontario  
L0S 1S0

**Attention: Brigitte Simons and Pat Grobe**

**Re: Debtor in Possession Financing**

- A. 9869247 Canada Limited d.b.a. Safari Flower Company and GN Ventures Ltd. (collectively, the “**Borrowers**”) made an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) and on January 12, 2024 the Court granted an initial order (the “**Initial Order**”), which, authorized the Borrowers to commence proceedings (the “**CCAA Proceeding**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and among other things, imposed a stay of proceedings in favour of the Borrowers (the “**Initial Stay**”) and appointed Ernst & Young Inc. as monitor of the Borrowers (in such capacity, the “**Monitor**”).
- B. The Borrowers and the DIP Lender are parties to a debtor in possession financing term sheet dated January 19, 2024 (the “**Original Term Sheet**”) wherein the DIP Lender agreed to make a debtor-in-possession loan available to the Borrowers in the aggregate principal amount of CDN\$1,000,000.00; and
- C. The Borrowers and the Lender wish to make amendments and restate the terms of the Original Term Sheet in their entirety in accordance with the terms and conditions set forth herein, including, but not limited to, increasing the principal amount to CAD \$1,300,000.00.

1.	<b>BORROWERS:</b>	9869247 Canada Limited d.b.a. Safari Flower Company and GN Ventures Ltd.
2.	<b>LOAN AMOUNT:</b>	CAD \$1,300,000
3.	<b>DIP FACILITY:</b>	Non-revolving facility in the maximum aggregate amount of CAD \$1,300,000 (the “ <b>DIP Facility</b> ”).  The DIP Facility shall be used to fund the Borrowers’ cash flow shortfall during the CCAA Proceeding, including working capital requirements and restructuring fees in accordance with the cash flow projections approved by the

		<p>Monitor and the DIP Lender, attached hereto as <b>Schedule “A”</b> until the earliest of: (i) the repayment of the DIP Facility in full; (ii) the completion of the sale of the Borrowers’ business and assets; or (iii) the termination of the CCAA Proceeding.</p> <p>The amount and the purpose of the DIP Facility may be amended by the Borrowers and the DIP Lender in writing and subject to the consent of the Monitor or order of the Court. Unless expressly reflected in the cash flow projections at Schedule “A”, the Borrowers may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrowers without the prior written consent of the DIP Lender and the Monitor.</p>
4.	<b>ADVANCES:</b>	<p>Subject to the Conditions Precedent set out in Section 10 of this Amended Term Sheet, and the Borrowers being in compliance with the provisions of this Amended Term Sheet, the DIP Lender shall make the DIP Facility available to the Borrowers by advances as follows:</p> <ul style="list-style-type: none"> <li>a) \$500,000 immediately after the issuance of the amended and restated initial order (the “<b>ARIO</b>”), among other things, approving the DIP Facility and granting the DIP Charge (as defined below) (the “<b>First Advance</b>”);</li> <li>b) \$500,000 within two (2) business days following receipt of an Advance Request (as defined below), provided the Borrowers are not in default of the terms of this Amended Term Sheet (the “<b>Second Advance</b>”); and</li> <li>c) \$300,000 after the issuance of an order (the “<b>Stay Extension Order</b>”) and not before March 15, 2024, among other things, approving an increase to the DIP financing (“<b>DIP Financing Increase</b>”) and amending the DIP Charge (as defined below) to \$1,300,000 (the “<b>Third Advance</b>”, and with the First Advance and Second Advance each, an “<b>Advance</b>”) and in accordance with the cash flow projections at Schedule A.</li> </ul> <p>Each Advance shall be requested by the Borrowers in writing (each, an “<b>Advance Request</b>”).</p>

		<p>Nothing in this Amended Term Sheet creates a legally binding obligation on the DIP Lender to advance any amount under the DIP Facility at any time unless the Borrowers complies with the provisions of this Amended Term Sheet.</p> <p>Any Advance shall be funded by wire transfer into an account designated by the Borrowers, cheques payable to one of the Borrowers, or such other means as determined by the DIP Lender in its sole discretion, acting reasonably.</p>
5.	<b>INTEREST:</b>	<p>Interest shall accrue under the DIP Facility at a rate equal to 14% per annum on the outstanding indebtedness (the “<b>Interest</b>”). Interest shall be calculated on the daily outstanding balance owing under the DIP Facility, not in advance, and shall accrue and be paid on the Maturity Date (as defined herein).</p>
6.	<b>RECOVERABLE EXPENSES:</b>	<p>The Borrowers shall pay, in each case, on a full indemnity basis: (i) all reasonable legal expenses incurred by the DIP Lender in connection with the negotiation, preparation and performance of this Amended Term Sheet, and (ii) all of the DIP Lender’s costs of realization or enforcement, in each case in connection with or related to the DIP Facility, the DIP Charge (defined below), this Amended Term Sheet, or the CCAA Proceeding related to the DIP (collectively, “<b>Recoverable Expenses</b>”), provided that the Recoverable Expenses will become payable on the Maturity Date.</p> <p>For greater certainty, Recoverable Expenses shall include all reasonable fees and expenses incurred by the DIP Lender, as it relates to the DIP Lender’s participation as DIP Lender in connection with the CCAA Proceeding, and not in connection with the Transaction (as defined below). If the DIP Lender has paid any expense for which the DIP Lender is entitled to reimbursement from the Borrowers, such expenses shall be added to the DIP Facility and shall accrue interest at the rate set out above. All such fees and expenses and interest thereon shall be secured by the DIP Charge, whether or not any funds are advanced under the DIP Facility.</p>
7.	<b>COMMITMENT FEE:</b>	<p>The Borrowers shall pay a commitment fee in the amount of \$39,000 (the “<b>Fee</b>”) which shall be deemed to be fully earned by the DIP Lender and payable on the date that the</p>

		Court issues the ARIO approving the DIP Facility. The Fee shall be deducted from the First Advance.
8.	<b>SECURITY</b>	All debts, liabilities and obligations of the Borrowers to the Lenders under or in connection with the DIP Facility, this Amended Term Sheet and any other documents in connection therewith shall be secured by a Court-ordered priority charge granted to the Lenders in and to all present and future properties, assets, and undertakings of the Borrowers, real and personal, tangible and intangible, whether now owned or hereafter acquired (the “ <b>DIP Charge</b> ”), subject only to an administration charge in the maximum aggregate amount of \$350,000 for the payment of the fees and expenses of the Monitor, counsel to the Borrowers and counsel to the Monitor (the “ <b>Administration Charge</b> ”). The ARIO Order shall also provide for a charge in the maximum aggregate amount of \$243,000 as security for the indemnity provided to the directors and officers of the Borrowers against obligations and liabilities they may incur after the commencement of the CCAA Proceeding (the “ <b>Directors’ Charge</b> ”), subject to the terms and conditions set out in the Initial Order, the ARIO or any other Court order granting such charge. The Stay Extension Order will provide for a charge (“ <b>KERP Charge</b> ”) in respect to a key employee retention plan (“ <b>KERP</b> ”) to the maximum amount of \$200,000 and a charge in favour of the Hyde Advisory & Investments Inc. in the amount of \$180,000 (“ <b>Consultant’s Charge</b> ”). The Directors’ Charge, KERP Charge and the Consultant’s Charge shall not stand in priority to the DIP Charge.
8.	<b>MATURITY DATE:</b>	<p>Unless otherwise agreed by the DIP Lender in its discretion, acting reasonably, the term of the DIP Facility shall expire, and the Borrowers shall repay all obligations owing to the DIP Lender under this Amended Term Sheet on the earliest of (the “<b>Maturity Date</b>”):</p> <ul style="list-style-type: none"> <li>a) April 1, 2024</li> <li>b) The closing of a transaction for the sale of substantially all of the Borrower’s assets, business or shares (the “<b>Transaction</b>”);</li> <li>c) The date on which the CCAA Proceeding is terminated for any reason, including if the</li> </ul>

		<p>Borrowers become bankrupt, whether voluntarily or involuntarily; and</p> <p>d) A demand being made upon the occurrence of an Event of Default (as defined herein).</p>
9.	<b>REPAYMENT:</b>	<p>The aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, Recoverable Expenses and the Fee, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty (provided all accrued and unpaid Interest, Recoverable Expenses and the Fee are paid in full). If the Borrowers choose to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to all Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.</p> <p>If the DIP Lender completes the Transaction with the Borrowers, the Borrowers agree that all amounts outstanding under the DIP Facility, plus all accrued and unpaid Interest, Recoverable Expenses, and the Fee (if applicable), shall be credited against the amount of the consideration payable by the DIP Lender or its nominee under the Transaction.</p>
10.	<b>CONDITIONS PRECEDENT:</b>	<p>The availability of the Advances under the DIP Facility shall be subject to and conditional upon the following, which may be waived by the DIP Lender, in its sole and unfettered discretion, in writing (the “<b>Conditions Precedent</b>”):</p> <ul style="list-style-type: none"> <li>a) written acceptance of this Amended Term Sheet by the Borrowers;</li> <li>b) the ARIO shall continue in full force and effect;</li> <li>c) the Court shall have issued the Stay Extension Order, in a form satisfactory to the DIP Lender, acting reasonably, including: (i) approving this Amended Term Sheet and the DIP Financing Increase up to an authorized limit of CAD \$1,300,000; (ii) and amending the DIP Charge in favour of the DIP Lender to correspond with the DIP Financing Increase;</li> </ul>

		<p>d) the DIP Lender shall, acting reasonably, be satisfied that the Borrowers have complied with and are continuing to comply, in all material respects, with all applicable laws, regulations and policies in relation to their business other than as may be permitted by an Order of the Court in the CCAA Proceeding, provided that the issuance of any such Order does not result in the occurrence of an Event of Default;</p> <p>e) the DIP Lender shall have received an Advance Request that confirms that the Borrowers are in compliance with this Amended Term Sheet and the ARIO; and</p> <p>f) no Event of Default has occurred or will occur as a result of the Advance.</p>
11.	<b>REPRESENTATIONS AND WARRANTIES:</b>	<p>The Borrowers represent and warrant to the DIP Lender, upon which representations and warranties the DIP Lender relies in entering into this Amended Term Sheet and when making each Advance, as follows (the “<b>Representations and Warranties</b>”):</p> <p>a) the transactions contemplated by this Amended Term Sheet:</p> <ul style="list-style-type: none"> <li>i. upon the granting of the ARIO, are within the powers of the Borrowers;</li> <li>ii. have been duly authorized by all necessary corporate approvals of the Borrowers;</li> <li>iii. have been duly executed and delivered by or on behalf of the Borrowers;</li> <li>iv. upon the granting of the ARIO, constitute legal, valid and binding obligations of the Borrowers; and</li> <li>v. upon the granting of the ARIO, do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Charge or any security granted to the DIP Lender;</li> </ul>

		<ul style="list-style-type: none"> <li>b) the Borrowers are corporations existing under the laws of their respective jurisdiction of incorporation;</li> <li>c) the Borrowers own, or are licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to their business, and the use thereof by the Borrowers does not infringe upon the rights of any other person to the knowledge of the Borrowers;</li> <li>d) save to the extent disclosed by the Borrowers to the DIP Lender, the Borrowers have paid, where due, their tax and other obligations, including for payroll, employee source deductions, and Harmonized Sales Tax, and are not in arrears in respect of these obligations;</li> <li>e) the Borrowers maintain, with financially sound and reputable insurance companies, insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar business and operating in the same or similar locations; and</li> <li>f) all factual information provided by or on behalf of the Borrowers to the DIP Lender for the purposes of or in connection with this Amended Term Sheet is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided.</li> </ul>
12.	<b>COVENANTS:</b>	<p>The Borrowers covenant and agree with the DIP Lender, so long as any amounts are outstanding by the Borrowers to the DIP Lender hereunder, to:</p> <ul style="list-style-type: none"> <li>a) use reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrowers;</li> <li>b) promptly, upon receipt by the Borrowers of same, give the DIP Lender a copy of any Notice of</li> </ul>

		<p>Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order or the ARIO, including, without limitation, any application to the Court for the granting of new or additional security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge;</p> <ul style="list-style-type: none"><li>c) prior to service, provide the DIP Lender with all materials the Borrowers intend to file in the CCAA Proceedings and provide the DIP Lender and its counsel a reasonable amount of time to review same;</li><li>d) provide the DIP Lender with any additional financial information reasonably requested by the DIP Lender;</li><li>e) use the Advances under the DIP Facility for the purposes for which they are being provided, as set out in Section 3 of this Amended Term Sheet, or such other purposes that may be agreed to by the DIP Lender and the Monitor in writing;</li><li>f) comply with the provisions of the Initial Order, the ARIO and any other court order made in the CCAA Proceeding; provided that if any court order in the CCAA Proceeding contravenes this Amended Term Sheet or any other DIP Facility documentation so as to adversely impact the rights or interests of the DIP Lender in a material manner, the same shall be an Event of Default hereunder;</li><li>g) provide the DIP Lender with prompt written notice of any event that constitutes, or would, with notice, lapse of time, or both, constitute an Event of Default, a breach of any covenant, or other term or condition of this Amended Term Sheet, or of any document executed in connection with this Amended Term Sheet;</li><li>h) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;</li><li>i) not declare any dividend, or make any other distributions with respect to any shares of the</li></ul>
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		<p>Borrowers without the prior written consent of the DIP Lender and the consent of the Monitor or order of the Court;</p> <p>j) not make any payment to any director, officer, investor or related party (except salary and wages in the normal course and in respect to the KERP) without the prior written consent of the DIP Lender and the Monitor or order of the Court;</p> <p>k) keep the Borrowers’ assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;</p> <p>l) not, without first giving the DIP Lender a reasonable opportunity to advance additional amounts to the Borrowers under a debtor-in-possession loan, and without the prior written consent of the DIP Lender (which consent shall not be unreasonably withheld) and the Monitor or order of the Court, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge (as defined in the ARIO), the DIP Charge, a charge in favour of the directors and officers of the Borrowers, the KERP Charge and the Consultant’s Charge) over any of its Property, whether ranking in priority to or subordinate to the DIP Charge; and</p> <p>m) not sell, transfer, assign, convey or lease any Property out of the ordinary course of the Borrowers’ business, unless consented to by the DIP Lender (which consent shall not be unreasonably withheld) and the Monitor, or permitted by an order of the Court.</p>
13.	<b>INDEMNITY:</b>	<p>Each of the Borrowers agrees to indemnify and hold harmless the DIP Lender and its affiliates and officers, directors, employees, representatives, advisors, solicitors and agents (collectively, the “<b>Indemnified Persons</b>”) from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever that may be incurred by or asserted against or involve any of the Indemnified Persons as a result of, in</p>

		<p>connection with or in any way related to the DIP Facility, the proposed or actual use of proceeds of the DIP Facility, this Amended Term Sheet, the CCAA Proceeding, the Initial Order, the ARIO or any other agreements entered into between the DIP Lender and the Borrowers with respect to the foregoing. Notwithstanding the foregoing, the Borrowers shall have no obligation to indemnify any Indemnified Person against any such loss, liability cost or expense (a) to the extent that such Indemnified Person is found by a final judgment of a court of competent jurisdiction to arise from their gross negligence, bad faith or willful misconduct, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrowers. The DIP Lender shall not be responsible or liable to the Borrowers or any other person for consequential or punitive damages.</p>
14.	<p><b>EVENTS OF DEFAULT:</b></p>	<p>The DIP Facility shall be subject to the following events of default (“<b>Events of Default</b>”):</p> <ul style="list-style-type: none"> <li>a) the Borrowers’ failure to pay any amount due hereunder when due and payable;</li> <li>b) any covenant, Condition Precedent, payment obligation, or other term or condition of this Amended Term Sheet is not complied with or fulfilled to the satisfaction of the DIP Lender, acting reasonably;</li> <li>c) any representation or warranty made by the Borrowers is incorrect or misleading in any material respect when made;</li> <li>d) the seeking or support by the Borrowers of any Court order (in the CCAA Proceedings or otherwise) that is adverse or potentially adverse to the interests of the DIP Lender;</li> <li>e) the issuance of any court order staying, reversing, vacating or modifying the terms of the Initial Order, the ARIO, the DIP Facility or the DIP Charge without the DIP Lender’s consent, which consent shall not be unreasonably withheld;</li> <li>f) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in</li> </ul>

		<p>respect of the Initial Order or the ARIO that is not being diligently contested by the Borrowers, provided that, if the Borrowers are unsuccessful in contesting any such appeal, that shall automatically constitute an Event of Default;</p> <p>g) an event occurs that will, in the opinion of the DIP Lender, acting reasonably, materially impair the Borrowers' financial condition, operations or ability to perform its obligations under this Amended Term Sheet or any order of the Court;</p> <p>h) failure by the Borrowers to comply with the Initial Order, the ARIO or any further Order of the Court;</p> <p>i) any material adverse change in: (i) the business operations, or financial condition of the Borrowers or their affiliates; (ii) the Property of the Borrowers; and (iii) the DIP Charge, including its priority; (iv) the ability of the Borrowers to perform their obligations under this Amended Term Sheet or to any person under any material contract; (v) the DIP Lender's ability to enforce any of its rights or remedies against the Property, or for the obligations of the Borrowers to be satisfied from the realization thereof;</p> <p>j) any of the Borrowers become bankrupt, or a receiver, interim receiver, receiver and manager, or trustee in bankruptcy is appointed in respect of any of the Borrowers, or any of the Borrowers' property; and</p> <p>k) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter (collectively, a "Claim") that is not being diligently contested by the Borrowers, the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrowers under the DIP Facility, the DIP Charge or its priority, (ii) for monetary, injunctive or other relief against the DIP Lender or the Property, or (iii) preventing, hindering or otherwise delaying the exercise by the DIP Lender of any of its rights and</p>
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		remedies hereunder, pursuant to the Initial Order, the ARIO or under applicable law, or the enforcement or realization by the DIP Lender against any of its collateral, provided that if the Borrowers are unsuccessful in contesting any such Claim, that shall automatically constitute an Event of Default.
15.	<b>REMEDIES AND ENFORCEMENT:</b>	<p>Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, by way of written notice to the Borrowers, elect to terminate the DIP Facility and accelerate all amounts outstanding under the DIP Facility. In addition, upon the occurrence of an Event of Default, the DIP Lender may, upon providing four business days' written notice to the Borrowers and the Monitor, in accordance with the Initial Order or the ARIO:</p> <ul style="list-style-type: none"> <li>a) apply to the Court for the appointment of a receiver, an interim receiver or a receiver and manager over any of the Borrowers' property, or for the appointment of a trustee in bankruptcy of the Borrowers;</li> <li>b) apply to the Court to be allowed to exercise the rights and powers of a secured lender pursuant to the <i>Personal Property Security Act</i> (Ontario), or any legislation of similar effect; and</li> <li>c) exercise all such other rights and remedies available to the DIP Lender under this Amended Term Sheet, the Initial Order, the ARIO, any other order of the Court or applicable law.</li> </ul> <p>No failure or delay on the part of the DIP Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.</p>
16.	<b>DIP LENDER APPROVALS:</b>	Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail, by the DIP Lender, or its counsel, pursuant to the terms hereof.
17.	<b>LEGAL FEES:</b>	The Borrowers shall be responsible for all of the DIP Lender's reasonable legal fees incurred in respect of the DIP Facility on a full indemnity basis on a joint and several basis.

18.	<b>FURTHER ASSURANCES:</b>	The Borrowers will, at their own expense and promptly on demand by the DIP Lender at any time, do such acts and things and execute and deliver such documents as the DIP Lender may reasonably request to give effect to any other provisions set out hereunder.
19.	<b>ENTIRE AGREEMENT; CONFLICT:</b>	This Amended Term Sheet constitutes the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Amended Term Sheet and any of the other documentation that the DIP Lender requires the Borrowers to execute, this Amended Term Sheet shall govern.
20.	<b>WAIVERS:</b>	No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing by the DIP Lender and delivered in accordance with the terms of this Amended Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
21.	<b>SEVERABILITY:</b>	Any provision in this Amended Term Sheet, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
22.	<b>ASSIGNMENT:</b>	The Borrowers shall not assign this Amended Term Sheet or any of the provisions set out herein without the prior written consent of the DIP Lender, which consent may be unreasonably withheld. The DIP Lender may assign or sell its rights or obligations with respect to this Amended Term Sheet to any person without the prior written consent of the Borrowers.
23.	<b>GOVERNING LAW:</b>	The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
24.	<b>COUNTERPARTS:</b>	This Amended Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same

		instrument.
25.	<b>ACCEPTANCE:</b>	<p>The Borrowers agree that the DIP Lender's services are rendered at the time this Amended Term Sheet are both accepted by the Borrowers and approved by the Court.</p> <p>If the terms and conditions set out herein are satisfactory and the Borrowers are prepared to seek Court approval of same, kindly acknowledge acceptance by initialing each page and signing below.</p>

This Amended Term Sheet will be open for acceptance by the Borrowers until 5:00 p.m. (Eastern Time) on February 22, 2024.

**NE SPC II, by is general partner,  
NEXT EDGE GENERAL PARTNER (ONTARIO) INC.**

Per: \_\_\_\_\_ c/s  
 Name: **Cheng Dang**  
 Title: **Director**



I have the authority to bind the Corporation.

**BORROWERS' ACKNOWLEDGMENT AND ACCEPTANCE:**

The undersigned hereby accept and agree to be bound by the terms and conditions of this Amended Term Sheet, expressly subject to Court approval of same.

Dated this 22<sup>nd</sup> day of February, 2024.

**BORROWERS:**

**9869247 CANADA LIMITED**

Per: Brigitte Simons  
Name: Brigitte Simons  
Title: CEO

I have the authority to bind the Corporation.

**GN VENTURES LTD.**

Per: Brigitte Simons  
Name: Brigitte Simons  
Title: CEO

I have the authority to bind the Corporation.

**SCHEDULE "A"**  
**CASH FLOW PROJECTIONS**

**9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD.**  
**Consolidated Cash Flow Forecast**  
**\$CDN**

	Week Beginning	1 19-Feb-24	2 26-Feb-24	3 4-Mar-24	4 11-Mar-24	5 18-Mar-24	6 25-Mar-24	Total
	Notes							
<b>Receipts</b>								
Collections of Sales	1	\$ 38,497	\$ 21,000	\$ 44,778	\$ 101,995	\$ 44,651	\$ 45,391	\$ 296,312
Other Collections	2	-	-	-	-	-	-	\$ -
<b>Total Receipts</b>		<b>38,497</b>	<b>21,000</b>	<b>44,778</b>	<b>101,995</b>	<b>44,651</b>	<b>45,391</b>	<b>296,312</b>
<b>Disbursements</b>								
Operating Costs	3	60,000	60,000	60,000	65,000	60,000	60,000	\$ 365,000
Payroll Costs	4	-	106,200	-	85,000	-	93,500	\$ 284,700
Utilities	5	133,000	7,000	-	7,000	162,500	-	\$ 309,500
Operational G&A and Taxes	6	13,558	31,650	23,896	-	13,558	56,650	\$ 139,313
Restructuring Costs	7	-	576,000	65,000	65,000	65,000	65,000	\$ 836,000
<b>Total Disbursements</b>		<b>206,558</b>	<b>780,850</b>	<b>148,896</b>	<b>222,000</b>	<b>301,058</b>	<b>275,150</b>	<b>1,934,513</b>
<b>Net cash receipts/(disbursements)</b>		<b>\$ (168,061)</b>	<b>\$ (759,850)</b>	<b>\$ (104,118)</b>	<b>\$ (120,005)</b>	<b>\$ (256,408)</b>	<b>\$ (229,759)</b>	<b>\$ (1,638,201)</b>
<b>Cash on hand</b>								
Opening Balance	8	\$ 1,005,385	\$ 1,292,823	\$ 532,973	\$ 428,855	\$ 308,850	\$ 352,442	\$ 1,005,385
DIP Facility Draw/Repayment		455,500	-	-	-	300,000	(7,500)	748,000
Net Cash Receipts/(disbursements)		(168,061)	(759,850)	(104,118)	(120,005)	(256,408)	(229,759)	(1,638,201)
<b>Ending cash balance</b>		<b>\$ 1,292,823</b>	<b>\$ 532,973</b>	<b>\$ 428,855</b>	<b>\$ 308,850</b>	<b>\$ 352,442</b>	<b>\$ 115,183</b>	<b>\$ 115,183</b>
<b>Proposed Debt-in-Process Financing</b>								
Opening balance		\$ 532,939	\$ 989,874	\$ 992,539	\$ 995,211	\$ 997,890	\$1,300,577	\$ 532,939
Draw/(Repayment)	9	455,500	-	-	-	300,000	(7,500)	748,000
Commitment fee		-	-	-	-	-	-	-
Accrued Interest		1,435	2,665	2,672	2,679	2,687	3,502	15,640
<b>Ending balance</b>		<b>\$ 989,874</b>	<b>\$ 992,539</b>	<b>\$ 995,211</b>	<b>\$ 997,890</b>	<b>\$ 1,300,577</b>	<b>\$1,296,579</b>	<b>\$ 1,296,579</b>

**IN THE MATTER OF THE CCAA OF 9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) AND GN VENTURES LTD. (collectively, the “Applicants”)**

**Notes to the Unaudited Cash Flow Forecast of the Applicants**

**February 19, 2024 to March 31, 2024 (the “Forecast Period”)**

**Disclaimer:**

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), the Applicants, with the assistance of Ernst & Young Inc. (the “**Monitor**”), have relied upon unaudited financial information and the Applicants have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast includes estimates concerning the Applicants’ operations and additional assumptions discussed below with respect to the impact of a *Companies’ Creditors Arrangement Act* (“**CCAA**”) filing (the “**Probable and Hypothetical Assumptions**” or the “**Assumptions**”). Since the Cash Flow Forecast is based on Assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period will vary from the Cash Flow Forecast, even if the Assumptions materialize, and such variation may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

**Overview:**

The Cash Flow Forecast includes the receipts and disbursements of the Applicants during the Forecast Period. The Applicants, with the assistance of the Monitor, have prepared the Cash Flow Forecast based primarily on estimated receipts and disbursements related to the Applicants’ ongoing operations during the anticipated stay extension period.

Receipts and disbursements are denominated in Canadian dollars.

**Assumptions:**

**1. Sales**

This category includes revenues generated by the Applicants through the sale of cannabis products to provincial distributors domestically, bulk to other licensed producers and internationally to licensed customers in their respective countries.

**2. Other Receipts**

This category includes HST refunds.

**3. Operating Costs**

Represents disbursements related to purchase of raw materials, consumables, general repairs and maintenance, and security.

**4. Payroll Costs**

Employees are paid on a bi-monthly basis. Payroll costs include WSIB, EHT and benefits.

**5. Utilities**

Represents the cost of gas, water and hydro.

**6. Operational G&A and Taxes**

Operational expenses such as health Canada licences, insurance, sales taxes, property taxes and excise duty taxes.

**7. Restructuring Costs**

Restructuring costs include professional fee payments and expenses of the Applicants' legal counsel, the Monitor and its counsel in connection with the Applicants' restructuring proceedings. It also includes the initial payment of the proposed KERP and the first payment under the Consultant Agreement as more fully described in the Monitor's Second Report.

**8. Beginning Balance**

Represents the opening cash balance as of February 19, 2024.

**9. DIP Draws/(Repayments)**

Represent DIP draws pursuant the DIP term sheet dated January 19, 2024, as amended. Interest payments are also included in these amounts.