Court File No. CV-24-00712687-00CL

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")**

FIFTH REPORT OF THE MONITOR DATED MAY 2nd, 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 a charge over the assets of the Applicants 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 charge over the assets of the Applicants 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 charge over the assets of the Applicants to the DIP Lender to secure the obligations of the Applicants to the DIP Lender under the DIP Term Sheet (the “**DIP Lender’s Charge**”).

4. On February 27, 2024, the Court granted an Order (the “**Settlement Order**”) that, among other things:

a. extended the Stay Period to and including March 29, 2024;

b. increased 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;

c. increased 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;

d. approved 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;

e. approved 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

f. approved 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.

5. On March 25, 2024, the Court granted an Order that extended the Stay Period to and including April 19, 2024.

6. On April 16, 2024, the Court granted an Order (the "**Stay Extension Order**") that extended the Stay Period to and including May 7, 2024.

PURPOSE

7. The purpose of this fifth report of the Monitor (the "**Fifth Report**") is to provide information to the Court on:

a. the proposed Share Purchase Agreement dated April 29, 2024 (the "**Share Purchase Agreement**") in respect of the share sale transaction (the "**Transaction**") between GN Ventures Ltd. (the "**Vendor**"), 9869247 Canada Limited (d.b.a. Safari Flower Company) ("**Safari Flower**" or the "**Company**") and Blacksail, which will vest in Blacksail, all of the Vendor's right, title and interest in and to the Purchased Shares (as defined below);

b. the Monitor's recommendations with respect to the Applicants' motion for an order (the "**Approval and Reverse Vesting Order**"), among other things:

    a. approving the Share Purchase Agreement and the Transaction and vesting in Blacksail the Applicant's right, title and interest in the shares of Safari Flower (the "**Purchased Shares**") as described in the Share Purchase Agreement free and clear of all Encumbrances, except for the Permitted Encumbrances;

   b. vesting absolutely and exclusively in a residual company ("**ResidualCo**"), all Excluded Assets, Excluded Contracts and Excluded Liabilities;

   c. adding ResidualCo as an Applicant to the CCAA Proceedings;

   d. approving releases (the "**Releases**") in favour of (1) the current and former directors, officers, employees, legal counsel and advisors of the Applicants and ResidualCo, (2) the Monitor and its legal counsel, and (3) HAI and its current and former directors, officers, employees, legal counsel and advisors (collectively, the "**Released Parties**"); and

   e. expanding the Monitor's powers regarding ResidualCo;

c. the Applicants' receipts and disbursements for the period from April 8, 2024 to April 21, 2024, compared to the cash flow forecast appended as Appendix "B" (the "**Initial Cash Flow Forecast**") to the Monitor's Fourth Report dated April 15, 2024 (the "**Fourth Report**");

d. the Applicants' updated weekly cash flow forecast from April 22, 2024 to June 30, 2024 on a consolidated basis for all of the Applicants (the "**Cash Flow Forecast**");

e. the Monitor's recommendation with respect to the Applicants' motion for an order (the "**Ancillary Order**"):

   a. granting an extension of the Stay Period to and including June 30, 2024;

   b. increasing the authorized borrowings under the Second Amended DIP Term Sheet dated April 26, 2024 (the "**Second Amended DIP Term Sheet**"), to a maximum principal amount of $2,600,000 and increasing the DIP Lender's Charge to a maximum principal amount of $2,600,000 plus interest, fees, legal costs and any other amounts payable under the Second Amended DIP Term Sheet; and

c. approving the Third Report, Fourth Report and this Fifth Report, and the conduct and activities of the Monitor described therein;

TERMS OF REFERENCE

8. In preparing this Fifth 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, (the CEO and CFO collectively, the "**Management**"), and information from other third-party sources (collectively, the "**Information**"). Except as described in this Fifth 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 Fifth 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.

9. Future oriented financial information referred to in this Fifth 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.

10. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Fifth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.

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

12. The Monitor established a case website at www.ey.com/ca/safari (the "**Monitor's Website**") to disseminate information to stakeholders in respect of the Applicants' CCAA Proceedings.

BACKGROUND

13. The Applicants, through their operating company Safari Flower, are a licensed cultivator and processor of cannabis.

14. 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.

15. 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.

16. GN Ventures Ltd. Is a holding company and the 100% parent of Safari Flower.

MONITOR'S ACTIVITIES TO DATE

17. Since the granting of the Settlement Order, the Monitor has:

    a. responded to e-mails and telephone calls received from parties with respect to these CCAA Proceedings;

    b. reviewed the Applicants' disbursements;

c. participated in discussions among the Applicants, Gray Jay Estates Inc. ("**Gray Jay**" and together with Blacksail, the "**Lenders**" or individually, a "**Lender**") and Blacksail to conclude the Share Purchase Agreement; and

d. Participated in discussions with Reconstruct LLP, counsel to e2 Companies LLC, in regards to e2 Companies LLC et al.'s possible claim in respect of the cogeneration unit located at the Safari Flower's facility.

CONDUCT AND OUTCOME OF THE SALES PROCESS

18. The Affidavit of David Hyde dated April 29, 2024 (the "**Hyde Affidavit**") describes in detail a pre-filing sale and investment solicitation process (the "**Sale Process**") conducted by HAI prior to the CCAA Proceedings.

19. HAI was engaged on or around June 7, 2023 to conduct the Sale Process for sale of the Company's business. During the 6-month Sale Process, HAI had direct outreach to 38 potential purchasers as well as marketing efforts through LinkedIn, X (formerly Twitter), and HAI's own website. Through this effort, 33 site visits took place, seven letters of intent were received as well as one final bid by the bid deadline.

20. The Lenders determined the final bid was insufficient and the bid was declined.

21. The Monitor has reviewed the Sale Process conducted by HAI through:

a. discussions held with HAI and a review of a memo prepared by HAI describing the Sale Process;

b. further inquiries and information requests made by the Monitor of HAI;

c. reviewing the marketing materials and a sample of email communications and other correspondence between HAI and prospective purchasers; and

d. reviewing a list of the parties contacted in the Sale Process.

22. In addition, the Monitor notes that HAI is a specialist in the cannabis sector and is familiar with HAI as the Monitor has worked with HAI in previous cannabis engagements.

THE SHARE PURCHASE AGREEMENT

Background

23. 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 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.

24. The Applicants' secured lenders, Blacksail and Gray Jay 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**").

25. 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.

26. The Hyde Affidavit sets out the Sale Process conducted by HAI which concluded on November 17, 2023 with one potential purchaser; however, as noted above, the Lenders indicated that the bid was insufficient and the Sale Process was terminated.

27. The Monitor supports the Applicants request for an order sealing the letters of intent and final bid in the Sale Process, pending the closing the Transaction as the information contained in those documents could prejudice a future sale process, should the Transaction fail to close.

28. The Monitor understood that instead of the Lenders accepting the bid, the Lenders had agreed that one of them would purchase the other's debt and security (the "**Lenders' Assignment**"), and then purchase the Safari Flower business through a credit bid.

29. As set out in the Fourth Report, the Monitor understood that Blacksail had initially advised the Applicants that Blacksail would be the purchaser of the Applicants' business. The

Applicants and Blacksail, with the assistance of the Monitor, had been negotiating the Share Purchase Agreement and preparing court materials to seek court approval of same.

30. However, the Monitor was advised by counsel to the Lenders that on or about April 8, 2024, Gray Jay requested a further extension in order to continue negotiations in respect of the Lenders' Assignment. Blacksail agreed to an extension.

31. The Monitor understands that the Lenders have concluded their negotiations and executed agreements contemplating the Lenders' Assignment. Gray Jay will have to May 17, 2024 to purchase and take an assignment of Blacksail's debt and security at an agreed upon price, failing which Blacksail will purchase and take an assignment of Gray Jay's debt and security at an agreed upon price. The Applicants, with the agreement of the Lenders, are seeking court approval of the Share Purchase Agreement with Blacksail or its assignee as purchaser; Gray Jay will take an assignment of the Share Purchase Agreement should it ultimately purchase Blacksail's debt and security. This assignment will have no effect on the economic terms of the transaction.

The Share Purchase Agreement

32. A general summary of the key terms and conditions of the Share Purchase Agreement is set out below. The summary is for convenience only and interested parties are directed to the specific terms of the Share Purchase Agreement, which is attached as Exhibit "A" to the Affidavit of Brigitte Simons sworn May 1, 2024 . Capitalized terms are as defined in the Share Purchase Agreement.

33. The aggregate purchase price for the Purchased Shares shall be made up of the following amounts (the "**Purchase Price**"):

a. the CCAA Charge Amount; *plus*

b. the amount required to satisfy in full the Priority Payment Amount as at the Closing Time; *plus*

c. the Administration Expense Amount.

34. The Purchaser shall pay the Purchase Price, in cash, to the Monitor at the Closing Time. On the Closing Date, the Company shall retain the Retained Liabilities which will include the Blacksail Debt. The Blacksail Debt will consist of indebtedness and obligations of the Company owing to Blacksail as at the Closing Time, including: (a) the indebtedness existing under the commitment letter dated January 23, 2020; (b) the indebtedness existing under the accommodation agreement dated June 30, 2023; (c) the debtor-in-possession financing under the DIP Term Sheet, as defined in the Share Purchase Agreement to include the Second Amended DIP Term Sheet; (d) the Hyde Payment; and (e) upon completion of Blacksail's purchase of the indebtedness owing by the Safari Flower to Gray Jay and the security securing such indebtedness, the amount of such indebtedness. The Blacksail Debt becomes due and owing in accordance with such terms and conditions as shall be agreed between the Purcahser, the Vendor and the Company prior to Closing.

35. On the Closing Date, the Company shall retain all of the assets owned by it including, without limitation, the Facility, the Company's personal property and equipment, its Assumed Contracts, Permits and Licences, Books and Records, Business and undertakings (the "**Retained Assets**") except for the Excluded Assets and Excluded Contracts, which the Company will transfer to ResidualCo on or before the Closing Time or shall be vested in ResidualCo.

36. Excluded Liabilities shall be transferred to, vested in and assumed by ResidualCo. Neither the Purchaser nor the Company shall assume or have any Liability for any of the Excluded Liabilities. The Monitor is satisfied that the total liabilities of ResidualCo, subject to being proven, will exceed $5 million.

37. The obligation of the Purchaser to complete the Transaction is subject to certain conditions being satisfied, fulfilled, or performed. The most notable conditions are:

   a. the Health Canada Licence shall be valid and in good standing at the Closing Time with no adverse conditions or restrictions, except for routine conditions or restrictions that do not result in a finding of non-compliance or suspension, it being understood that such licences at the Closing Time shall enable the Safari Flower Group to carry on the Business substantially consistent with past practice;

b. the Purchaser shall have obtained the Health Canada Approval, in a form satisfactory to the Purchaser, acting reasonably, which may be waived by the Purchaser; and

c. the Purchaser shall have purchased all of the indebtedness and obligations of the Company owing to Gray Jay, including the indebtedness existing under the secured grid promissory note dated August 16, 2018 as amended by an amendment dated June 1, 2019, issued by the Company in favour of Gray Jay together with the security relating thereto.

38. Blacksail shall be entitled to exercise the Lenders' Assignment, thereby assigning its debt, security and rights as purchaser to Gray Jay, at any time, before or after the issuance of the Approval and Reverse Vesting Order, but prior to the Closing Date, provided that:

a. Blacksail provides prior notice of such assignment to the Vendor, the Company and the Monitor; and

b. Gray Jay agrees to be bound by the terms of the Share Purchase Agreement by executing an assignment agreement (the "**SPA Assignment**").

Upon such SPA Assignment, Blacksail shall be released from all of its obligations under the Share Purchase Agreement.

THE MONITOR'S RECOMMENDATION ON THE SHARE PURCHASE AGREEMENT

39. The Monitor is of the view that the Sale Process by HAI was reasonable and supports the approval of the Share Purchase Agreement.

40. HAI carried out a broad canvassing of the market consistent with the principles of a sale process conducted under CCAA proceedings. Based on the documentation received by HAI, it appears potential purchasers were afforded a reasonable opportunity to investigate and consider a potential purchase of Safari Flower's assets. It appears Safari Flower and HAI made reasonable accommodations and provided reasonable flexibility to ensure that participation in the Sales Process was maximized.

41. The highest offer received from the Sale Process was significantly less than the combined total debt of the Lenders. As of March 31, 2024, the combined total debt of the Lenders,

based on the books and records of the Applicants, including principal and accrued interest total approximately $33.8 million, excluding the DIP Loan.

42. At the outset of the Sale Process, the Company consulted the Lenders, and the Lenders made the decision to not accept the consideration provided from the highest offer and crystalize their respective losses at that time. Rather, the Lenders negotiated the Lenders' Assignment and the Share Purchase Agreement thus allowing the successful Lender to potentially realize greater value in the future. The Lenders are sophisticated parties dealing at arms' length. Both Lenders support the relief sought.

43. Based on the size of their debt in comparison to the only bid obtained in the Sale Process, the Lenders will, in all events, suffer a significant shortfall and it is clear that there are no other parties with an economic interest in the Company's assets. The retention of the Blacksail Debt under the Share Purchase Agreement preserves the possibility of a greater future recovery for the Lender who becomes the Purchaser.

44. In addition, because the Transaction is linked to the Lenders' Assignment it will streamline the Company's creditor profile, which will be beneficial to the Safari Flower business on a go-forward basis.

45. The Monitor believes that the Transaction would be more beneficial for creditors than a sale or disposition under a bankruptcy for the following reasons:

a. the total value under the Share Purchase Agreement being the Purchase Price for the shares and the Retained Liabilities (including the Blacksail Debt) is greater than the highest offer received from the Sales Process;

b. the facts demonstrate that the Lenders are the only parties with an economic interest in the assets of the Company. As such, creditors ranking behind the Lenders would not have received any dividend in a bankruptcy. With a going concern, these creditors will still have the benefit of continued revenue with Safari Flower, if they continue to supply the Company;

c. similarly, in a liquidation scenario, the Lenders would have had to crystallize their losses and suffer a significant shortfall. Pursuant to the Transaction, the Purchaser preserves the possibility of greater recovery in the future;

d. in the absence of any bid acceptable to the Lenders following the Sale Process, the Transaction is the only viable option to keep the Company as a going-concern;

e. utilizing the bids as seen in the Sale Process as a proxy for market value, the Monitor believes the consideration to be received for the Purchased Shares is reasonable and fair, taking into account their market value as it preserves the Lenders' ability to receive more value, being 100% of their collective debt, which otherwise would have been compromised if a bid had been accepted under the Sale Process;

f. the Second Amended DIP Term Sheet provides sufficient funds to allow the Applicants and the Purchaser to close the Transaction; and

g. the Share Purchase Agreement benefits many of the stakeholders (including customers, employees and suppliers) through a Transaction that results in a going-concern outcome for the operating entity.

46. For the reasons note above, the Monitor recommends that the Court approve the Share Purchase Agreement.

THE SECURITY OPINIONS

47. The Monitor instructed its counsel Gowling WLG (Canada) LLP ("**Gowling**"), to review the personal and real property security granted by the Applicants to each of Blacksail (the "**Blacksail Security**") and Gray Jay (the "**Gray Jay Security**") prior to the commencement of these proceedings.

48. Gowling has provided the Monitor with written opinions that, subject to the typical assumptions and qualifications for opinions of this nature, the Blacksail Security and Gray Jay Security each creates valid security interests in favour of Blacksail or Gray Jay, as applicable, in the collateral described therein, in each case, to secure the payment and performance of the indebtedness, liabilities and obligations described in the Blacksail Security or Gray Jay Security, as applicable, as being secured by them.

49. Gowling has also opined that the necessary registrations have been made in the applicable provinces to perfect or evidence such security.

APPROVAL AND REVERSE VESTING ORDER

Reverse Vesting Structure

50. The Transaction is in respect of the sale of the Purchased Shares following the implementation of a reverse vesting structure to effect the transfer of the Purchased Shares to the Purchaser and the transfer of the Excluded Assets and Excluded Liabilities out of Safari Flower and into ResidualCo. Safari Flower holds several non-transferable licenses, which are described in the Affidavit of Leanne Brigitte Simons sworn January 11, 2024 (which is attached as Exhibit "B" to Affidavit of Leanne Brigitte Simons sworn April 29, 2024. These licenses are essential to the Safari Flower's business and ability to cultivate, produce, package and sell cannabis products, along with other activities.

51. A reverse vesting structure is necessary to maximize value in this case. The need for a reverse vesting structure arises from the highly regulated nature of the Applicants' Cannabis business, the value of which is dependant on maintaining certain essential non-transferable licenses. The cannabis licenses cannot be transferred. Accordingly, absent a reverse vesting structure that preserves the licences, the Company could not store or sell its inventory, or have cannabis operations. This disruption in operations until a new license is obtained, increases risk and uncertainty resulting in a materially decreased purchase price for a going concern transaction or lead to the liquidation of Safari Flower. The Monitor notes that the sole bid in the Sale Process also contemplated a reverse vesting structure.

52. The Monitor is not aware of any stakeholder that is worse off under the reverse vesting structure, nor is there a viable alternative that would produce a more favourable economic result.

53. Accordingly, the Monitor is of the view that the reverse vesting structure set out in the proposed Approval and Reverse Vesting Order represents the only viable alternative to implement the Transaction for the benefit of the Applicants' stakeholders and therefore supports the relief requested.

Releases

54. The proposed Approval and Reverse Vesting Order includes releases (the "**Releases**") in favour of the Released Parties, which is defined to include:

a. The CEO and CFO as directors of the Applicants;

b. all other directors, officers, legal counsel and advisors of the Applicants as at date of the commencement of the CCAA Proceedings;

c. the directors, officers, legal counsel and advisors of the Applicants and ResidualCo that were directors, officers, legal counsel and advisors of ResidualCo as at date of incorporation of ResidualCo;

d. the Monitor and its counsel; and

e. the current directors, officers, employees, legal counsel and advisors of HAI.

55. The full scope of the release provisions is set out in the proposed Approval and Reverse Vesting Order and should be read in conjunction with this Fifth Report. The Releases explicitly do not release or discharge any claim that is not permitted to be released, pursuant to section 5.1(2) of the CCAA.

56. The Releases are critical to the consummation of the Transaction, the release of the Directors' Charge and the orderly wind-down of these CCAA Proceedings. The Approval and Reverse Vesting Order which contains the Releases are also a condition precedent to the Transaction.

57. The Releases do not release the officers and directors from pre-filing conduct except with respect to the CEO and CFO's conduct specifically in connection with the Sale Process for which the Applicants have sought this Court's approval. The Sale Process would ordinarily be performed within the context of a CCAA proceeding and was necessary for the Monitor to be able to recommend the Transaction. Based on its review of the Sale Process and discussions with David Hyde, the CEO and CFO, the Monitor believes the CEO and CFO have been integral to the Sale Process and the attraction and bids that it obtained. In addition, the CEO and CFO were necessary in order to achieve the ultimate outcome, being the Share Purchase Agreement, which was contemplated subsequent to the Sale Process and prior to

the CCAA Proceedings. Accordingly, the Monitor supports this limited expansion of the release beyond the CCAA period.

58. In the Monitor's view, having considered the facts of the situation, each of the Released Parties have, in some meaningful way, contributed to the Transaction and the successful restructuring of the Applicants. Further, it is the Monitor's understanding, based on the advice of counsel (and subject to the additional commentary immediately above), that it is customary to include such Releases in reverse vesting orders.

59. Accordingly, the Monitor is of the view that the proposed Releases are reasonable and not overly broad in the circumstances, and it supports the relief requested by the Applicants.

MONITOR'S ENHANCED POWERS

60. The proposed Approval and Reverse Vesting Order also expands the powers of the Monitor. Given that all Excluded Liabilities and Excluded Assets will be transferred to and vest in ResidualCo, which will be added as an Applicant to the CCAA Proceedings, the proposed Approval and Reverse Vesting Order expands the authority and power of the Monitor so it can assist with the winding up of ResidualCo.

61. Specifically, the proposed Approval and Reverse Vesting Order authorizes and empowers, but does not require, the Monitor to, among other things:

   a. take any and all actions and steps, and execute documents on behalf of, and in the name of ResidualCo;

   b. exercise any power which may be properly exercised by any board of directors of ResidualCo;

   c. cause ResidualCo to retain the services of any person as an employee, consultant, or other similar capacity all under the supervision and direction of the Monitor;

   d. cause ResidualCo to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the winding-down of ResidualCo or the distribution of the proceeds or any other related activities, including in connection with bringing these CCAA Proceedings to an end;

e. assign ResidualCo into bankruptcy, and the Monitor is entitled (but not obligated) to act as a trustee in such bankruptcy; and

f. consult with Canada Revenue Agency, Health Canada, or any other governmental body with respect to any issues arising in respect of these CCAA Proceedings.

62. The authority granted to the Monitor in the proposed Approval and Reverse Vesting Order will ensure that the Monitor has the requisite authority to deal with the winding-down of ResidualCo in an orderly and efficient manner. As a result, the Monitor is of the view that the relief provided is appropriate in the circumstances.

APPLICANTS' RECEIPTS AND DISBURSEMENTS

63. A summary of the Applicants' actual receipts and disbursements during the period from April 8, 2024, to April 21, 2024 (the "**Reporting Period**"), as compared to the Initial Cash Flow Forecast (the "**Variance Analysis**") is attached as **Appendix "A"** to this Fourth Report.

64. During the Reporting Period, the Applicants' operations generated a net cash outflow of approximately $91,000. As at April 22, 2024, the Applicants' cash on hand was approximately $265,000. It was not required to draw on the third tranche of the DIP Loan of approximately $300,000.

65. The favourable cash variance for the Reporting Period of approximately $34,000 is primarily a result of:

a. favourable timing differences in regards to collection of receipts due to increased collection efforts; and

b. favourable timing differences in respect of payment of operating costs offset by negative timing differences in respect of payments for utilities.

66. 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

67. The Applicants, with the assistance of the Monitor, have prepared a Cash Flow Forecast which includes forecast receipts and disbursements for the period from April 22, 2024 to the week ending June 30, 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 Fifth Report.

68. 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.

69. 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.

70. The Cash Flow Forecast shows that the Applicants project estimated total combined receipts of approximately $462,000 and estimated total combined disbursements of approximately $2,269,000. The disbursements contemplate amounts for key employee retention payments.

71. Based on the Cash Flow Forecast, the Applicants will require access to the remaining balance of the DIP Loan pursuant to the Amended DIP Term Sheet, being $300,000, as well as an additional $1,300,000 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 Amended DIP Term Sheet from $1,300,000 to $2,600,000 to reflect this additional financing need.

72. 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.

SECOND AMENDMENT TO THE DIP TERM SHEET

73. On May 1, 2024, the Applicants and the DIP Lender agreed to the Second Amended DIP Term Sheet. A copy of the Second Amended DIP Term Sheet is attached as **Appendix "C"**.

74. The Second Amended DIP Term Sheet provides an extension of the maturity date of the DIP Loan from April 1, 2024 to June 30, 2024 and increases in the principal amount of the DIP Loan by $1,300,000 to account for additional interim financing required from April 22, 2024 to June 30, 2024.

75. The Monitor supports the Second Amended DIP Term Sheet as it aligns the maturity date with the Extended Stay Period and the necessary funding required during this period.

76. The Monitor supports the increase in the DIP Lender's Charge to align to the increase in DIP Loan.

EXTENSION TO THE STAY PERIOD

77. The Stay Period is currently set to expire on May 7, 2024. The Applicants are requesting an extension of the Stay Period until June 30, 2024.

78. The Monitor is of the view that the extension of the Stay Period is appropriate for the following reasons:

   a. it allows time for the Applicants to satisfy the conditions of the Transaction and close the Transaction;

   b. the Applicants continue to operate in good faith and with due diligence.

79. Provided that this Court grants the proposed increase of the DIP Loan to the principal amount of $2,600,000, the Cash Flow Forecast indicates that the Applicants will have sufficient liquidity for the duration of the Extended Stay Period.

80. For the foregoing reasons, the Monitor supports the Applicants' request to extend the Stay Period to June 30, 2024.

APPROVAL OF THE MONITOR'S ACTIVITIES

81. The activities of the Monitor are discussed in the Third Report, Fourth Report and this Fifth Report. The Monitor is seeking this Court's approval of these reports and the activities outlined therein.

82. 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

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

All of which is respectfully submitted this 2nd day of May 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, CIRP, LIT
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 April 8, 2024 to April 21, 2024
(CDN $)

	Forecast	Actual	Variance	Notes
Receipts				
Collections of Sales	86,054	120,783	34,729	1
Other Collections	0	0	0	
Total Receipts	**86,054**	**120,783**	**34,729**	
Disbursements				
Operating Costs	142,500	64,200	(78,300)	2
Payroll Costs	0	0	0	
Utilities	44,550	123,337	78,787	3
Operational G&A and Taxes	23,896	23,896	0	
Restructuring Costs	0	0	0	
Total Disbursements	**210,946**	**211,433**	**486**	
Net Cash Receipts/ (Disbursements)	(124,892)	(90,650)	34,242	
Cash On Hand				
Opening Balance	355,358	355,358	0	
DIP Facility Draw/Repayment	300,000	-	(300,000)	4
Net Cash Receipts/(Disbursements)	(124,892)	(90,650)	34,242	
Ending Cash Balance	530,466	264,708	(265,758)	

1) Collection of sales receipts were greater than forecast due to increased collection efforts. The positive variance represents a timing difference.

2) Payments for operating costs were lower than forecast as the Company is receiving some trade credit vs. prepayment/COD terms. The positive variance represents a timing difference.

3) Payments for utilities were greater than forecast and represents a timing difference.

4) The company was not required to make a further DIP Loan draw during the Reporting Period.

Appendix B

Cash Flow Forecast

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

		1	2	3	4	5	6	7	8	9	10	
Week Beginning		**22-Apr-24**	**29-Apr-24**	**6-May-24**	**13-May-24**	**20-May-24**	**27-May-24**	**3-Jun-24**	**10-Jun-24**	**17-Jun-24**	**24-Jun-24**	**Total**
	Notes											
Receipts												
Collections of Sales	*1*	$ -	$ -	$ -	$ 121,806	$ 124,175	$ 25,914	$ 85,232	$ 32,273	$ 19,263	$ 53,480	$ 462,143
Other Collections	*2*	-	-	-	-	-	-	-	-	-	-	$ -
Total Receipts		**-**	**-**	**-**	**121,806**	**124,175**	**25,914**	**85,232**	**32,273**	**19,263**	**53,480**	$ 462,143
Disbursements												
Operating Costs	*3*	60,000	75,000	60,000	67,500	60,000	60,000	60,000	67,500	60,000	60,000	$ 630,000
Payroll Costs	*4*	82,000	20,263	85,000	-	85,000	8,000	-	85,000	-	93,000	$ 458,263
Utilities	*5*	-	-	-	7,000	175,000	-	-	7,000	175,000	-	$ 364,000
Operational G&A and Taxes	*6*	13,558	15,000	23,896	-	13,558	41,650	23,896	-	13,558	41,650	$ 186,768
Restructuring Costs	*7*	-	-	-	180,000	-	200,000	-	-	-	250,000	$ 630,000
Total Disbursements		155,558	110,263	168,896	254,500	333,558	309,650	83,896	159,500	248,558	444,650	2,269,031
Net cash receipts/(disbursements)		**$ (155,558)**	**$ (110,263)**	**$ (168,896)**	**$ (132,694)**	**$ (209,383)**	**$ (283,736)**	**$ 1,336**	**$ (127,227)**	**$ (229,295)**	**$ (391,170)**	**$ (1,806,888)**
Cash on hand												
Opening Balance	*8*	$ 264,708	$ 409,150	$ 298,887	$ 129,990	$ 497,296	$ 287,913	$ 504,177	$ 505,513	$ 378,285	$ 148,990	$ 264,708
DIP Facility Draw/Repayment	*9*	300,000	-	-	500,000	-	500,000	-	-	-	300,000	$ 1,600,000
Net Cash Receipts/(disbursements)		(155,558)	(110,263)	(168,896)	(132,694)	(209,383)	(283,736)	1,336	(127,227)	(229,295)	(391,170)	$ (1,806,888)
Ending cash balance		**$ 409,150**	**$ 298,887**	**$ 129,990**	**$ 497,296**	**$ 287,913**	**$ 504,177**	**$ 505,513**	**$ 378,285**	**$ 148,990**	**$ 57,820**	**$ 57,820**
DIP												
Opening Balance	*9*	$1,008,055	$1,311,545	$1,315,036	$1,319,868	$1,824,701	$1,829,534	$2,335,710	$2,341,885	$2,348,060	$2,354,236	$1,008,055
DIP Facility Draw/(Repayment)		300,000	-	-	500,000	-	500,000	-	-	-	300,000	1,600,000
Interest		3,490	3,490	4,833	4,833	4,833	6,175	6,175	6,175	6,175	6,981	53,162
Ending Balance		$1,311,545	$1,315,036	$1,319,868	$1,824,701	$1,829,534	$2,335,710	$2,341,885	$2,348,060	$2,354,236	$2,661,216	$ 2,661,216

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

April 22, 2024 to June 30, 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 and a return of other deposits.

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.

8. **Beginning Balance**
   Represents the opening cash balance as of April 22, 2024.

9. **DIP Draws/(Repayments)**
   Represents DIP draws pursuant to the Second Amended DIP term sheet. As of April 1st, 2024, the balance of the DIP Loan was $1,000,000 as accrued interest was netted against previous DIP draws. The interest subsequent is forecast to accrue without netting against DIP draws.

Appendix C

Second 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 "**Second Amended Term Sheet**")

April 26, 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 require funding to satisfy the cash flow requirements of the CCAA Proceedings and other short-term liquidity requirements; and "Initial"

C. The DIP Lender has agreed to advance a debtor-in-possession loan in the aggregate principal amount of CAD $2,600,000, subject to and in accordance with the terms and conditions of this Second Amended Term Sheet.

1.	**BORROWERS:**	9869247 Canada Limited d.b.a. Safari Flower Company and GN Ventures Ltd.
2.	**LOAN AMOUNT:**	CAD $2,600,000
3.	**DIP FACILITY:**	Non-revolving facility in the maximum aggregate amount of CAD $2,600,000 (the "**DIP Facility**"). 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 Monitor and the DIP Lender, attached hereto as **Schedule "A"** 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. 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.
4.	**ADVANCES:**	Subject to the Conditions Precedent set out in Section 10 of this Second Amended Term Sheet, and the Borrowers being in compliance with the provisions of this Second Amended Term Sheet, the DIP Lender shall make the DIP Facility available to the Borrowers by advances as follows: a) $500,000 immediately after the issuance of the amended and restated initial order (the "**ARIO**"), among other things, approving the DIP Facility and granting the DIP Charge (as defined below) (the "**First Advance**"); 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 Second Amended Term Sheet (the "**Second Advance**"); c) $300,000 after the issuance of an order (the "**March Stay Extension Order**"), among other things, approving an increase to the DIP financing ("**DIP Financing Increase**") and amending the DIP Charge (as defined below) to $1,300,000 (the "**Third Advance**"), and in accordance with the cash flow projections at Schedule A; and d) $1,300,000 after the issuance of the Third Advance and the order (the "**May Sale Approval Order**"), among other things, approving an increase to the DIP financing and amending the DIP Charge to $2,600,000 (the "**Fourth Advance**" and, with the First Advance, Second Advance and Third Advance each, an "**Advance**"), and in accordance with the cash flow projections at Schedule A.

		Each Advance shall be requested by the Borrowers in writing (each, an "**Advance Request**"). Nothing in this Second 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 Second Amended Term Sheet. 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.
5.	**INTEREST:**	Interest shall accrue under the DIP Facility at a rate equal to 14% per annum on the outstanding indebtedness (the "**Interest**"). 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).
6.	**RECOVERABLE EXPENSES:**	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 Second 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 Second Amended Term Sheet, or the CCAA Proceeding related to the DIP (collectively, "**Recoverable Expenses**"), provided that the Recoverable Expenses will become payable on the Maturity Date. 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.

7.	**COMMITMENT FEE:**	The Borrowers shall pay a commitment fee in the amount of $30,000 (the "**Fee**") which shall be deemed to be fully earned by the DIP Lender and payable on the date that the Court issues the ARIO approving the DIP Facility. The Fee shall be deducted from the First Advance.
8.	**SECURITY**	All debts, liabilities and obligations of the Borrowers to the Lenders under or in connection with the DIP Facility, this Second 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 "**DIP Charge**"), 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 "**Administration Charge**"). 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 "**Directors' Charge**"), subject to the terms and conditions set out in the Initial Order, the ARIO or any other Court order granting such charge. The other charges granted in connection with the March Stay Extension Order (the "**Charges**") shall not stand in priority to the DIP Charge.
8.	**MATURITY DATE:**	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 Second Amended Term Sheet on the earliest of (the "**Maturity Date**"): a) June 30, 2024 b) The closing of a transaction for the sale of substantially all of the Borrower's assets, business or shares (the "**Transaction**"); c) The date on which the CCAA Proceeding is terminated for any reason, including if the Borrowers become bankrupt, whether voluntarily or

		involuntarily; and d) A demand being made upon the occurrence of an Event of Default (as defined herein).
9.	**REPAYMENT:**	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. 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.
10.	**CONDITIONS PRECEDENT:**	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 "**Conditions Precedent**"): a) written acceptance of this Second Amended Term Sheet by the Borrowers; b) the ARIO shall continue in full force and effect; c) the Court shall have issued the May Sale Approval Order, in a form satisfactory to the DIP Lender, acting reasonably, including: (i) approving this Second Amended Term Sheet and the DIP Financing Increase up to an authorized limit of CAD $2,600,000; (ii) and amending the DIP Charge in favour of the DIP Lender to correspond with the DIP Financing Increase; 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; e) the DIP Lender shall have received an Advance Request that confirms that the Borrowers are in compliance with this Second Amended Term Sheet and the ARIO; and f) no Event of Default has occurred or will occur as a result of the Advance.
11.	**REPRESENTATIONS AND WARRANTIES:**	The Borrowers represent and warrant to the DIP Lender, upon which representations and warranties the DIP Lender relies in entering into this Second Amended Term Sheet and when making each Advance, as follows (the "**Representations and Warranties**"): a) the transactions contemplated by this Second Amended Term Sheet: i. upon the granting of the ARIO, are within the powers of the Borrowers; ii. have been duly authorized by all necessary corporate approvals of the Borrowers; iii. have been duly executed and delivered by or on behalf of the Borrowers; iv. upon the granting of the ARIO, constitute legal, valid and binding obligations of the Borrowers; and 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; b) the Borrowers are corporations existing under the laws of their respective jurisdiction of incorporation;

		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; 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; 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 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 Second 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.
12.	**COVENANTS:**	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: 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; b) promptly, upon receipt by the Borrowers of same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order or the ARIO, including, without limitation, any

		application to the Court for the granting of new or additional security that will or may have priority over the DIP Charge, or otherwise for the variation of the priority of the DIP Charge; 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; d) provide the DIP Lender with any additional financial information reasonably requested by the DIP Lender; 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 Second Amended Term Sheet, or such other purposes that may be agreed to by the DIP Lender and the Monitor in writing; 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 Second 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; 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 Second Amended Term Sheet, or of any document executed in connection with this Second Amended Term Sheet; h) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles; i) not declare any dividend, or make any other distributions with respect to any shares of the Borrowers without the prior written consent of the DIP Lender and the consent of the Monitor or order of the Court;

		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; k) keep the Borrowers' assets fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets; 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 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.
13.	**INDEMNITY:**	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 "**Indemnified Persons**") 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 connection with or in any way related to the DIP Facility, the proposed or actual use of proceeds of the DIP Facility, this Second 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.
14.	**EVENTS OF DEFAULT:**	The DIP Facility shall be subject to the following events of default ("**Events of Default**"): a) the Borrowers' failure to pay any amount due hereunder when due and payable; b) any covenant, Condition Precedent, payment obligation, or other term or condition of this Second Amended Term Sheet is not complied with or fulfilled to the satisfaction of the DIP Lender, acting reasonably; c) any representation or warranty made by the Borrowers is incorrect or misleading in any material respect when made; 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; 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; f) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the Initial Order or the ARIO 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;

		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 Second Amended Term Sheet or any order of the Court; h) failure by the Borrowers to comply with the Initial Order, the ARIO or any further Order of the Court; 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 Second 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; 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 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 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.	**REMEDIES AND ENFORCEMENT:**	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: 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; b) apply to the Court to be allowed to exercise the rights and powers of a secured lender pursuant to the *Personal Property Security Act* (Ontario), or any legislation of similar effect; and c) exercise all such other rights and remedies available to the DIP Lender under this Second Amended Term Sheet, the Initial Order, the ARIO, any other order of the Court or applicable law. No failure or delay on the part of the DIP Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.
16.	**DIP LENDER APPROVALS:**	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.	**LEGAL FEES:**	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.	**FURTHER ASSURANCES:**	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.	**ENTIRE AGREEMENT; CONFLICT:**	This Second 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 Second Amended Term Sheet and any of the other documentation that the DIP Lender requires the Borrowers to execute, this Second Amended Term Sheet shall govern.
20.	**WAIVERS:**	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 Second Amended Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.
21.	**SEVERABILITY:**	Any provision in this Second 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.	**ASSIGNMENT:**	The Borrowers shall not assign this Second 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 Second Amended Term Sheet to any person without the prior written consent of the Borrowers.
23.	**GOVERNING LAW:**	The DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
24.	**COUNTERPARTS:**	This Second 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.	**ACCEPTANCE:**	The Borrowers agree that the DIP Lender's services are rendered at the time this Second Amended Term Sheet are both accepted by the Borrowers and approved by the Court.

		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.

This Second Amended Term Sheet will be open for acceptance by the Borrowers until 5:00 p.m. (Eastern Time) on April 26, 2024.

NE SPC II

Per: ____c/s
Name: Cheng Dang
Title: Director of the General Partner

I have the authority to bind the Corporation.

<u>BORROWERS' ACKNOWLEDGMENT AND ACCEPTANCE:</u>

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

Dated this 26th day of April, 2024.

BORROWERS:

9869247 CANADA LIMITED

Per: Brigitte Simons
Name: Brigitte Simons
Title: CEO

I have the authority to bind the Corporation.

t

GN VENTURES LTD.

Per: Brigitte Simons
Name: Brigitte Simons
Title: CEO

I have the authority to bind the Corporation.

SCHEDULE “A”
CASH FLOW PROJECTIONS