Court File No. CV-24-00722386-00CL

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 50473946 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

APPLICATION RECORD OF THE APPLICANTS
(Returnable June 20, 2024)

VOLUME 1 OF 2

June 20, 2024

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Lawyers for the Applicants

TO: **SERVICE LIST**

Court File No. CV-24-00722386-00CL

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

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APPLICANTS

SERVICE LIST
(REMAINING SECUREDS, INITIAL ORDER MATERIALS)
(AS OF JUNE 20, 2024)

PARTY	CONTACT
SECURED PARTIES	
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M & T Bank 750 Main Street Niagara Falls New York, 14301	

PARTY	CONTACT
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GM FINANCIAL CANADA LEASING LTD. 2001 Sheppard Avenue Suite 600 Toronto Ontario, M2J 4ZB	
PRAXAIR CANADA INC. 1 City Centre Drive Suite 1200 Mississauga Ontario, L5B 1M2	**Eric Mackenzie** Tel: 905.803.1600 Email: eric_mackenzie@praxair.com
BIZFUND CANADA LTD. 1018 Finch Avenue West Suite 405 North York Ontario, M3J 3L5	
ONTARIO WATER TESTING CENTRE INC. 22 Currie Street Chatham Ontario, N7M 6J9	

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customerservice@valiantfinancial.com; eric_mackenzie@praxair.com;

COURIER SERVICE

M & T Bank 750 Main Street Niagara Falls New York, 14301	**BIZFUND CANADA LTD.** 1018 Finch Avenue West Suite 405 North York Ontario, M3J 3L5
GM FINANCIAL CANADA LEASING LTD. 2001 Sheppard Avenue Suite 600 Toronto Ontario, M2J 4ZB	**ONTARIO WATER TESTING CENTRE INC.** 22 Currie Street Chatham Ontario, N7M 6J9

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Court File No./N° du dossier du greffe : CV-24-00722386-00CL

Court File No.

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

NOTICE OF APPLICATION
(returnable June 20, 2024)

TO THE RESPONDENT

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

THIS APPLICATION will come on for a hearing

☐ In writing

☐ In person

☐ By telephone conference

☒ By video conference

at the video conference link available in Caselines.

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

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

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date ____________________ Issued by ______________________________

Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue, 9th Floor
Toronto ON
M5G 1R7

TO: THE SERVICE LIST

APPLICATION

1. The Applicants, Atlas Global Brands Inc. ("**Atlas**") as well as the "**Ontario Subsidiaries**", namely, GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"), GreenSeal Nursery, Ltd. ("**GreenSeal Nursery**"), AgMedica Bioscience Inc. ("**AgMedica**"), Wellworth Health Corp. ("**Wellworth**"), 5047346 Ontario Inc. ("**5047 Ontario**"), 8050678 Canada Inc. ("**8050 Canada**") and Tavivat Naturals Inc. ("**Tavivat**"), make this Application for an Order substantially in the form attached at Tab 3 of this Application Record (the "**Initial Order**"), *inter alia*:

(a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;

(b) declaring that the Applicants are parties to which the *Companies' Creditors Arrangement Act,* RSC 1985, c C-36, as amended (the "**CCAA**") applies;

(c) appointing Ernst & Young Inc. ("**EY**" or the "**Proposed Monitor**") as an officer of the Court to monitor the assets, business, and affairs of the Applicant (once appointed in such capacity, the "**Monitor**");

(d) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, their directors and officers, or affecting the Applicants' business or the Property (as defined in the Initial Order), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the "**Stay of Proceedings**");

(e) granting the following priority charges (collectively, the "**Charges**") over the Property (as defined in the Initial Order):

(i) a charge as security for the respective fees and disbursements of the proposed Monitor, its counsel and counsel to the Applicants, relating to services rendered in respect of the Applicants, in the maximum amount of $400,000 (the "**Administration Charge**");

(ii) a charge in favour of the directors and officers of the Applicants in the maximum amount of $920,000 (the "**D&O Charge**"); and

(iii) a charge in favour any Applicant (an "**Intercompany Lender**") who, after the date of this Order, makes any payment to or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, an Applicant (other than itself) (the "**Debtor Applicant**") or otherwise transfers value to or for the benefit of one or more Applicants (other than the Debtor Applicant);

(f) authorizing Atlas and the Ontario Subsidiaries to continue using their Cash Management System (term as defined below); and

(g) granting such further and other relief as this Court may deem just and equitable.

2. If the Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek approval of an Amended and Restated Initial Order ("**ARIO**"), inter alia:

(a) extending the Stay of Proceedings;

(b) approving the Applicants to enter into a debtor-in-possession ("**DIP**") term sheet (the "**DIP Term Sheet**") and borrow under the facility to be provided under such DIP Term Sheet, and granting a priority charge to the DIP lender;

(c) granting the Applicants the authority to file a plan of compromise or arrangement; or approving a sale investment solicitation process;

(d) granting and/or amending the following charges over the property of the Applicant:

(i) increasing the Administration Charge to $650,000; and

(ii) increasing the Directors' Charge to $1,420,000;

(e) relieving Atlas of any obligation to call and hold its annual general meeting of shareholders until further Order of this Court;

(f) authorizing the Applicants to incur no further expenses for the duration of the Stay of Proceedings in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases;

(g) confirming that any collection actions, including garnishment and requirements to pay under section 289 of the *Excise Act, 2001*, S.C. 2002, c.22 (collectively "**Garnishments**"), previously taken or taken on or after the date of the ARIO by or on behalf of the Canada Revenue Agency to collect Excise Tax which became payable before or after the granting of the Initial Order ("**Pre-filing Excise Tax**") are subject to the Stay of Proceedings, and declaring that no recipient of a

Garnishment in connection with such Pre-Filing Excise Tax shall become liable to pay to His Majesty an amount equal to any amount paid to the Applicants during the Stay of Proceedings or have any liability under the provisions of section 289 of the *Excise Act, 2001*, S.C. 2002, c.22 or any other similar Act;

(h) confirming that provided the Applicants continue to pay all federal excise taxes, customs and import duties arising under the *Excise Act, 2001*, S.C. 2002, c.22, the Canada Revenue Agency shall continue to supply cannabis excise stamps to the Applicants pursuant to Part 4.1 of the *Excise Act, 2001*, and that the Canada Revenue Agency is stayed and prevented during the Stay of Proceedings from refusing to supply, cancelling or directing the return or destruction of cannabis excise stamps from the Applicants in accordance with any applicable legislation, including the *Excise Act, 2001* or otherwise, by reason only of the issuance of the ARIO or the failure by any of the Applicants to pay Pre-Filing Excise Tax; and

(i) seek such other relief as may be required to advance the Applicants' restructuring efforts; and

3. Notice to the Canada Revenue Agency will be given in anticipation of the Comeback Hearing.

THE GROUNDS FOR THE APPLICATION ARE:

OVERVIEW

4. The Atlas Group, as defined in the Affidavit of Jason Cervi sworn on June 19, 2024 (the "**Cervi Affidavit**"), is vertically integrated with operations in Canada and Israel, and with sales in eight international markets. The principal business activity of the Atlas Group is the production, distribution, and sale of cannabis internationally and in Canada. Its medical cannabis is currently sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom. Atlas also sells cannabis for the adult recreational market in Canada;

5. Atlas is a public company and a reporting issuer in Alberta, British Columbia, Manitoba, and Ontario. The common shares of Atlas are listed on the CSE under the ticker symbol "ATL". Atlas is currently subject to a cease-to-trade order;

6. The Atlas Group owns and operates two licensed facilities in Canada. The first is an EU-GMP, GACP and CUMCS certified facility in Chatham-Kent, Ontario, owned by 5047 Ontario and used by AgMedica, which holds a cannabis licence issued by Health Canada. The Atlas Group uses this fully integrated and GACP, IMC-GAP and EU-GMP growing for cultivation, packaging, and processing and as its hub for exports to international markets;

7. The second facility is a GACP certified facility in Stratford, Ontario, owned by GreenSeal. The Atlas Group uses the cultivation from its GACP and IMC-GAP certified facility in Stratford, Ontario to augment fulfillment of the international demand as well as to satisfy demand in the domestic Canadian market;

8. The Applicants have approximately 160 employees, most of whom are in Chatham-Kent and Stratford, Ontario. None of the Applicants' employees are unionized or otherwise party to a collective agreement. The Applicants do not sponsor, administer, or otherwise have any registered or unregistered pension plan for its employees;

Demands and Enforcement Actions by Secured Creditors and the Canada Revenue Agency

9. Several creditors have made demands and taken enforcement actions that have materially impacted the Atlas Group's cash flows and jeopardized its ability to continue as a going concern, including:

(a) The Canada Revenue Agency issued Garnishments to provincial wholesaler account debtors of GreenSeal directing payment to the Receiver General of 50% of the receivables owed to GreenSeal, crippling GreenSeal's cash flow;

(b) Stoke Canada Finance Corp. ("**Stoke**"), which entered into a factoring arrangement with GreenSeal as guaranteed by Atlas, issued a section 244 notice to GreenSeal under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 dated May 27, 2024, seeking to recover $1,827,401.08. Stoke has issued a notice of application to appoint a receiver over certain of GreenSeal's property and has served supporting materials; and

(c) Hillmount Capital Inc., which provided a mortgage loan to AgMedica, among others in the Atlas Group, advised that the borrowers were in default and demanded repayment in full of the debt totaling $3,392,722.30 with respect to the facilities, plus all legal fees and disbursements incurred by Hillmount;

Immediate Need for a Stay of Proceedings

10. The Atlas Group is experiencing a dire liquidity crisis and is not able to meet its obligations as they become due;

11. The Applicants' liabilities exceed $5 million and they are companies to which the CCAA applies;

12. If the Applicants do not obtain the protection of the CCAA, the Applicants would be forced to shut down operations, which would be detrimental to the Applicants' various stakeholders;

13. The Applicants require a Stay of Proceedings for an initial period of less than ten days and intend to seek an extension to same at the Comeback Hearing;

14. The Stay of Proceedings is necessary and in the best interests of Applicants and its stakeholders as it will allow the Applicants to:

(a) have the breathing space to maintain operations, for the benefit of its employees and other stakeholders; and

(b) permit the Applicants to obtain debtor-in-possession financing to support a CCAA process that will allow the Applicants to restructure its balance sheet and operations with a view to either a sale or refinancing of their business to preserve and maximize the value of their business for the benefit of the Applicants' secured creditors and other stakeholders;

15. It is necessary and in the best interest of the Applicants and their stakeholders that the Applicants be afforded the protection provided by the CCAA as they attempt to restructure and/or sell its business;

Appointment of EY as Monitor

16. EY has consented to act as the Court-appointed Monitor of the Applicant, subject to Court approval;

17. EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA;

Administration Charge

18. The Applicant seeks an Administration Charge on its Property in the maximum principal amount of $400,000 as part of the proposed Initial Order, to secure the fees and disbursements incurred in connection with services rendered to the Applicants in favour of the Monitor, counsel to the Monitor, and the Applicants' counsel;

19. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring;

Director's Charge

20. The Applicants seek a Directors' Charge over the Property to indemnify the directors and officers of the Applicants in respect of liabilities they may incur as directors and officers during the CCAA proceedings, up to a maximum principal amount of $920,000;

21. While the Applicants maintain directors' and officers' liability insurance, these policies may include contractual contingencies and uncertainty associated with possible coverage related issues;

Intercompany Charge

22. In the ordinary course of their operations, AgMedica, GreenSeal and GreenSeal Nursery loan each other funds to fund operating costs and other working capital obligations;

23. As of April 30, 2024, netting out the various intercompany transactions, GreenSeal had loaned AgMedica approximately $3,038,478.71 to fund operating costs and other working capital obligations.

24. Where the operations and expenses of debtor companies are funded in the ordinary course through intercompany advances, it is appropriate for the CCAA court to approve the continuation of those arrangements during the CCAA Proceedings and to grant an intercompany change over the assets of the borrowers;

Approval of Cash Management System

25. In the ordinary course of business, the Atlas Group uses a centralized banking and cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with operations. Details of the Cash Management System are set out in the Cervi Affidavit;

26. The Applicants intend to continue using the existing Cash Management System during the CCAA proceedings and is seeking the approval of the Court to do so. Given the scale and nature of the Atlas Group's operations, the continued use of the Cash Management System is required and appropriate during these CCAA proceedings;

Comeback Hearing: DIP Loan and DIP Lender's Charge

27. The cash flow statement prepared by the Applicants, with the assistance of the Proposed Monitor, indicates that the Applicants do not require interim financing for the seven day period before the Comeback Hearing;

28. However, the cash flow statement indicates that the Applicants anticipate the need for interim financing to fund these CCAA proceedings after the Comeback Hearing;

29. The Applicants and EY have commenced discussions with potential DIP lenders who have demonstrated an interest in providing a DIP loan to the Applicants in order to provide the needed liquidity to fund these CCAA proceedings;

30. It is expected that the DIP loan will be conditional upon, among other things, obtaining an order of this Court approving the DIP loan and other related documents, and granting a priority charge to the DIP lender over the Applicants' Property;

31. Upon return to this Honourable Court for the ARIO with notice to secured parties, the DIP lender's charge is proposed to rank behind the Administration Charge and ahead of the Directors' Charge;

Comeback Hearing: Canada Revenue Agency

32. At the Comeback Hearing, the Applicants intend to seek additional language in the ARIO confirming that the Stay of Proceedings applies to the CRA's Garnishments and declaring that no recipient of a Garnishment in connection with Pre-Filing Excise Tax shall become liable to pay to His Majesty an amount equal to any amount paid to the Applicants during the Stay of Proceedings. In addition, the Applicants intend to seek additional language in the ARIO confirming that the CRA is stayed from refusing to supply cannabis excise stamps to the Applicants;

STATUTORY REGIME

33. The provisions of the CCAA and the statutory, inherent and equitable jurisdiction of this Court;

34. Rules 1.04, 2.01, 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, along with any other relevant provisions therein;

35. Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended, along with any other relevant provisions therein; and

36. Such further and other grounds as counsel may advise;

37. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing:

(a) the Cervi Affidavit;

(b) the pre-filing report of the Proposed Monitor, including, without limitation, the exhibits appended thereto; and

(c) such further and other material as counsel may submit and this Court may permit.

June 19, 2024

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Justin Kanji (LSO# 88178O)
Tel: 416.862.6642
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Lawyers for the Applicant

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

APPLICATION OF ATLAS GLOBAL BRANDS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

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Lawyers for the Applicant

TAB 2

Court File No. CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 20th
	)	
JUSTICE PENNY	)	DAY OF JUNE, 2024

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

INITIAL ORDER

THIS APPLICATION, made by Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd., GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by **[judicial videoconference]** in Toronto, Ontario.

ON READING the affidavit of Jason Cervi sworn June 19, 2024 and the Exhibits thereto (the "**Cervi Affidavit**"), the pre-filing report of the proposed monitor, Ernst & Young Inc. ("**EY**"), dated June ●, 2024 (the "**Pre-Filing Report**"), and on being advised that Stoke Canada Finance Corp., Hillmount Capital Mortgage Holdings Inc., 2596690 Ontario Inc. (operating as AgriRoots Capital Management Inc.), Your Neighbourhood Credit Union Limited., and the remaining secured creditors were given notice and on hearing the submissions of counsel for the Applicants, counsel for EY and those other parties listed on the Counsel Slip, and on reading the consent of EY to act as the monitor (the "**Monitor**"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Pre-Filing Report is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as the Applicants deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Cervi Affidavit or, subject to the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the

documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement that may be filed with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of the Business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;

(b) all goods and services, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business of the Applicants.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its Business or operations, and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $150,000 in the aggregate;

(b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and

(c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

each of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

11. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in

accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including June 27, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except

with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicants except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or

licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $920,000, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under

any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, wherever located and to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(d) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(e) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c.16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act*, *2001*, S.C. 2002, c. 22, as amended, the Ontario *Cannabis Licence Act, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act, 2017,* S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017,* S.O. 2017, c. 26, Sched. 2, as amended, the British Columbia *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the British Columbia *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, or such other applicable federal or provincial legislation or regulations (collectively, the "**Cannabis Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection* Act, 1999, S.C. 1999, c. 33, as amended, the *Fisheries Act*, R.S.C. 1985, c. F-14, the Ontario *Environmental Protection Act*, R.S.O. 1990, c. E.19, the *Ontario Water Resources Act*, R.S.O. 1990, c. O.40, the Ontario *Occupational Health and Safety*

Act, R.S.O. 1990, c. O.1, the British Columbia *Environmental Management Act*, S.B.C. 2003, c. 53, the British Columbia *Fish Protection Act*, S.B.C. 1997, c. 21 or the British Columbia *Riparian Areas Protection Act*, S.B.C. 1997, c. 21 and all regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants are confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting such capacities shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Applicants' counsel on a weekly basis, along with retainers in the amounts of $50,000, $50,000, and $150,000,

respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $400,000 as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32-34 herein.

INTERCOMPANY LENDING

31. **THIS COURT ORDERS** that to the extent that any Applicant (an "**Intercompany Lender**") after the date of this Order makes any payment to or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, an Applicant (other than itself) (the "**Debtor Applicant**") or otherwise transfers value to or for the benefit of one or more Applicants (other than the Debtor Applicant), such Intercompany Lender is hereby granted a charge (each, an "**Intercompany Charge**") on all the Property of such Debtor Applicant in the amount of such payment, obligation or transfer. The Intercompany Charge shall have the priority set out in paragraphs 32-34 herein.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the Intercompany Charge (collectively, the "**Charges**") shall be as follows:

First – Administration Charge (to the maximum amount of $400,000);

Second – Directors' Charge (to the maximum amount of $920,000); and

Third – Intercompany Charge.

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor and the other beneficiaries of the Charges affected thereby (collectively, the "**Chargees**"), or further Order of this Court.

36. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000 (excluding individual employees or former employees), and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at https://www.ontariocourts.ca/scj/practice/toronto/commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the

Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.ey.com/ca/atlasglobal.

40. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

41. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

42. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

43. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the

discharge of its powers and duties under this Order or in the interpretation or application of this Order.

44. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

45. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

46. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that EY is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

47. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

48. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.

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

Court File No: CV-24-00722386-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

INITIAL ORDER

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Lawyers for the Applicants

TAB 3

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	~~WEEKDAY, THE #~~
	)	
JUSTICE PENNY	)	THURSDAY, THE 20th
		DAY OF ~~MONTH, 20YR~~JUNE, 2024

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ~~[APPLICANT'S NAME] (the "Applicant")~~ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

INITIAL ORDER

THIS APPLICATION, made by Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd., GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the ~~Applicant,~~"**Applicants**") pursuant to the ~~*Companies'*~~*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the ~~"~~"**CCAA**~~")~~"), was heard this day ~~at 330 University Avenue,~~by **[judicial videoconference]** in Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~Jason Cervi sworn ~~[DATE]~~June 19, 2024 and the Exhibits thereto~~,~~ (the "**Cervi Affidavit**"), the pre-filing report of the proposed monitor, Ernst & Young Inc. ("**EY**"), dated June ●, 2024 (the "**Pre-Filing Report**"), and on being advised that ~~the~~ Stoke Canada Finance Corp., Hillmount Capital Mortgage Holdings Inc., 2596690 Ontario

Inc. (operating as AgriRoots Capital Management Inc.), Your Neighbourhood Credit Union Limited., and the remaining secured creditors ~~who are likely to be affected by the charges created herein~~ were given notice~~,~~ and on hearing the submissions of counsel for ~~[NAMES], no one appearing~~the Applicants, counsel for ~~[NAME][1] although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~EY and those other parties listed on the Counsel Slip, and on reading the consent of ~~[MONITOR'S NAME]~~EY to act as the monitor (the "**Monitor**~~,~~ ~~–~~"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application ~~and~~, the Application Record and the Pre-Filing Report is hereby abridged and validated[2] so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~Applicants are companies to which the CCAA applies.

~~**PLAN OF ARRANGEMENT**~~

~~3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

~~[1] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~[2] If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.~~

POSSESSION OF PROPERTY AND OPERATIONS

~~4.~~3. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remain in possession and control of ~~its~~their current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the ~~"~~"**Property**~~").~~"). Subject to further Order of this Court, the ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its business~~their businesses (the ~~"~~"**Business**~~")~~") and Property. The ~~Applicant is~~Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively ~~"~~"**Assistants**~~")~~") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~the Applicants deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

~~5.~~4. ~~[~~**THIS COURT ORDERS** that the ~~Applicant~~Applicants shall be entitled to continue to utilize the central cash management system[3] currently in place as described in the Cervi Affidavit or, subject to the consent of ~~[NAME] sworn [DATE] or~~the Monitor, replace it with another substantially similar central cash management system (the ~~"~~"**Cash Management System**~~")~~") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the ~~Applicant~~Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the Plan~~any plan of compromise or arrangement that may be filed

~~[3] This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System~~.]~~.

~~6.~~5. **THIS COURT ORDERS** that, subject to the ~~Applicant~~consent of the Monitor, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee~~ and pension~~ benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of ~~business~~the Business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses; and

(b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Applicants in respect of these proceedings~~,~~ at their standard rates and charges.

~~7.~~6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, subject to the ~~Applicant~~consent of the Monitor, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including ~~directors~~directors' and ~~officers~~officers' insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the ~~Applicant~~Applicants following the date of this Order.

~~8.~~7. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from ~~employees'~~employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, ~~(iii) Quebec Pension Plan,~~ and (~~iv~~iii) income taxes;

(b) all goods and services~~–~~, harmonized sales taxes or other applicable sales taxes (collectively, ~~"~~"**Sales Taxes**~~")~~") required to be remitted by the ~~Applicant~~Applicants in connection with the sale of goods and services by the ~~Applicant~~Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order~~, and~~;

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business ~~by~~of the ~~Applicant~~Applicants.

~~9.~~8. **THIS COURT ORDERS** that until a real property lease is disclaimed ~~**[or resiliated]**~~[4] in accordance with the CCAA, the ~~Applicant~~Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the ~~Applicant~~Applicants and the landlord from time to time ~~("~~("**Rent**~~"),~~"), for the period commencing from and including the date

[4] ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

~~10.~~9. **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant is~~Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Applicants to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

~~11.~~10. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined),~~ have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its ~~business~~Business or operations, ~~[~~and to dispose of redundant or non-material assets not exceeding ~~$●~~$50,000 in any one transaction or ~~$●~~$150,000 in the aggregate~~]~~[5];

(b) ~~[~~terminate the employment of such of ~~its~~their employees or temporarily lay off such of ~~its~~their employees as ~~it deems~~they deem appropriate~~];~~ ; and

(c) pursue all avenues of refinancing of ~~its~~their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

~~all~~each of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business~~ (the "Restructuring").~~.

~~[5] Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

~~12.~~11. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall provide each of the relevant landlords with notice of the ~~Applicant's~~Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the ~~Applicant's~~Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the ~~Applicant~~Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims [or resiliates]~~Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~[or resiliation]~~ of the lease shall be without prejudice to the ~~Applicant's~~Applicants' claim to the fixtures in dispute.

~~13.~~12. **THIS COURT ORDERS** that if a notice of disclaimer ~~[or resiliation]~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~[or resiliation],~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~Applicants and the Monitor 24 ~~hours'~~hours' prior written notice, and (b) at the effective time of the disclaimer ~~[or resiliation],~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the ~~Applicant~~Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE ~~APPLICANT~~APPLICANTS OR THE PROPERTY

~~14.~~13. **THIS COURT ORDERS** that until and including ~~[DATE – MAX. 30 DAYS],~~June 27, 2024, or such later date as this Court may order (the ~~"~~"**Stay Period**~~"),~~"), no proceeding or enforcement process in any court or tribunal (each, a ~~"~~"**Proceeding**~~")~~") shall be commenced or continued against or in respect of the ~~Applicant~~Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

~~15.~~14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being ~~"~~"**Persons**~~"~~" and each being a ~~"~~"**Person**~~")~~") against or in respect of the ~~Applicant~~Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the ~~Applicant~~Applicants to carry on any business which the ~~Applicant is~~Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

~~16.~~15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the ~~Applicant,~~Applicants except with the written consent of the ~~Applicant~~Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

~~17.~~16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the ~~Applicant~~Applicants, and that the ~~Applicant~~Applicants shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~Applicants in accordance with normal payment practices of the ~~Applicant~~Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

~~18.~~17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant.~~ Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.~~[6]~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

~~19.~~18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the ~~Applicant~~Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such

~~[6] This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

obligations~~, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court~~.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

~~20.~~19. **THIS COURT ORDERS** that the ~~Applicant~~Applicants shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Applicants after the commencement of the within proceedings,[7] except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the ~~director's~~director's or ~~officer's~~officer's gross negligence or wilful misconduct.

~~21.~~20. **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Directors' Charge**~~")~~[8]") on the Property, which charge shall not exceed an aggregate amount of ~~$●,~~$920,000, as security for the indemnity provided in paragraph ~~[20]~~19 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[38]~~32 and ~~[40]~~34 herein.

~~22.~~21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the ~~Directors'~~Directors' Charge~~,~~; and (b) the ~~Applicant's~~Applicants' directors and officers shall only be entitled to the benefit of the ~~Directors'~~Directors' Charge to the extent that they do not have coverage under any ~~directors'~~directors' and ~~officers'~~officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[20]~~19 of this Order.

~~[7] The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

~~[8] Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

APPOINTMENT OF MONITOR

~~23.~~22. **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Applicants with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Applicants and ~~its~~their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the ~~Monitor's~~Monitor's functions.

~~24.~~23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the ~~Applicant's~~Applicants' receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

~~(d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~

~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~

~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~

~~(g)~~(c) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant,~~Applicants, wherever located and to the extent that is necessary to adequately assess the ~~Applicant's~~Applicants' business and financial affairs or to perform its duties arising under this Order;

~~(h)~~(d) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

~~(i)~~(e) perform such other duties as are required by this Order or by this Court from time to time.

~~25.~~24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c.16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act*, *2001*, S.C. 2002, c. 22, as amended, the Ontario *Cannabis Licence Act*, *2018*, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act*, *2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act*, *2017*, S.O. 2017, c. 26, Sched. 2, as amended, the British Columbia *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the British Columbia *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, or such other applicable federal or provincial legislation or regulations (collectively, the "**Cannabis Legislation**") and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof~~.~~ within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

~~26.~~25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, ~~"~~“**Possession**~~")~~”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection* Act, 1999, S.C. 1999, c. 33, as amended, the *Fisheries Act*, R.S.C. 1985, c. F-14, the Ontario *Environmental Protection Act*, R.S.O. 1990, c. E.19, the *Ontario Water Resources Act*, ~~or~~R.S.O. 1990, c. O.40, the Ontario *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, the British Columbia *Environmental Management Act*, S.B.C. 2003, c. 53, the British Columbia *Fish Protection Act*, S.B.C. 1997, c. 21 or the British Columbia *Riparian Areas Protection Act*, S.B.C. 1997, c. 21 and all regulations thereunder (the ~~"~~“**Environmental Legislation**~~"),~~”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the ~~Monitor's~~Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

~~27.~~26. **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the ~~Applicant and the DIP Lender~~Applicants with information provided by the ~~Applicant~~Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant is~~Applicants are confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Applicant~~Applicants may agree.

~~28.~~27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

~~29.~~28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the ~~Applicant~~Applicants as part of the costs of these proceedings. The ~~Applicant is~~Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel ~~for the Monitor and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel~~ to the Monitor, and the Applicants' counsel ~~to the Applicant,~~on a weekly basis, along with retainers in the ~~amount[s] of $● [,~~amounts of $50,000, $50,000, and $150,000, respectively~~,]~~, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

~~30.~~29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

~~31.~~30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and ~~the Applicant's~~ counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Administration Charge**~~")~~") on the Property, which charge shall not exceed an aggregate amount of ~~$●,~~ $400,000 as security for their professional fees and disbursements incurred at ~~the~~their standard rates and charges~~ of the Monitor and such counsel~~, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~**[38]** and **[40]** hereof~~32-34 herein.

~~DIP FINANCING~~

INTERCOMPANY LENDING

~~32.~~ **THIS COURT ORDERS** that to the extent that any Applicant ~~is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP~~(an "**Intercompany** **Lender**~~") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed $● unless permitted by further Order~~ ") after the date of this ~~Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject~~ Order makes any payment to ~~the conditions set forth in the commitment letter between the~~ or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, an Applicant ~~and the DIP~~(other than itself) (the "**Debtor Applicant**") or otherwise transfers value to or for the benefit of one or more Applicants (other than the Debtor Applicant), such Intercompany Lender ~~dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35.~~31. ~~THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and~~ is hereby granted a charge (~~the "DIP Lender's~~each, an "**Intercompany** **Charge**~~")~~") on all the Property~~, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made.~~ of such Debtor Applicant in the amount of such payment, obligation or transfer. The

~~DIP Lender's~~Intercompany Charge shall have the priority set out in paragraphs ~~**[38]** and **[40]** hereof.~~ 32-34 herein.

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF ~~CHARGES CREATED BY THIS ORDER~~CHARGES CREATED BY THIS ORDER

~~38.~~32. **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge, the Directors' Charge and the ~~DIP Lender's~~Intercompany Charge~~, as among them,~~ (collectively, the "**Charges**") shall be as follows[9]:

First – Administration Charge (to the maximum amount of ~~$●);~~$400,000);

Second – ~~DIP Lender's Charge; and~~

~~Third –~~Directors' Charge (to the maximum amount of ~~$●).~~$920,000); and

Third – Intercompany Charge.

~~39.~~33. **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

~~40.~~34. **THIS COURT ORDERS** that ~~each of~~ the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, ~~"~~"**Encumbrances**~~")~~") in favour of any Person.

~~[9] The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

~~41.~~35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges unless the ~~Applicant~~Applicants also ~~obtains~~obtain the prior written consent of the Monitor~~, the DIP Lender~~ and the other beneficiaries of the ~~Directors' Charge and the Administration Charge,~~Charges affected thereby (collectively, the "**Chargees**"), or further Order of this Court.

~~42.~~36. **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the ~~chargees entitled to the benefit of the Charges (collectively, the "~~Chargees~~") and/or the DIP Lender thereunder~~ shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to ~~the~~ BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an ~~"~~"**Agreement**~~")~~") which binds the ~~Applicant~~Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) ~~neither~~ the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by the ~~Applicant~~Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the~~ creation of the Charges~~, or the execution, delivery or performance of the Definitive Documents~~; and

(c) the payments made by the ~~Applicant~~Applicants pursuant to this Order~~, the Commitment Letter or the Definitive Documents,~~ and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

~~43.~~37. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~Applicants' interest in such real property leases.

SERVICE AND NOTICE

~~44.~~38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the ~~Applicant~~Applicants of more than $~~1000,~~1,000 (excluding individual employees or former employees), and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

~~45.~~39. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/)~~https://www.ontariocourts.ca/scj/practice/toronto/commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case

Website shall be established in accordance with the Protocol with the following URL ~~'<@>'~~www.ey.com/ca/atlasglobal.

~~46.~~40. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Applicants and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Applicant's~~Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

41. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

42. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

~~47.~~43. **THIS COURT ORDERS** that the ~~Applicant~~Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties ~~hereunder~~under this Order or in the interpretation or application of this Order.

~~48.~~44. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as ~~an~~ interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the ~~Applicant~~Applicants, the Business or the Property.

~~49.~~45. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States~~,~~ to give effect to this Order and to assist the ~~Applicant~~Applicants, the Monitor and their respective agents in carrying out the terms of this Order.~~–~~ All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

~~50.~~46. **THIS COURT ORDERS** that each of the ~~Applicant~~Applicants and the Monitor be at liberty and ~~is~~are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that ~~the Monitor~~EY is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~51.~~47. **THIS COURT ORDERS** that any interested party (including the ~~Applicant~~Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

~~52.~~48. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. ~~Eastern Standard/Daylight Time~~Toronto time on the date of this Order.

~~Revised: January 21, 2014~~

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED Court File No:

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

INITIAL ORDER

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Lawyers for the Applicants

TAB 4

Court File No. CV-24-00722386-00CL

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

AFFIDAVIT OF JASON CERVI
(Sworn June 19, 2024)

I, Jason Cervi, of the City of Burlington, in the Province of Ontario, MAKE OATH AND SAY:

I. INTRODUCTION AND OVERVIEW

1. I am the Chief Financial Officer ("**CFO**") of Atlas Global Brands Inc. ("**Atlas**", together with its Ontario Subsidiaries (as defined below), the "**Applicants**" or the "**Atlas Ontario Group**").

2. GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"), GreenSeal Nursery, Ltd. ("**GreenSeal Nursery**"), AgMedica Bioscience Inc. ("**AgMedica**"), Wellworth Health Corp. ("**Wellworth**"), 5047346 Ontario Inc. ("**5047 Ontario**"), 8050678 Canada Inc. ("**8050 Canada**") and Tavivat Naturals Inc. ("**Tavivat**") are subsidiaries of Atlas (together, the "**Ontario Subsidiaries**"; the Applicants, together with all Atlas subsidiaries, is the "**Atlas Group**").

3. I have been the CFO of Atlas since January 31, 2023. I joined Atlas on December 30, 2022, as Global Head of Finance and Administration and Group Controller. I was appointed as Director

of GreenSeal and GreenSeal Nursery on April 28, 2023 and Director of AgMedica on May 31, 2023. I have personal knowledge of the matters to which I depose in this Affidavit except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

4. This affidavit is in support of an Application by the Applicants for an Order (the "**Initial Order**") pursuant to *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"), *inter alia*:

(a) abridging the time for service of the Application and the materials filed in support thereof, and dispensing with further service thereof;

(b) declaring that the Applicants are parties to which the CCAA applies;

(c) appointing Ernst & Young Inc. ("**EY**" or the "**Proposed Monitor**") as an officer of the Court to monitor the assets, business, and affairs of the Applicant (once appointed in such capacity, the "**Monitor**");

(d) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, their directors and officers, or affecting the Applicants' business or the Property (as defined in the Initial Order), except as otherwise set forth in the Initial Order or as otherwise permitted by law (the "**Stay of Proceedings**");

(e) granting the following charges (collectively, the "**Charges**") over the Property:

(i) a charge in favour of the Monitor, counsel to the Monitor, and counsel to the Applicant in the maximum amount of $400,000 (the "**Administration Charge**");

(ii) a charge in favour of the directors and officers of the Applicant in the maximum amount of $920,000 (the "**D&O Charge**"); and

(iii) a charge in favour of any Applicant (an "**Intercompany Lender**") who, after the date of the Initial Order, makes any payment to or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, an Applicant (other than itself) or otherwise transfers value to or for the benefit of one or more Applicants (the "**Intercompany Charge**");

(f) authorizing Atlas and the Ontario Subsidiaries to continue using their Cash Management System (term as defined below); and

(g) granting such further and other relief as this Court may deem just and equitable.

5. If the Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek approval of an Amended and Restated Initial Order ("**ARIO**"), inter alia:

(a) extending the Stay of Proceedings;

(b) approving the Applicants' ability to borrow under a debtor-in-possession credit facility (the "**DIP Facility**") to finance its working capital requirements and other general corporate purposes, post-filing expenses and costs;

(c) granting the Applicants the authority to file a plan of compromise or arrangement; or approving a sale investment solicitation process ("**SISP**");

(d) granting and/or amending the following charges over the property of the Applicants:

(i) increasing the Administration Charge to $650,000;

(ii) increasing the Directors' Charge to $1,420,000; and

(iii) granting a charge in favour of the DIP Lender (the "**DIP Lender's Charge**");

(e) confirming that any collection actions, including garnishment and requirements to pay under section 289 of the *Excise Act, 2001* (collectively "**Garnishments**"), previously taken or taken on or after the date of this Order by or on behalf of the Canada Revenue Agency ("**CRA**") to collect Excise Tax which became payable before or after the granting of this Order ("**Pre-filing Excise Tax**"), are stayed and suspended, and no recipient of a Garnishment in connection with such Pre-filing Excise Tax shall become liable to pay to His Majesty an amount equal to any amount paid to the Applicants during the Stay Period or have any liability under the provisions of section 289 of the *Excise Act, 2001* or any other similar Act;

(f) confirming that the Canada Revenue Agency is stayed from refusing to supply, cancelling or directing the return or destruction of cannabis excise stamps from the Applicants in accordance with any applicable legislation, including the *Excise Act, 2001* or otherwise, by reason only of the issuance of the Initial Order or ARIO or the failure by any of the Applicants to pay Excise Tax which became payable prior to the date of the Initial Order;

(g) authorizing the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases;

(h) relieving Atlas of any obligation to call and hold its annual general meeting of shareholders until further Order of this Court; and

(i) granting such other relief as may be required to advance the Applicants' restructuring efforts.

6. All references to currency in this affidavit are in Canadian dollars unless noted otherwise. Capitalized terms used within this Affidavit are as defined later herein.

II. THE URGENT NEED FOR RELIEF

7. The Applicants face a liquidity crisis and are unable to meet their obligations as they become due. During the three and nine months ended December 31, 2023, the Atlas Group had net loss of $5,018,910 and $2,373,722, respectively. As at December 31, 2023, the Atlas Group had a cumulative deficit of $18,881,703 and its current liabilities exceeded current assets by $26,079,900.[1]

8. Atlas was formed on December 30, 2022. The principal business activity of the Atlas Group is the production, distribution, and sale of cannabis internationally and in Canada. Originally, Atlas' business plan was to generate higher margin international sales of medical cannabis by leveraging a unique combination of (1) the production capacity and EU-GMP certification (explained below) of the AgMedica cannabis facility in Chatham, Ontario; (2) the production capacities of the Atlas Alberta Subsidiaries (as defined below); and (3) the industry

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[1] Management's Discussion & Analysis, *For the three and nine - month period ended December 31, 2023*, dated June 4, 2024, at p. 8.

knowledge and network of the Cambrosia (as defined below) principals to increase sales channels in Israel.

9. Shortly after formation, Atlas acquired GreenSeal and GreenSeal Nursery. GreenSeal owned a GACP (good agricultural and collecting practices) certified cannabis facility in Stratford, Ontario. Atlas shut down the Atlas Alberta Subsidiaries (as defined below). The Atlas Group also entered into several agreements to acquire pharmacies and a distributor in Israel, including proposing to acquire a majority interest in a private limited liability company ("**Harmony**"). Domestically, Atlas announced a collaboration with world-renowned entertainer, Calvin Broadus Jr. a.k.a Snoop Dogg and the launch of a new brand, "D*gg lbs". In the first quarter of 2024, the Atlas Group had revenues of $6,439,689 generated through sales within the Canadian retail cannabis market, international sales including pharmaceutical sales in Israel, and business to business sales within Canada.

10. The liquidity crisis was precipitated by four events that eroded the Atlas Group's ability to raise capital and its receipt of cash:

(a) On August 8, 2023, the Ontario Securities Commission (the "**OSC**") issued the Cease-Trade Order (defined below). The complexities flowing from how the Atlas Group was formed and a lack of capital and staff resulted in Atlas being unable to finalize audited financial statements for the period ending March 31, 2023. A Cease-Trade Order, which is still in place, prevented Atlas from issuing securities (including convertible debt) to raise capital, which precluded Atlas from securing working capital when matters became urgent and also prevented Atlas from expanding its Chatham Facility.

(b) For several reasons, including hostilities in the region, revenue from Israel remains materially below projections. In addition, Harmony sold product for which it collected but did not remit proceeds owing to Atlas' Israeli subsidiary. Ultimately, each of the proposed acquisitions, including the Harmony transaction was terminated, and Harmony failed to repay a loan of approximately CAD $530,000. Atlas sued Harmony and others in Israel to recover approximately CAD $1.4 million, and those proceedings are pending. This development materially and negatively impacted the Atlas Group's cash position.

(c) The Canadian federal excise tax regime has severely and negatively impacted the cannabis industry as a whole because excise tax is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. Given price compression in the Canadian market, excise tax has grown to become a larger component of net revenue. It has been reported that as of March 1, 2024, the Canadian cannabis industry owed approximately $221 million to the CRA in cannabis duties, and more than twenty cannabis companies have filed for insolvency protection in the last two years. In February 2024, the CRA began to take enforcement steps, including garnishing 50% of the Atlas subsidiary, GreenSeal's, receivables, which materially and negatively impacted the Atlas Group's cash position. The CRA is also refusing to supply excise stamps to GreenSeal, which will prevent GreenSeal from selling its product, and is threatening to suspend or not renew GreenSeal's licence (explained below).

(d) GreenSeal had entered into a factoring relationship with Stoke Canada Finance Corp. ("**Stoke**") based on certain Eligible Receivables. As a result of the CRA's garnishments of Eligible Receivables, Stoke sent a demand letter to GreenSeal dated May 27, 2024, demanding payment of more than $1.8 million and providing a section 244 notice of its intention to enforce security. On June 13, 2024, Stoke issued a notice of application asking the Court to appoint PricewaterhouseCoopers Inc. ("**PwC**") as receiver of certain assets of GreenSeal.

11. The Atlas Ontario Group has opportunities for improved profitability and growth if it can weather the current liquidity crisis. The Atlas Ontario Group's licences; certifications; relationships with international markets, including Australia and Germany; and relationships domestically, including the collaboration with Snoop Dogg, provide a foundation for increased revenues.

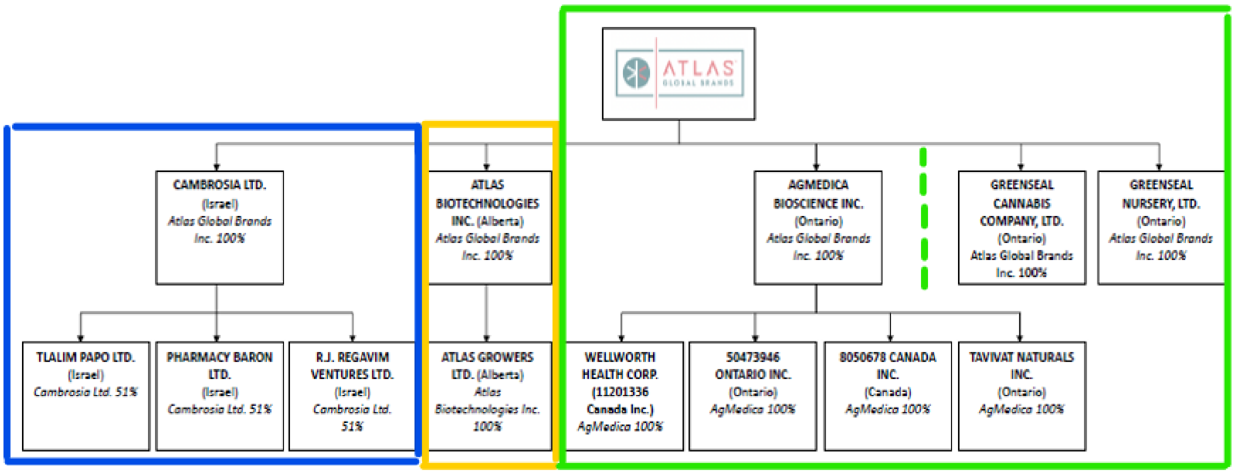
12. The Applicants require an urgent stay of proceedings and related relief under the CCAA to ensure that the Atlas Group can continue going concern operations, negotiate solutions with its creditors, and preserve the opportunities developed by the Atlas Group for the benefit of the Atlas Group's stakeholders. On June 10, 2024, the members of the boards of directors of each of the Applicants passed a joint resolution, resolving to make an application under the CCAA to the Ontario Superior Court of Justice (Commercial List) and seek protection from its creditors.

III. CORPORATE STRUCTURE AND BUSINESS OPERATIONS

A. Parent and Subsidiaries

13. The principal business activity of the Atlas Group is the production, distribution, and sale of cannabis internationally and in Canada. Atlas Group medical cannabis is sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom. The Atlas Group also sells a small amount of cannabis for the adult recreational market in Canada.

14. A copy of the Atlas Group's current corporate chart is attached hereto as **Exhibit "A"** and is reproduced below for ease of reference:



Atlas Global Brands Inc.

15. The parent corporation, Atlas, was originally incorporated as Silver Phoenix Resources Inc. on February 14, 2003, under the laws of British Columbia. On December 30, 2022, Silver Phoenix and each of Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica and Cambrosia Ltd. ("**Cambrosia**") completed a complex multi-jurisdictional business combination pursuant to which, concurrently: (i) the shareholders of each of Atlas Biotech, AgMedica and Cambrosia effectively exchanged their shares of those entities for shares of Atlas; (ii) Cambrosia completed a private placement of ordinary shares for aggregate gross proceeds of approximately $3,000,000; and (iii) Cambrosia acquired a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd., privately held operating cannabis pharmacies in Israel (together the "**Israel Pharmacies**" and (i), (ii) and (iii) are collectively, the "**RTO Transaction**"). Each of the Israel Pharmacies is an independent and privately held pharmacy in Israel.

16. When the RTO Transaction closed, Silver Phoenix's common shares were listed for trading on the Canadian Securities Exchange (the "**CSE**"), and it was a reporting issuer in British Columbia, Alberta, Manitoba and Ontario. Upon completion of the RTO Transaction, Silver Phoenix changed its name to "Atlas Global Brands Inc." and on January 13, 2023, Atlas' common shares commenced trading on the CSE under the ticker symbol "ATL". Atlas continues to be a reporting issuer in British Columbia, Alberta, Manitoba and Ontario.

17. As of June 4, 2024, Atlas has 158,679,139 shares issued and outstanding, 11,381,326 stock options and 300,000 restricted share units.[2]

18. Atlas' registered office is at 1055 Dunsmuir Street, Suite 3000, Vancouver, British Columbia, V7X 1K8, Canada. Atlas' principal place of business is at 566 Riverview Drive, Unit 104, Chatham, Ontario, N7M 0N2. All members of the Applicants' management report to me or Mr. Bernie Yeung, Atlas' CEO, and both of us reside in Ontario. Leadership for the Applicants, including strategy, development, implementation, and people management, is performed by employees of Atlas, as well as AgMedica and GreenSeal, the majority of whom are based in Chatham, Ontario, and Stratford, Ontario, respectively. A copy of Atlas' corporate profile search is attached hereto and marked as **Exhibit "B".**

19. The directors and officers of Atlas are as follows:

Full Name	**Designation**	**Date Appointed**
Elan MacDonald	Director	December 30, 2022
Trevor Henry	Director	December 30, 2022
Peter Van Mol	Director	December 30, 2022
Bernard Yeung	CEO	January 31, 2023

[2] Management's Discussion & Analysis, *For the three and nine - month period ended December 31, 2023*, dated June 4, 2024, at p. 22.

Full Name	Designation	Date Appointed
Jason Cervi	CFO	January 31, 2023

20. Atlas is, and has been since completion of the RTO Transaction, a holding company providing management services to the Ontario Subsidiaries and strategic direction to the Atlas Group. Atlas' operations are substantially conducted through its Ontario Subsidiaries, which it controls.

21. Atlas has 29 employees, five of whom reside in Alberta, one of whom resides in British Colombia, and the rest of whom are in Ontario. None of Atlas nor the Ontario Subsidiaries sponsors, administers or otherwise has a registered or unregistered pension plan for employees.

22. Atlas' fiscal year end is March 31. Atlas' most recent audited consolidated financial statements for the year ending March 31, 2023 are attached hereto and marked as **Exhibit "C"**. In addition, Atlas' management discussion and analysis for the three and nine months ended December 31, 2023 dated June 4, 2024 (the "**June 2024 MD&A**"), and for the financial year ended March 30, 2023, dated April 9, 2024 (the "**April 2024 MD&A**") are attached hereto and marked as **Exhibit "D"** and **Exhibit "E"** respectively.

AgMedica Bioscience Inc.

23. AgMedica is a direct, wholly owned subsidiary of Atlas. AgMedica was federally incorporated on November 22, 2013, under the *Canada Business Corporations Act* ("**CBCA**"), and maintains its registered office at Suite 200, 111 Heritage Road, Chatham-Kent, Ontario. A copy of AgMedica's corporate profile search is attached hereto and marked as **Exhibit "F"**.

24. AgMedica's primary activities are production, distribution, and sale of cannabis products. AgMedica holds a cannabis licence (the "**AgMedica Cannabis Licence**") from Health Canada pursuant to the *Cannabis Act*[3] and the *Cannabis Regulations*[4], in respect of its indoor production and distribution facility at 510 and 566 Riverview Drive, Chatham-Kent, Ontario (the "**Chatham Facility**"). A copy of the AgMedica Cannabis Licence, renewed effective April 4, 2024, and set to expire on April 4, 2025, is attached hereto and marked as **Exhibit "G"**.

25. The AgMedica Cannabis Licence permits AgMedica to undertake the following activities:

(a) Standard cultivation and sale of cannabis in accordance with subsection 11(5) of the *Cannabis Regulations*;

(b) Standard processing and sale of cannabis in accordance with subsection 17(5) of the *Cannabis Regulations*; and

(c) Possess and sell cannabis for medical purposes pursuant to section 27 and Part 14, Division 1 of the *Cannabis Regulations.*

26. In addition, AgMedica holds an excise licence issued by the CRA (the "**AgMedica Excise Licence**"). The AgMedica Excise Licence permits AgMedica to stamp its products and collect excise taxes on behalf of the government. A copy of the AgMedica Excise Licence, effective April 30, 2021, renewed as of June 9, 2024, and set to expire on July 8, 2024, is attached hereto and marked as **Exhibit "H"**.

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[3] S.C. 2018, c. 16.

[4] SOR/2018-144.

27. The Chatham Facility consists of an approximately 215,000 square foot industrial building, approximately half of which is occupied by AgMedica. AgMedica, as landlord, leases the remaining industrial space to third-party tenants to generate non-core cash flow of approximately $46,000 per month. Currently, AgMedica has rental agreements with UPS, Habitat for Humanity and DIY Pallets.

28. The Chatham Facility is an industrial building in which AgMedica built a 110,000 square foot cannabis facility, with six active three-tiered grow rooms and five active larger scale four-tiered grow rooms. The tiered system allows precise control growing conditions for each plant group and maximizes production per square foot within each grow room, which offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

29. The Chatham Facility is GACP, IMC-GAP (Israeli Medical Cannabis Standard, Good Agricultural Standard) and EU-GMP (European Union Good Manufacturing Practices) certified for flower and oil. A GACP certification covers a facility's agricultural practices up to the harvest. The EU-GMP certification covers a facility's manufacturing practices. The IMC-GAP certification allows AgMedica to access Israeli sales channels.

30. The EU-GMP certification is recognized as the highest certification available to companies in the pharmaceutical space and encompasses the production, handling, storage, and packaging of plant materials. It is considered a requirement for exporting medical cannabis to countries in the EU and Australia. It takes several years to obtain an EU-GMP certification. Atlas uses this fully integrated and GACP, IMC-GAP and EU-GMP certified growing facility in Chatham for cultivation, packaging, and processing and as its hub for exports to international markets.

31. The Chatham Facility has a growing capacity of approximately 6,500 kg per year. In addition, the Chatham Facility has six more larger scale four-tiered grow rooms, which are ready to start production once the relevant infrastructure, cooling, ventilation, and humidity systems are installed (the "**Chatham Expansion**"). It is estimated that the Chatham Expansion could increase capacity by an additional 6,000 kgs annually.

32. AgMedica received a Phase I Environmental Site Assessment ("**ESA**") report by JFM Environmental Limited ("**JFM**") dated March 1, 2022, which detailed an investigation of the Chatham Facility. JFM concluded that, based on site operations and its investigation, potentially contaminating activities (PCAs) were suspected to have occurred at the Facility and at properties within the surrounding area, and areas of potential environmental concern (APECs) were interpreted to exist. JFM concluded that further work, namely a Phase II ESA, to assess the environmental condition of the site was warranted.

33. JFM also noted that, given the age of the site building, it is possible that historically used hazardous building materials such as asbestos and lead-based paints may be found at the site. JFM recommended the performance of an asbestos-containing material (ACM) survey and, if required, an ACM management plan, and that a designated substances survey be undertaken prior to any renovation or demolition activities.

34. AgMedica has not conducted a Phase II ESA at the Chatham Site due to lack of liquidity.

35. AgMedica has approximately 74 full-time employees and uses approximately 20 part-time seasonal workers through an agency, most of whom are located in Chatham. AgMedica is an important employer in the Chatham-Kent region. None of the Atlas Group's employees are unionized or otherwise party to a collective agreement in connection with their employment.

36. AgMedica's directors are listed below:

Full Name	Designation	Date Appointed
Bernard Yeung	Director	May 31, 2023
Jason Cervi	Director	May 31, 2023

37. AgMedica wholly owns and controls four subsidiaries:

(a) ***5047 Ontario*** was incorporated in Ontario pursuant to the *Business Corporations Act* ("**OBCA**"). 5047 Ontario owns the Chatham Facility and, as is described below, is liable under the mortgages on the property.

(b) ***Tavivat*** was incorporated pursuant to the OBCA. It has no employees or liabilities. It was acquired along with 8050 Canada to become the operating company for the contemplated infused beverage business.

(c) ***8050 Canada*** is a subsidiary of Tavivat that was incorporated pursuant to the CBCA. It is a dormant subsidiary with no employees, assets, or liabilities. Its only asset is intellectual property related to a specialized bottle cap that can be used to infuse the beverage with cannabis.

(d) ***Unique Beverages (USA) Inc.*** is a subsidiary of Tavivat that is domiciled in the United States and governed by the Delaware General Corporation Law. It is a dormant corporation with no operations presently.

38. In addition, AgMedica controls a fifth subsidiary, ***Wellworth Health Corp.***, which was incorporated pursuant to the CBCA. It has no operations, employees, or liabilities. It was acquired to facilitate access to the Canadian medical cannabis market prior to legalization of recreational

use. Wellworth is not wholly owned by AgMedica: 11213091 Canada Inc. owns the remaining 20% of Wellworth in the form of 20 Class "B" Non-Voting Voting Shares.

39. The directors of the subsidiaries are as follows:

Subsidiary	Full Name	Designation	Date Appointed
5047 Ontario	Trevor Henry Peter Van Mol	Director/President Officer	Before 2019 Before 2019
Wellworth Health Corp.	Trevor Henry	Director	Before 2019
Tavivat	Trevor Henry	Director	Before 2019
8050 Canada	Trevor Henry	Director	Before 2019

40. On December 2, 2019, pursuant to an application under the CCAA by AgMedica and some of its subsidiaries (the "**AgMedica Applicants**"), the Ontario Superior Court of Justice granted an initial order, among other things, appointing EY as the monitor of the AgMedica Applicants. On diverse dates in 2019 and 2020, the Court granted additional orders, which, among other things, approved the AgMedica Applicants' sale and investment solicitation process, approved the claims process, granted an approval and vesting order with respect to the sale of certain property, and granted a distribution order regarding certain distributions of the proceeds from the sale of that property. The Court also granted a meeting order regarding the AgMedica Applicants' proposed Plan of Compromise and Arrangement (as amended, the "**Plan**"). The Plan was approved by a majority (94.8%) of affected creditors and was sanctioned by the Court on September 11, 2020. Following the Plan implementation date, EY filed a monitor's certificate on April 23, 2021, noting that the CCAA proceedings had terminated.

41. In conjunction with AgMedica's exit from the CCAA proceedings, as part of Plan implementation, it issued 4,999,933 Class B Preferred Shares, which are entitled to receive a *pro rata* annual cumulative dividend in an amount equal to 10% of AgMedica's free cash flow. These

shares are redeemable by AgMedica on the date on which the principal amount of $4,999,933 has been returned to the holders of such shares. AgMedica treats this dividend as a debt obligation in its financial statements. AgMedica has not yet made payments or issued dividends.

42. As the CRA could not hold shares, the CRA and AgMedica entered into an agreement (the "**CRA AgMedica Agreement**") stipulating that the CRA's distribution in respect of its proven claim would mirror the distribution it would otherwise have been entitled to under the Class B Preferred Shares. The parties agreed that the distribution would be made "as a promise to pay and CRA shall not hold or be deemed to hold any Class B Preferred Shares, directly or indirectly."

43. Pursuant to the CRA AgMedica Agreement, until the CRA distribution is satisfied, AgMedica will pay CRA on an annual basis, an amount equal to CRA's *pro rata* portion of 10% of AgMedica's free cash flow during the preceding year. The CRA's payment is intended to be given priority of an "equity claim" in any subsequent CCAA proceedings commenced respecting AgMedica. The CRA AgMedica Agreement dated October 8, 2020 is attached hereto and marked as **Exhibit "I"**.

GreenSeal Cannabis Company, Ltd.

44. GreenSeal was acquired by Atlas on April 28, 2023 (a few months after the RTO Transaction was completed) pursuant to a share purchase agreement with the former shareholders of GreenSeal. The purchase price was paid with common shares of Atlas.

45. GreenSeal is a licensed producer of cannabis based in Stratford, Ontario.[5] GreenSeal holds a cannabis licence (the "**GreenSeal Cannabis Licence**") from Health Canada pursuant to the *Cannabis Act* and the *Cannabis Regulations* in respect of its facility located at 530 Wright Boulevard, Stratford, Ontario (the "**Stratford Facility**"). A copy of the GreenSeal Licence, effective November 8, 2023, is attached hereto and marked as **Exhibit "J"**.

46. The GreenSeal Cannabis Licence permits GreenSeal to undertake the following activities:

(a) Standard cultivation and sale of cannabis in accordance with subsection 11(5) of the *Cannabis Regulations*;

(b) Standard processing and sale of cannabis in accordance with subsection 17(5) of the *Cannabis Regulations*; and

(c) Possess and sell cannabis for medical purposes pursuant to section 27 and Part 14, Division 1 of the *Cannabis Regulations.*

47. In addition, GreenSeal holds an excise licence issued by the CRA (the "**GreenSeal Excise Licence**"). The GreenSeal Excise Licence permits GreenSeal to stamp its products and collect excise taxes on behalf of the government. A copy of the GreenSeal Excise Licence Renewal Letter, renewing the Excise License effective October 17, 2022 and set to expire on October 16, 2024, is attached hereto and marked as **Exhibit "K"**.

48. The Stratford Facility is 30,000 square feet. Like the Chatham Facility, the Stratford Facility is structured as a multi-tier vertical grow facility, growing flower, and drying it indoors.

5 Management's Discussion & Analysis, *For the fifteen-month period ended March 31, 2023*, dated April 9, 2024, at. p. 9.

This Facility produces over 3,500 kg of cannabis flower annually, allowing the Atlas Group to fulfill certain international demand but primarily to satisfy demand in the Canadian market.

49. Like the Chatham Facility, the Stratford Facility is GACP certified. The Stratford Facility does not hold the more exclusive, EU-GMP or IMC-GAP certifications.

50. On August 14, 2015, NA Engineering Associates Inc. produced a report of a Phase 1 Environmental Site Assessment conducted to identify and assess the potential for contaminants of concern, if any, at the Stratford Facility. The Assessment found that the historical records review of the Facility did not reveal previous uses of the subject site that would suggest an environmental concern. There were also no waste, garbage or other materials that would suggest misuse of the property or unapproved uses. The assessment concluded that it was unlikely that the Facility has been contaminated due to current or past uses, and that no further investigation was warranted.

51. GreenSeal has 57 employees. Its directors and officers are listed below:

Full Name	Designation	Date Appointed
Bernard Yeung	Director	May 31, 2023
Jason Cervi	Director	May 31, 2023
Corey Hamilton	President	January 22, 2016
Peter Reeves	General Manager	January 1, 2022

GreenSeal Nursery Ltd.

52. GreenSeal Nursery was acquired by Atlas on April 28, 2023 (a few months after the RTO Transaction was completed) pursuant to a share purchase agreement with the former shareholders of GreenSeal Nursery. The purchase price was paid with common shares of Atlas.

53. GreenSeal Nursery is a licensed cannabis nursery in Stratford, Ontario. It owns and manages over 1,000 cannabis plants' genetics. GreenSeal Nursery owns the intellectual property with respect to some of the most unique genetic strains of cannabis, allowing the Atlas Group to cultivate and provide the market with the most optimal product mix, and thus uniquely positioning the Group within the cannabis market.

54. GreenSeal Nursery holds a cannabis nursery licence (the "**GreenSeal Nursery Licence**") from Health Canada pursuant to the *Cannabis Act* and the *Cannabis Regulations* in respect of its facility located at 8 Hahn Court, Stratford, Ontario. A copy of the GreenSeal Nursery Licence, effective February 4, 2022, is attached hereto and marked as **Exhibit "L"**.

55. The GreenSeal Nursery Licence permits GreenSeal Nursery to run a cannabis nursery and sell cannabis in accordance with subsection 14(5) of the *Cannabis Regulations*.

56. In addition, GreenSeal Nursery holds an excise licence issued by the CRA (the "**GreenSeal Nursery Excise Licence**"). A copy of the GreenSeal Nursery Excise Licence Renewal Letter, renewing the Excise Licence effective September 1, 2022 and set to expire on August 31, 2024, is attached hereto and marked as **Exhibit "M".**

57. GreenSeal Nursery is managed by GreenSeal. GreenSeal Nursery does not have any employees. Its directors are listed below:

Full Name	**Designation**	**Date Appointed**
Bernard Yeung	Director	May 31, 2023
Jason Cervi	Director	May 31, 2023

58. GreenSeal Nursery leases its facility. The lessor is 218217 Ontario Inc of 356 Ontario Street, Suite 255 Stratford, Ontario N5A 7X6. The lessee is GreenSeal Nursery Ltd of 530 Wright

Blvd, Stratford Ontario, N4Z 1H3. The lease is dated September 1, 2022. The premises is to be used only for the cultivation, research, preparation, sale, distribution and warehousing of Cannabis and cannabis-related products. The term of the lease commenced on September 1, 2022, and ends on August 31, 2025. The lessee agreed to pay gross rent of $3,390 per month, inclusive of HST without set-off or abatement to the lessor.

The Atlas Alberta Subsidiaries

59. As shown in the corporate chart at paragraph 14 above, as a result of the RTO Transaction Atlas also owns all of the shares of Atlas Biotech, which in turn wholly owns Atlas Growers Ltd. ("**Atlas Growers**" and together with Atlas Biotech, the "**Atlas Alberta Subsidiaries**"). Each of Atlas Biotech and Atlas Growers were incorporated under the laws of the Province of Aberta.

60. At the time of its acquisition by Atlas, the Atlas Alberta Subsidiaries produced cannabis concentrates for use in vaping products, cannabis infused beverages and other concentrate products. The Atlas Alberta Subsidiaries operated a 38,000 square foot indoor growing facility located in Gunn, Alberta, and had a leased business office in Edmonton, Alberta.

61. On June 2, 2023, Atlas announced its decision to cease operations at the Gunn facility and liquidate the assets of the Atlas Alberta Subsidiaries.[6] On June 19, 2023, the Agriculture Financial Services Corporation, which was the senior lender to the Atlas Alberta Subsidiaries, brought an application to appoint EY as receiver and manager of the Atlas Alberta Subsidiaries.

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6 Management's Discussion & Analysis, *For the three and nine - month period ended December 31, 2023*, dated June 4, 2024, at p. 8; Management's Discussion & Analysis, *For the fifteen-month period ended March 31, 2023*, dated April 9, 2024, at. p. 9.

62. On June 26, 2023, pursuant to the receivership application, the Court of King's Bench of Alberta granted an Order (the "**Receivership Order**") appointing EY as the receiver and manager over certain current and future assets, undertakings, and properties of the Atlas Alberta Subsidiaries. The receivership process is currently underway, including a sales process commenced by EY as the receiver.

The Israeli Subsidiaries

63. As is described above, Atlas has a wholly owned subsidiary incorporated in Israel named Cambrosia. As part of the RTO Transaction, Atlas acquired Cambrosia, and Cambrosia acquired a 51% interest in each of the three Israel Pharmacies.

64. The Atlas Group sells medical cannabis products through the Israel Pharmacies directly to patients. By having a controlling interest in these Pharmacies, Atlas is assured increased shelf space, premium product placement and availability in these locations.

65. No relief is sought in respect of the Israeli subsidiaries.

B. Products

66. Through its licensed subsidiaries, the Atlas Group has approximately 50 distinct products available for sale across Canada varying in availability province to province. The Atlas Group has direct supply agreements in place with the British Columbia Liquor Distribution Branch; the Alberta Gaming, Liquor and Cannabis Commission; the Ontario Cannabis Stores; and the Yukon Liquor Corporation; and sells directly to Manitoba Liquor & Lotteries; the Northwest Territories Liquor, Cannabis Commission; and the PEI Cannabis Management Corporation. The Atlas Group

also has agreements with distributors in Saskatchewan who distribute Atlas' products to certain provincial distributors and retailers.

67. The Atlas Group's primary products domestically are:

Canadian Adult-Use Market Brands

Brand	Description	Market Segment (economy, value, core, premium or premium +)
D*gg lbs	Nurtured and curated using old school techniques of hang drying, hand trimming and cured to perfection.	PREMIUM+
GREENSEAL CANNABIS CO.	Standard approach, consistent craft experience with a genetic forward focus..	PREMIUM
Electric Lettuce	Accessible and convenient, with fun and unique flavours and products.. Offering a rotation of products featuring single strain, premium quality flower. Cultivated indoors with precision: hang dried, hand trimmed, and cured for weeks to ensure full flavour and potency.	VALUE
BONFIRE	Craft cannabis, grown in small batches, harvested at peak ripeness, hang dried, and hand trimmed without the use of machines. Bonfire product is all grown indoors using exclusive genetics sourced from our in-house nursery.	CORE

68. Internationally, the Atlas Group predominantly sells white label medical cannabis, although D*gg Lbs is sold in Israel and Australia and will soon be sold in Germany.

C. Banking Arrangements and Cash Management System

69. The Atlas Ontario Group uses a cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with its operations. This Cash Management System allows the Atlas Ontario Group to efficiently and accurately track and control corporate funds and to ensure cash availability.

70. The current Cash Management System is as follows:

(a) ***Royal Bank of Canada***: AgMedica holds two accounts with RBC – an operating account and a payroll servicing account. Most of AgMedica's funds, including receivables and payments, flow through the operating account. Any expenses incurred by Atlas are satisfied by AgMedica through the operating account and recorded as intercompany balances. The payroll account is currently used internally to segregate funds required for near-term large lump sum payments;

(b) ***Libro Credit Union***: there are two accounts with Libro Credit Union – one is used by AgMedica to make payments for export permits; the other is an operating account used by 5047 Ontario to collect lease payments and pay utility costs for the rented facilities; and

(c) ***Alterna Savings***: GreenSeal has two accounts with Alterna Savings – a main operating account, and an account used to manage customer receipts. GreenSeal also uses these accounts to make payments on behalf of GreenSeal Nursery.

D. Payroll and Withholding Arrears

71. With respect to payroll, Atlas Group and AgMedica retained ADP Canada, a payroll service provider. The Atlas Group provides ADP with the information necessary to calculate payroll, such as salary, hours, and other data points, and ADP calculates the payroll, bi-weekly. The Atlas Group funds ADP from its RBC operating account, and ADP disburses the funds to the employees. The Atlas Group self-remits withholdings. Given the intensifying liquidity issues experienced by the Atlas Group, AgMedica has not remitted approximately $1.5 million in payroll withholdings and taxes.

72. Similarly, GreenSeal retained Ceridian, a different payroll service provider. Payroll is processed and funded in a similar manner. GreenSeal is current on its payroll withholdings and taxes remittances.

IV. FINANCIAL CIRCUMSTANCE AND CASH FLOW FORECAST

A. Assets

73. As of December 31, 2023, the unaudited interim condensed consolidated financial statements of Atlas (the "**Financial Statements**") provide that Atlas' assets have a book value of approximately $65,244,203 and consist of the following:

Type of Asset	Amount
Cash	$362,981
Short-term investments	$36,419
Trade and other receivables	$4,462,335
Biological assets	$2,960,640
Inventories	$15,108,985
Deposits and prepaid assets	$1,617,919
Current Assets: $24,549,279	

Property, plant, and equipment	$38,383,999
Right-of-use assets	$1,279,671
Intangible assets	$602,064
Goodwill	$419,892
Deferred tax assets	$7,199
Other non-current assets	$2,099
Non-Current Assets: $40,694,924	
Total Assets: $65,244,203	

B. Liabilities

74. The Financial Statements also provide that Atlas' liabilities have a book value of approximately $55,133,479 and consist of the following

Type of Liability	Amount
Trade and other payables	$27,888,067
Current portion of term debt	$21,107,107
Current portion of lease liabilities	$348,664
Income taxes payable	$100,616
Deferred revenue	$37,400
Contingent consideration	$176,637
Contingent liabilities	$957,285
Other current liabilities	$13,403
Current Liabilities: $50,629,179	
Term debt	$14,354
Lease liabilities	$1,004,453
Class B preferred shares	$965,389
Shareholder loans	$696,640
Put option liability	$1,823,464
Non-Current Liabilities: $4,504,300	
Total Liabilities: $55,133,479	

C. Equity

75. The Financial Statements also provide that Atlas' equity has a book value of approximately $10,110,724 and consist of the following:

Type of Liability	Amount
Share capital	$27,919,778
Shares to be issued	$790,757
Contributed surplus	$582,789
Accumulated other comprehensive income	($300,897)
Retained earnings (deficit)	$18,881,703
Total Equity: $10,110,724	
Total Liabilities and Equity: $65,244,203	

76. After removing intangible assets and goodwill, Atlas' liabilities and equity exceed its assets. Atlas' financial position has deteriorated since the preparation of these financial statements.

D. Secured Indebtedness

Mortgages – Chatham Facility

77. On September 30, 2020, during the prior CCAA proceedings of AgMedica et. al., a Secured Exit Facility Agreement was entered into between Hillmount Capital Inc. (the "**Hillmount**") and AgMedica, 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat, World Wide Beverage Innovations Inc., Unique Beverages (USA) Inc. and Eseela Inc. (the "**Borrower**") in the amount of $3 million (the "**First Mortgage Loan**") as mortgage financing for 566 Riverview Drive, Chatham (the "**Original Mortgage Agreement**"). Many of these borrower entities have been wound up. The

Original Mortgage Agreement was due to mature on September 30, 2021. A copy of the Original Mortgage Agreement is attached hereto and marked as **Exhibit "N"**.

78. Following the amalgamation of some of the Borrowers and transfer of the Chatham Facility to 5047 Ontario, the parties entered into a Mortgage Renewal on November 1, 2021 to memorialize the amalgamation and transfer of the Chatham Facility, amend the interest rate and extend the maturity date of the First Mortgage Loan to November 1, 2022 (the "**First Mortgage Renewal**"). The maturity date on the First Mortgage Loan was further extended pursuant to the Mortgage Renewal dated November 7, 2022 (the "**Second Mortgage Renewal**") which extended the maturity date to November 1, 2024. The Second Mortgage Renewal further amended the interest rate on the First Mortgage Loan to the greater of 9.50% per annum or the RBC Prime Lending Rate plus 4.25% to be calculated and compounded monthly. A copy of the First Mortgage Renewal is attached hereto and marked as **Exhibit "O"**; the Second Mortgage Renewal is attached hereto and marked as **Exhibit "P"**.

79. As security for the payment and performance of the Borrower's obligations under the Original Mortgage Agreement, the Borrowers granted, among other things, a continuing security interest in all of its present and after-acquired personal property. Hillmount currently has a registered security interest in respect of the First Mortgage Loan pursuant to the *Personal Property and Security Act* (Ontario) (the "**PPSA**") against Tavivat, Wellworth, AgMedica, and 8057 Canada.

80. In addition to the First Mortgage Loan, AgMedica entered into a Mortgage Commitment with 2596690 Ontario Inc. ("**AgriRoots**") on November 1, 2020 (the "**Original AgriRoots Mortgage**") as guaranteed by 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc.,

Wellworth, 8050 Canada, 8326851 Canada Inc., Unique Beverages (USA) Inc., Worldwide Beverages Innovations Inc, and Tavivat (collectively with AgMedica, the "**Obligors**") in the amount of $7 million (the "**Second Mortgage Loan**") for 566 Riverview Drive, Chatham. The Original AgriRoots Mortgage was due to mature on November 1, 2021. A copy of the Original AgriRoots Mortgage is attached hereto and marked as **Exhibit "Q"**.

81. As security for the payment and performance of the Obligors under the Original AgriRoots Mortgage, among other things, AgriRoots was granted a charge over the Chatham Facility and AgriRoots was granted a charge in respect of the Obligors for up to $12 million (the "**Original AgriRoots Security**").

82. On November 21, 2022, the Original AgriRoots Mortgage was amended to, among other things, add four additional tranches to the Second Mortgage Loan which increased the Second Mortgage Loan to $11,350,000 (the "**Amendment**"). The Amendment also extended the maturity date of the Second Mortgage Loan, as amended, to September 1, 2024. Each of the tranches under the amended Second Mortgage Loan have an interest of 15% per annum. A copy of the Amendment is attached hereto and marked as **Exhibit "R"**.

83. In addition, on November 29, 2022 the Obligors entered into promissory note in the amount of $750,000 with AgriRoots, which increased the total amount loaned by AgriRoots to $12.1 million.

84. The Amendment also amended the Original AgriRoots Security to grant a charge in favour of AgriRoots over all the present and after acquired property of AgMedica and increase charge from $12 million to $16 million. AgriRoots currently has a registered security interest in respect

of the First Mortgage Loan pursuant to the PPSA against AgMedica, Tavivat, Wellworth, 5047 Ontario and 8050 Canada.

Mortgage – Stratford Facility and Line of Credit

85. On July 4, 2022, GreenSeal entered into a Commitment Letter with Your Neighbourhood Credit Union Limited ("**YNCU**") whereby YNCU agreed to provide to GreenSeal three credit facilities in the aggregate amount of $5,346,485 (the "**Commitment Letter**"). The tranches included, a commercial mortgage in the amount of $4,371,000, an additional commercial mortgage facility in the amount of $675,000 (collectively, the "**Commercial Mortgages**") and a line of credit in the amount of $300,000 (the "**Line of Credit**").

86. The obligations under the Commitment Letter were guaranteed by a former shareholder of GreenSeal, RCL Venture Holdings, Inc., (the "**Former Shareholder**") and former principals, Peter Reeves, Corey Hamilton and Chad Morphy (collectively, the "**Former Principals**"). A copy of the Commitment Letter is attached hereto and marked as **Exhibit "S"**.

87. The Commercial Mortgages were used to fund the acquisition of the Stratford Facility and the Line of Credit was given for GreenSeal's operations. The Commercial Mortgages have a maturity date of March 9, 2026, and the Line of Credit matured on July 4, 2023. The unpaid balance is approximately $230,000, in respect of which GreenSeal has been making regular payments.

88. As security for the payment and performance of GreenSeal's obligations under the Commitment Letter, among other things, GreenSeal granted a charge in the amount of $5.4 million over the Stratford Facility to YNCU and a fixed and floating charge over the Real Property (as defined in the Commitment Letter) and its associated assets and a subordinate fixed and floating

charge over all of the assets and undertakings of GreenSeal subsequent only to existing charges. In addition, personal guarantees were given by the Former Principals and a corporate guarantee from the Former Shareholder. YNCU currently has a registered security interest in respect of the Commercial Mortgages pursuant to the PPSA against GreenSeal.

Receivables Purchase Agreements

89. On June 7, 2023, Stoke and GreenSeal entered into the Receivables Purchase Agreement (as amended, restated, supplemented or otherwise modified from time to time, collectively the "**GreenSeal RPA**") which describes GreenSeal agreeing to sell and Stoke agreeing to buy from time to time certain Eligible Receivables of GreenSeal. A copy of the GreenSeal RPA is attached hereto and marked as **Exhibit "T"**. This factoring arrangement provided short-term liquidity to GreenSeal. GreenSeal also borrowed under the Additional Facility Supplement #1 to the RPA to stabilize its short-term liquidity position.

90. As security for the payment and performance of GreenSeal's obligations, the GreenSeal RPA describes GreenSeal granting a continuing security interest, in the moneys and other sums payable to or receivable by GreenSeal under or pursuant to the provisions of the Eligible Receivables, the Reserve Amount and the Dilution Reserve as defined in the GreenSeal RPA, the books and records related to the foregoing, and all additions, substitutions and replacements for each of the foregoing. On March 20, 2024, Stoke filed a registration pursuant to the PPSA against GreenSeal in order to perfect its security interest granted pursuant to the GreenSeal RPA.

91. In addition, Atlas granted a Corporate Guarantee dated June 7, 2023, to Stoke to guarantee GreenSeal's obligations under the GreenSeal RPA (the "**GreenSeal Guarantee**"). The GreenSeal Guarantee is attached hereto and marked as **Exhibit "U"**. Atlas unconditionally and irrevocably

guaranteed, without security, the payment of all present and future obligations of GreenSeal to Stoke arising pursuant to and/or on account of the provisions in Transaction Documents (as defined in the GreenSeal Guarantee), including, without limitation, all of the Obligations (as defined in the GreenSeal RPA).

92. On September 9, 2023, GreenSeal and Stoke amended the GreenSeal RPA through an Amendment and Supplement to the GreenSeal RPA (the "**Amended GreenSeal RPA**"). As envisioned in the Amended GreenSeal RPA, the parties entered into an Additional Facility Supplement #1 of September 9, 2023 (the "**Additional Facility Supplement**").

93. The Amended GreenSeal RPA created an "**Additional Facility**". Under the Additional Facility Supplement, GreenSeal could request an advance of credit ("**Advance Amount**") from Stoke against Eligible Purchase Orders (rather than Eligible Receivables), subject to GreenSeal fulfilling certain conditions precedent. The Advance Amount had a limit of $1,000,000, at any time, equal to 33% of the total advances against Receivables outstanding. On a specific date, known as the "**Conversion Date**", the outstanding Advance Amount would automatically convert and be deemed a portion of the advanced amount under the GreenSeal RPA.

94. As security for GreenSeal's obligations in connection with the Additional Facility Supplement, the Additional Facility Supplement contemplates GreenSeal granting Stoke "a first priority security interest in, all of [GreenSeal's] right, title and interest in and to" the Eligible Purchase Order, goods and inventory held for the purpose of filling the Eligible Purchase Order, and related documents, books and records, among other things.

95. Like the arrangement between Stoke and GreenSeal, AgMedica entered into a Receivables Purchase Agreement with Stoke on July 3, 2023 (the "**AgMedica RPA**") in respect of AgMedica's Eligible Receivables. A copy of the AgMedica RPA is attached as **Exhibit "V"** hereto.

96. As security for the payment and performance of AgMedica's obligations under the AgMedica RPA, the RPA contemplates AgMedica granting a continuing security interest, the moneys and other sums payable to or receivable by AgMedica under or pursuant to the provisions of the Eligible Receivables, the Reserve Amount and the Dilution Reserve as defined in the AgMedica RPA, the books and records related to the foregoing, and all additions, substitutions and replacements for each of the foregoing. On July 11, 2023, Stoke filed a registration pursuant to the PPSA against AgMedica in order to perfect its security interest granted pursuant to the AgMedica RPA.

97. In addition, Atlas granted a Corporate Guarantee dated July 3, 2023, to Stoke to guarantee AgMedica's obligations under the AgMedica RPA (the "**AgMedica Guarantee**"). The AgMedica Guarantee is attached hereto and marked as **Exhibit "W"**. Atlas unconditionally and irrevocably guaranteed, without security, the payment of all present and future obligations of AgMedica to Stoke arising pursuant to and/or on account of the provisions in Transaction Documents (as defined in the AgMedica Guarantee), including, without limitation, all of the Obligations (as defined in the AgMedica RPA).

98. In addition, pursuant to the Cross-Corporate Guarantee dated October 19, 2023 between GreenSeal and Stoke (the "**Cross-Guarantee**"), GreenSeal unconditionally and irrevocably guaranteed, without security, the payment of all present and future obligations of AgMedica to Stoke arising pursuant to and/or on account of the provisions in Transaction Documents (as defined

in the Cross-Guarantee), including, without limitation, all of the Obligations (as defined in the AgMedica RPA). A copy of the Cross-Guarantee is attached as **Exhibit "X"** hereto.

E. Notable Unsecured Liabilities

99. *Intercompany debt:* In the ordinary course of their operations, AgMedica, GreenSeal and GreenSeal Nursery loan each other funds to fund operating costs and other working capital obligations. There is no formal loan agreement between AgMedica, GreenSeal, or GreenSeal Nursery in respect of the above loans.

100. As of April 30, 2024, netting out the various intercompany transactions, GreenSeal had loaned AgMedica approximately $3,038,478.71 to fund operating costs and other working capital obligations.

101. *Property taxes:* As of April 15, 2024, 5047 Ontario owed property taxes in respect of the Chatham Facility in the amount of $336,267. GreenSeal is current on its property taxes in respect of the Stratford Facility.

102. The Applicants currently owed their legal counsel, Osler, Hoskin and Court LLP, fees and costs in the amount of approximately $950,000.

F. Litigation

103. Certain members of the Atlas Group are defendants in actions or applications as follows:

(a) *McPhee Investments Ltd. v. AgMedica Bioscience Inc., Trevor Henry, Peter Van Mol and Trent Henry:* On December 2, 2019, AgMedica brought an application in Ontario to restructure its business under the CCAA. On the same date, the Ontario Superior Court of Justice granted an initial order appointing EY as the monitor in the CCAA proceedings. By statement of claim issued July 28, 2022, McPhee claims that in connection with this restructuring, it lost the value of its initial $12,500,000 investment in AgMedica and that it is entitled to an award of damages that includes the value of its undiluted equity position in AgMedica prior to the CCAA proceedings, plus further damages, interest and costs. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "Y"**.

(b) *Hillcrest Merchant Partners Inc. v. Atlas Global Brands Inc. and GreenSeal Cannabis Company Ltd.:* By statement of claim issued April 17, 2023 in Ontario, Hillcrest claims payment from GreenSeal and Atlas of $667,889.55 for breach of contract and $250,000 for loss of a chance damages, plus interest and costs. Hillcrest, an investment and financial advisory firm makes this claim pursuant to an engagement letter dated May 18, 2022. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "Z".**

(c) *Agriculture Financial Services Corporation v. Atlas Global Brands Inc., Atlas Growers Ltd., Atlas Biotechnologies Inc., Jeffrey Robert Gossain and Sheldon Francis Croome:* The Agriculture Financial Services Corporation through its statement of claim filed in Alberta seeks judgment against Atlas in respect of a $1,400,000 limited parental guarantee granted by Atlas to the Agriculture Financial Services Corporation in respect of the indebtedness of Atlas Biotech to the Agriculture Financial Services Corporation.

(d) *Rage Studios Inc. operating as Vimark Solutions v. Atlas Growers Ltd. and Atlas Global Brands Inc.*: By statement of claim filed on June 27, 2023 in Alberta, against both Atlas Growers and Atlas, Rage claims payment for an unpaid invoice for marketing services and promotional materials valued at $15,582, plus interest and costs. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "AA"**.

(e) *1402171 Alberta Inc. v. Atlas Global Brands Inc.:* Jeffrey Gossain, providing services through 1402171 Alberta Inc. ("**Gossain**") was employed by Atlas as Chief Operating Officer until his termination for cause in June 2023. By statement of claim issued January 9, 2024 in Alberta, Gossain claims damages for termination of his Consulting Agreement in the amount of $438,955.14, plus amounts for aggravated and punitive damages, and remedies with respect to his stock options. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "BB"**. Further, by Notice of Application dated January 23, 2024 filed in Ontario, Gossain sought declarations that, among others, he is entitled to exercise 1,753,433 options to purchase the common shares of Atlas. The Notice of Application is attached hereto and marked as **Exhibit "CC".**

(f) *Alacer et al. v. Atlas Global Brands Inc.:* By statement of claim issued February 28, 2024 in Ontario, Alacer and others claim from Atlas payment of principal and interest totaling $417,000 as of January 31, 2024, plus ongoing interest at a rate of 15% per annum. The plaintiffs hold convertible debentures in Atlas Biotech and allege that Atlas assumed liability for amounts owing under the convertible debentures. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "DD".**

(g) *Atlas Growers Ltd., By Its Court Appointed Receiver And Manager Ernst & Young Inc. v. GreenSeal Cannabis:* By statement of claim issued April 22, 2024 in Alberta, EY as the receiver of Atlas Growers claims against GreenSeal $351,712.50 for an unpaid invoice respect of GreenSeal's purchase of certain cannabis products from Atlas Growers. A copy of the Statement of Claim is attached hereto and marked as **Exhibit "EE"**.

G. Demands from Creditors

104. Atlas and GreenSeal received a demand from EY in its capacity as Court-appointed receiver of the Atlas Alberta Subsidiaries, pursuant to an order from the Court of King's Bench of Alberta on June 26, 2023, requesting that (i) GreenSeal make full and unconditional payment of $351,712.50 (or such other amount that EY may agree to in writing); and (ii) Atlas and GreenSeal make full and unconditional payment of $13,000 to EY (or such other amount that EY may agree to in writing) ($8,000 of which was paid on March 26, 2024), in each case, in respect of assets purchased by Atlas and GreenSeal from EY.

105. AgMedica has received two demand letters from Hillmount. In the first demand letter, dated June 11, 2024, Hillmount stated that AgMedica and its subsidiaries were in arrears under their mortgage at 566 Riverview Drive, Chatham-Kent, Ontario and demanded payments of the arrears, taxes and legal costs $44,390.13. The letter also attached Tax Certificates dated June 5, 2024 showing property tax arrears owing in the amount of $355,100.40 for both 510 and 566 Riverview Drive, Chatham and seeking evidence of payment of those tax arrears. A copy of the Demand Letter dated June 11, 2024 is attached hereto and marked as **Exhibit "FF"**.

106. In the second demand letter, dated June 18, 2024, Hillmount asserted that AgMedica is indebted to Hillmount as evidenced by a Promissory Note dated October 5, 2020 and secured by the mortgage provided by Hillmount to AgMedica. It stated that AgMedica is in default of its obligations and covenants with Hillmount and demanded repayment in full of the debt totaling $3,392,722.30 with respect to the facilities, plus all legal fees and disbursements incurred by Hillmount due to the said default, up to and including the date of payment. Hillmount reiterated that there are tax arrears of $355,100.40 as of June 5, 2024, with penalty and interest accruing thereof. A copy of the Demand Letter dated June 18, 2024, is attached hereto and marked as **Exhibit "GG".** Hillmount also sent a Notice of Intention to Enforce Security with respect to the

mortgage. The Notice of Intention to Enforce Security dated June 18, 2024, is attached hereto and marked as **Exhibit "HH"**.

V. CHALLENGES AND LIQUIDITY ISSUES FACED BY THE APPLICANTS

A. The 2023 Strategic Plan

107. The strategic plan for Atlas and business rationale for the RTO Transaction was to leverage a unique combination of: (i) the production capacity and EU-GMP certification of AgMedica; (ii) the production capacity of the Atlas Alberta Subsidiaries; and (iii) the industry knowledge and network of the Cambrosia principals to increase sales channels in Israel, then regarded as a potential high growth international market for medical cannabis, all to increase higher margin international sales of medical cannabis.

108. Shortly after the RTO Transaction, Atlas appointed a new CEO and CFO, neither of whom had any prior involvement with the Atlas Group, to execute this business plan.

109. None of the constituent operating entities involved in the RTO Transaction had previously been publicly traded companies, and so the newly formed Atlas Group did not have the requisite policies, practices, procedures, internal controls or experienced staff for the financial reporting obligations of a publicly traded company. To compound matters, the financial reporting and accounting for the RTO Transaction was extremely complex and a new audit firm was appointed in February 2023.

110. For the first quarter after completion of the RTO Transaction, management primarily focused on (i) integrating the operations of the acquired entities, assessing cash flow and liquidity requirements, implementing changes to address urgent liquidity issues, harmonizing the consolidated cost structure to improve cash flow; (ii) establishing corporate support, including

engaging an auditor and financial professionals to prepare the first audited financial statements for the consolidated entity; and (iii) identifying acquisition opportunities to increase sales internationally, particularly in Israel.

111. This work led to the acquisition of GreenSeal and GreenSeal Nursery, as well as the execution of several purchase and sale agreements for a controlling interest in privately owned pharmacies in Israel, including Harmony discussed below. It also led to the decision to cease operations at and liquidate the assets of Atlas Alberta Subsidiaries, which were incurring negative cash flow of approximately $300,000 each month.

112. As is described above, the Atlas Group's strategic plan focused on international sales of medical cannabis, particularly in Israel. To that end, between, Cambrosia entered into agreements to acquire several cannabis pharmacies and one trading house in Israel, including the proposed acquisition by Cambrosia of a 51% controlling interest in a private limited liability company ("**Harmony**") operating two medical cannabis pharmacies, one in Tel-Aviv and one in Jerusalem, and a 51% interest in an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel.

113. Separate and apart from these potential acquisitions, sales in Israel did not materialize as quickly as projected when the RTO Transaction was completed. The first material shipment occurred in July 2023, with the second material shipment occurring in December 2023. Originally, the Atlas Group had forecast shipments of at least 250 kg per month in the second half of 2023. Management therefore began to focus on developing a unique value proposition to (i) leverage AgMedica's EU-GMP certified Chatham Facility (including completion of the Chatham Expansion) to penetrate the higher margin international cannabis markets, other than Israel, and

(ii) increasing domestic sales with strategic collaborations, while concurrently seeking third party financing of between $3 million and $5 million. The Chatham Expansion required a capital investment of $3 million and the balance of the funds sought was to manage the Company's negative cash flow until the capacity came online.

114. On July 26, 2023, Atlas announced a collaboration with Snoop Dogg and the launch of a new brand, "D*gg lbs".

115. For the three-month period ended March 31, 2024, domestic sales increased by 23% to $2.6 million as compared to the same period in the prior year, and the Atlas Group identified new opportunities for international sales (leveraging AgMedica's EU-GMP certification), including the production of high margin vapes, all of which combined to form the basis for a business plan for the Chatham Expansion that, if completed, management believes would have generated the cash flow necessary to service the Company's consolidated debt.

B. The Cease-Trade Order

116. As described above, however due to the combination of the complex accounting and financial reporting of the RTO Transaction and a lean financial group, the Atlas Group was not able to finalize audited financial statements for the period ending March 31, 2023, when due on July 31, 2023. On August 8, 2023, the OSC issued a failure-to-file cease-trade order (the "**Cease-Trade Order**"). The Cease-Trade Order remains in place although Atlas has made all required filings and on May 23, 2024, made application for a full revocation of the Cease-Trade Order.

117. The delay in completing its audited financial statements and the consequential Cease-Trade Order has impacted Atlas' ability to raise capital in at least two ways. First, the Cease-Trade Order has prevented Atlas from issuing securities (i.e., raising capital). Second, lenders generally require

audited financial statements as part of their due diligence process. As Atlas' audited financial statements were delayed, Atlas has struggled to raise capital through debt or equity financing.

118. This limitation on the ability to raise capital materially and negatively impacted the Atlas Group's cash position and liquidity and, specifically its ability to increase capacity and revenue to leverage domestic and international sales opportunities, service its considerable debt, and supplement working capital needs upon the commencement of CRA Garnishments (discussed below).

C. Difficulties in Israel

119. Due in part to the hostilities in the region, revenue from Israel remain materially below that projected at the time of the RTO Transaction.

120. In addition, shortly after the Cease-Trade Order, the transaction with Harmony was terminated. The Atlas Group, through Cambrosia had lent the Trading House approximately $525,000, which debt is guaranteed by the Harmony vendors, to be repaid immediately in the event the transaction did not close. The Atlas Group also entered into revenue transactions with the vendors and provided product for sale. Harmony sold product for which it collected but did not remit proceeds owing to Atlas' Israeli subsidiary.

121. On December 20, 2023, Cambrosia filed a lawsuit against the principals of Harmony (as defined below) in the District Court of Tel Aviv, seeking various remedies including repayment of approximately $1.4 million. As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. $783,293), on each of the accounts of all six defendants. Following a request by the Company, on

December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. $1,206,431) in each account. The claim is yet to be resolved.

D. The CRA's Enforcement Actions and the Impact of Excise Taxes and Price Compression on the Atlas Group's Liquidity

122. Throughout 2023 and into 2024, the Canadian cannabis market continued to experience price compression in the market, when compared to the prior fiscal year. Price compression is driven predominantly by competition from the illicit market, where sellers operate outside restrictions imposed in the legal market. Price compression has been exacerbated over the preceding two years, by inflationary pressure on input costs.

123. Given the impacts of price compression, excise tax has grown to become a larger component of net revenue as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. Put simply, pursuant to the *Excise Act, 2001*, all packaged cannabis products removed from the premises of a cannabis licensee to enter the Canadian duty-paid market for retail sale are required to have a cannabis excise stamp. Generally, the Cannabis licensee who packaged the cannabis product is required to determine the appropriate cannabis excise stamp, and to apply such stamp before the product enters into the duty-paid market. Cannabis licensees are liable for the cannabis duties payable on cannabis products which they stamp, generally at the time of delivery to a purchaser, and must file a monthly Information return to calculate and remit any cannabis duty payable in that monthly period.

124. In late February 2024, the House of Commons Standing Committee on Finance issued a report outlining several recommendations regarding the adult use cannabis industry. One such recommendation was a request to "make adjustments to the excise duty formula for cannabis so

that it is limited to a 10% ad valorem rate and a requirement to apply an excise stamp on cannabis products”. If this change were implemented – changing the calculation of excise tax from a fixed amount per gram to a percentage – it would materially improve the Atlas Group’s ability to maintain a stable liquidity profile.

125. Meanwhile, excise tax arrears in the Canadian cannabis industry have been growing. It has been reported that as of as of March 1, 2024, the Canadian cannabis industry owed approximately $221 million to the Canada Revenue Agency (the “**CRA**”) in cannabis duties.

126. As at May 20, 2024, GreenSeal had approximately $2,919,273.95 in excise tax arrears. These arrears prompted the CRA to issue garnishment notices (each a “**CRA Requirement**”) to various provincial wholesalers, for non-payment of excise taxes. I understand that the CRA issued CRA Requirements in respect of multiple cannabis companies.

127. In February 2024, the CRA issued CRA Requirements to provincial wholesaler account debtors of GreenSeal directing payment to the Receiver General of 50% of the receivables owed to GreenSeal. Copies of the CRA Requirements are attached hereto and marked as **Exhibit “II”**.

128. To date, the CRA has garnished a total of appropriately $854,719 of GreenSeal’s receivables and has provided notice of its intention to garnish an additional $1,259,480. This unanticipated garnishment materially impacted GreenSeal’s cash flow.

129. As of the date hereof, AgMedica had $3,842,970 in excise tax arrears. The CRA has issued a garnishment notice to Ontario Cannabis Store (“**OCS**”) for 50% of AgMedica’s receivables. AgMedica’s receivables with OCS are minimal as AgMedica primarily focuses on international exports.

130. I understand that the CRA has agreed to cancel CRA Requirements permitting customers to pay cannabis companies if they are in a CCAA proceeding. For example, in the Heritage Cannabis Holding Corp. ("**Heritage**") CCAA proceeding (initial order granted April 2, 2024), Heritage owed more than $11 million to the CRA on account of unremitted excise tax arrears.[7] The Monitor reported that the CRA then cancelled CRA Requirements issued in respect of Heritage.[8] It is my hope that the CRA will take the same approach to the Atlas Group, which would permit the Atlas Group to have more liquidity and the ability to find stable footing.

131. On May 30, 2024, the CRA sent GreenSeal a legal warning about GreenSeal's outstanding excise tax arrears. The CRA asserts that GreenSeal has an outstanding excise tax arrears of more than $2.9 million. A copy of the CRA legal warning letter dated May 30, 2024, is attached hereto and marked as **Exhibit "JJ"**.

132. In addition to the CRA Requirements, the CRA has been taking other enforcement steps to collect the excise tax arrears, including threatening not to renew the required licences and refusing to supply excise stamps unless the excise tax arrears are paid. These steps jeopardize the Atlas Group's ability to generate revenue, which would make it impossible for the Atlas Group to repay the excise tax arrears.

133. For example, starting in January 2024, the CRA renewed the AgMedica Cannabis Licence monthly rather than for longer periods. The CRA's only stated reason for failing to renew the AgMedica Cannabis Licence for a longer period was the outstanding excise tax arrears. To obtain a longer renewal period, the CRA stated that AgMedica must (1) comply with an April payment

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7 Heritage Initial Order factum, para 5.

8 Heritage Monitor's First Report, para 18.

arrangement made with the CRA's collection branch, and (2) pay monthly all newly incurred excise tax. If AgMedica failed to pay the CRA's unsecured excise tax arrears, the CRA explained that the AgMedica Cannabis Licence would become ineligible for renewal and could be grounds for the CRA to suspend or cancel the AgMedica Cannabis Licence. A copy of the CRA's letter renewing the AgMedica Cannabis Licence dated June 6, 2024, is attached hereto as Exhibit "H".

134. In another example of the CRA taking steps that prevent the Atlas Group from earning revenue, starting in May 2024, the CRA refused to issue excise stamps to GreenSeal. A copy of GreenSeal's May 9, 2024, order for excise stamps is attached hereto as **Exhibit "KK"**. A copy of the CRA's May 10, 2024, email rejecting GreenSeal's purchase order for excise stamps is attached hereto as **Exhibit "LL"**. On May 10, 2024, I spoke with the CRA representative, Amanda Harris, and was informed that the CRA rejected GreenSeal's order for additional excise stamps due to GreenSeal's excise tax arrears.

135. GreenSeal has sufficient excise stamps to support the receipts projected in the Cash Flow Forecast up to the date of the Comeback Hearing. However, the CRA's refusal to provide excise stamps to GreenSeal may impact the timing of receivables after the Comeback Hearing.

136. I am informed by Justin Kanji, of Osler, Hoskin & Harcourt LLP, that the CRA's ability to cancel licences and refuse to issue excise stamps can be curtailed in insolvency proceedings. For example, in the Tantalus Labs Ltd. bankruptcy, the Court ordered the CRA to maintain the status quo in respect of the cannabis excise licence, including staying the CRA from "taking any actions against Tantalus with respect to the cannabis stamps and cannabis inventory" and permitting Tantalus "to continue selling its cannabis inventory in the ordinary course under the Excise

Licence”.[9] The Court made this status quo order to “preserve the substantial value in Tantalus’ remaining inventory for the benefit of all stakeholders, including the CRA”.[10] It is my hope that the CRA will work with the Atlas Group to preserve the substantial value of its inventory and opportunities for the benefit of all stakeholders.

137. Earlier in 2024, AgMedica and GreenSeal had entered into Distribution Agreements pursuant to which AgMedica could provide various services, including excise stamping, to GreenSeal and vice versa. AgMedica and GreenSeal filed these agreements with Health Canada and the CRA in [February 2024] and was waiting for Health Canada approval.

138. The Atlas Group believed that GreenSeal could continue to generate revenue by selling its products with AgMedica providing the excise stamping services for those products under the service agreement. However, on June 10, 2024, the CRA refused authorization for the Distribution Agreement between AgMedica and GreenSeal, listing a series of alleged deficiencies in the drafting of the Agreement itself. The CRA advised that the Atlas Group could reapply with a written application for authorization of a service agreement. A copy of the CRA’s letter is attached hereto as **Exhibit “MM”**.

139. AgMedica and GreenSeal are taking steps to revise the Distribution Agreement to address the CRA’s questions, but the CRA’s refusal to supply excise stamps to GreenSeal combined with its refusal to approve the Distribution Agreement between AgMedica and GreenSeal is jeopardizing GreenSeal’s ability to meet its future orders and generate revenue.

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9 Tantalus Labs Order.

10 Tantalus reasons, para 26.

E. The Factoring Arrangement with Stoke and Stoke's Demands

140. The CRA's enforcement efforts impacted GreenSeal's relationship with Stoke. As of June 6, 2024, GreenSeal owed Stoke $1,854,319.54, including interest, pursuant to the GreenSeal RPA. As is described in paragraph 90, above, the GreenSeal RPA contemplates that Stoke will have a security interest in the amounts receivable by GreenSeal in respect of the Eligible Receivables, among other things. The CRA, through its CRA Requirements, garnished Eligible Receivables.

141. As a result of garnishments of Eligible Receivables, Stoke sent a demand letter to GreenSeal dated May 27, 2024, demanding payment of more than $1.8 million and providing a section 244 notice of its intention to enforce security. A copy of Stoke's demand and section 244 notice is attached hereto as **Exhibit "NN"**.

142. On the same date, Stoke also sent a letter to GreenSeal's directors making various allegations including asserting that these directors owed a fiduciary duty to act in the best interest of Stoke. A copy of Stoke's letter to GreenSeal's directors is attached hereto as **Exhibit "OO"**.

143. On Sunday, June 9, 2024, Stoke sent to GreenSeal's counsel an unissued notice of application asking this Court (1) to appoint PwC as receiver of certain assets of GreenSeal and (2) to grant judgment against Atlas for $1,854,319.54 based on the GreenSeal Guarantee. Stoke also provided the supporting application record associated with the unissued notice of application.

144. On June 13, 2024, this Court issued the Notice of Application, which is attached hereto and marked as **Exhibit "PP"**.

F. Opportunities for Improved Profitability and Growth

145. As described above, the Atlas Group (as the consolidated entity that emerged from the RTO Transaction), began with substantial debt servicing obligations and a business plan based on generating higher-margin sales from Israel that would generate the net revenue to service the debt, complete the Chatham Expansion and ultimately extinguish the debt, thereby creating shareholder value not possible for any of the entities as stand-alone enterprises.

146. When sales to Israel failed to be realized on a material scale, Atlas successfully redirected it efforts to (i) increase sales to other International markets, particularly Australia and Germany (the "**International Strategy**"); and (ii) re-sizing its domestic product offerings and launching new products, such as Dogg Lbs in collaboration with Snoop Dogg (the "**Domestic Strategy**").

147. Foundational to the International Strategy, was the fact that (i) sales by Canadian licensed producers internationally are not subject to the excise tax that erodes the margin available on domestic sales; (ii) its Chatham Facility EU-GMP certified, making it a preferred supplier, at premium prices; and (iii) the cannabis industry in Europe is in its early stages of development, and countries within Europe are at different stages of legalization of medical and adult-use cannabis where some countries have expressed a clear political ambition to legalize adult-use cannabis, some are engaging in an experiment for adult-use, and some are debating regulations for cannabinoid-based medicine.

148. For example, on March 22, 2024, it was announced that cannabis possession and home cultivation will be decriminalized in Germany from April 1, 2024. The decriminalization legislation is what is known as the "first pillar" in a two-step plan to legalize cannabis in the

country. The “second pillar” is expected after the decriminalization bill and would set up municipal five-year pilot programs for state-controlled cannabis to be sold in licensed shops.

149. The International Strategy resulted in (i) new and enhanced relationships with substantial distributers that shifted international revenue to account for 80% of Atlas’ consolidated sales; and (ii) created opportunities for high-margin co-packing agreements for both flower and cannabis accessories such as vape. By way of illustration, co-packing offers margin of 30 to 50% for dried flower and 50% to 70% for extracts.

150. The potential of Alas’ International Strategy is compelling when considered in conjunction with the expansion potential of the Chatham Facility, after a capital expenditure of between $2 to $3 million and the anticipated growth of the cannabis market in Europe.

151. Despite the challenge of completing uniquely complex audited financial statements with a skeletal finance team and servicing considerable debt, the Atlas Group substantially increased its revenue. The Group earned 58% more revenue in the quarter ended December 31, 2023, than it had earned three quarters earlier, in January to March 2023. The revenue generated in the quarter ended December 31, 2023, reached a record annualized gross revenue of approximately $40 million. I believe these financial results are a compelling proof concept of both the International Strategy and Domestic Strategy.

152. Due to a unique set of unfortunate set of circumstances, including hostilities in the Middle East, the unanticipated complexity of its financial reporting obligations resulting the Cease-Trade Order, the bad faith of counterparties to failed acquisitions Israel, and an unexpected shift in the Canada Revenue Agency’s approach to an industry-wide issue (excise tax arrears), Atlas had insufficient capital to fully enact its International Strategy and Domestic Strategy.

VI. CCAA PROCEEDINGS AND RELIEF SOUGHT

153. In light of the above, the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to takes steps that would see the Applicants restructured.

A. Cash Flow Forecast

154. The Applicants, with the assistance of the Proposed Monitor, have prepared consolidated 3-week cash flow projections. A copy of the cash flow projections with underlying assumptions is attached to my affidavit as **Exhibit "QQ"** (the "**Cash Flow Forecast**").

155. The Cash Flow Forecast shows that the Applicants will require access to additional funding during these proceedings less than 10 days after the Comeback Hearing, which is scheduled for June 27, should the Court grant an Initial Order to the Applicants on or around June 20, 2024. The Applicants intend to seek approval for a DIP Facility at the Comeback Hearing. As the Applicants are working with several parties interested in providing a DIP Facility, but have not yet finalized the terms of such Facility, the Applicants have departed from the usual custom of providing a 13-week cash flow. The Applicants will provide a 13-week cash flow in the materials to support the request for the ARIO at the Comeback Hearing.

156. The Cash Flow Forecast shows that before the Comeback Hearing, the Applicants have three sources of receipts: domestic sales, business to business sales ("**B2B**"), and international sales. With respect to these receipts, the Cash Flow Forecast assumes that:

(a) the Wholesalers who are subject to CRA Garnishments will not remit to the Applicants the portion of the receipts subject to those Garnishments, despite the Stay of Proceedings; and

(b) the domestic receipts in respect of which Stoke asserts an interest are not included in the Cash Flow Forecast as receipts until the question of to whom those receipts belong (the CRA, YNCU, or Stoke) is resolved.

157. The Applicants' principal use of cash during the Initial Stay Period is payroll, vendor payments, and utilities. In addition to these normal course operating expenditures, the Applicants will also incur professional fees and disbursements associated with these CCAA proceedings.

B. Appointment of Monitor

158. EY has consented to act as the Court-appointed Monitor of the Applicants, subject to Court approval. A copy of EY's consent is attached hereto as **Exhibit "RR"**. I am advised by external counsel that EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

C. Stay of Proceedings

159. As demonstrated above, the Applicants will run out funds and be unable to meet their obligations as they become due in the very short term. The Atlas Ontario Group therefore urgently requires a stay of proceedings to maintain the *status quo* and to give the Applicants the breathing space they require to develop a restructuring plan in consultation with their advisors and the Monitor.

160. The proposed Initial Order contemplates a stay of proceedings for a period of 10 days, which I understand is the maximum that can be authorized by a court at the initial application under the CCAA.

161. As set out in the Cash Flow Forecast attached at Exhibit “RR”, the Applicants expect to have sufficient funds to operate until the Comeback Hearing. If the stay is granted, the Applicants will subsequently request an extension of the Stay of Proceedings at the Comeback Hearing and approval of debtor-in-possession financing.

162. The Applicants also seek a stay of any proceedings against the directors and officers of the Atlas Ontario Group to ensure that they can focus their efforts on the Applicants’ restructuring efforts and to prevent creditors and others from seeking to do indirectly what they cannot do directly by asserting claims or other relief relating to the debts and obligations of the Applicants against the directors and officers.

D. Administration Charge

163. The Applicants seek an Administration Charge on its Property in the maximum amount of $400,000 as part of the proposed Initial Order, to secure the fees and disbursements incurred in connection with services rendered to the Applicants in favour of the Monitor, counsel to the Monitor, and the Applicants’ counsel. The Administration Charge is proposed to have first priority over all other charges.

164. The Applicants will seek to amend the Administration Charge to $650,000 under the proposed Amended and Restated Initial Order.

165. It is contemplated that each of the aforementioned parties: (i) will have extensive involvement during the CCAA proceedings; (ii) have contributed and will continue to contribute to the restructuring of the Applicants; and (iii) will ensure there is no unnecessary duplication of roles among the parties. The Applicants require the expertise, knowledge, and continued

participation of the proposed beneficiaries of the Administration Charge during these CCAA proceedings in order to complete a successful restructuring.

166. I am advised by legal counsel that the Proposed Monitor believes that the proposed quantum of the Administration Charge is reasonable and appropriate in light of the Applicants' CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge.

E. Directors' Charge

167. The proposed Initial Order contemplates the establishment of a super-priority charge on the Property in the amount of $920,000 (the "**Directors' Charge**") to protect the directors and officers against obligations and liabilities they may incur as directors and officers of the Applicants after the commencement of the CCAA proceedings, except to the extent that the obligation or liability is incurred as a result of the director's or officer's gross negligence or wilful misconduct. The Applicants will seek to amend the Directors' Charge to $1,420,000 under the proposed ARIO.

168. There is a concern that certain directors and officers of the Applicants may discontinue their services during this restructuring unless the Initial Order grants the Directors' Charge to secure the Applicants' indemnity obligations to the directors and officers that may arise post-filing in respect of potential personal statutory liabilities.

169. I understand that the Applicants' present and former directors and officers are among the potential beneficiaries under various liability insurance policies. However, these policies may have various exceptions, exclusions and carve-outs, and may not provide sufficient coverage against potential liability that may be incurred during potential CCAA proceedings.

170. The Director's Charge is therefore crucial to ensure the continued participation of the directors and officers who manage the business and commercial activities of the Applicants. This will assure the ongoing stability of the Atlas Ontario Group business during the CCAA proceedings. The directors and officers of the Applicants have considerable institutional knowledge and valuable experience.

171. The quantum of the Directors' Charge was developed with the assistance and support of the Proposed Monitor considering the anticipated payroll, sales tax and other exposures that give rise to director liability for the applicable period.

172. The Applicants are of the view that the quantum of the Directors' Charge is reasonably necessary at this time to address circumstances that could lead to potential directors' liability prior to the Comeback Hearing.

173. The Applicants, in consultation with the Monitor, and their respective advisors, will seek an increase to the Directors' Charge at the Comeback Hearing.

F. Approval of Cash Management System

174. Given the nature and scale of the Atlas Ontario Group's operations through the Cash Management System, the continued use of the existing Cash Management System is required and appropriate during these CCAA proceedings. I understand that the Proposed Monitor is also supportive of this relief.

VII. CONCLUSION

175. For the reasons set out herein, the Atlas Ontario Group respectfully requests this Court grant the Initial Order.

AFFIRMED BEFORE ME over videoconference in accordance with the Administering Oath or Declaration Remotely Regulation, O.Reg. 431/20, on June 19, 2024, while I was located in the City of Toronto, in the Province of Ontario and the affiant was located in the City of Burlington, in the Province of Ontario.	
Jennifer Bieman Commissioner for Taking Affidavits	Jason Cervi

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

TAB A

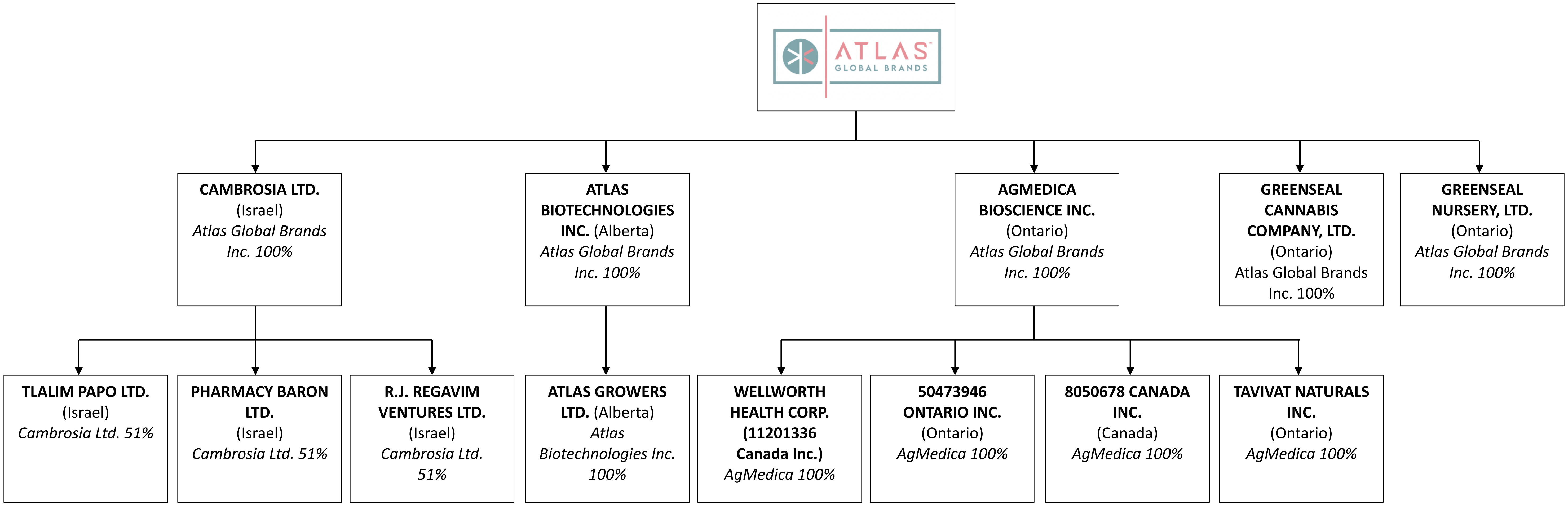
This is Exhibit "A" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.


ATLAS GLOBAL BRANDS
CAMBROSIA LTD. (Israel) *Atlas Global Brands Inc. 100%*
ATLAS BIOTECHNOLOGIES INC. (Alberta) *Atlas Global Brands Inc. 100%*
AGMEDICA BIOSCIENCE INC. (Ontario) *Atlas Global Brands Inc. 100%*
GREENSEAL CANNABIS COMPANY, LTD. (Ontario) Atlas Global Brands Inc. 100%
GREENSEAL NURSERY, LTD. (Ontario) *Atlas Global Brands Inc. 100%*
TLALIM PAPO LTD. (Israel) *Cambrosia Ltd. 51%*
PHARMACY BARON LTD. (Israel) *Cambrosia Ltd. 51%*
R.J. REGAVIM VENTURES LTD. (Israel) *Cambrosia Ltd. 51%*
ATLAS GROWERS LTD. (Alberta) *Atlas Biotechnologies Inc. 100%*
WELLWORTH HEALTH CORP. (11201336 Canada Inc.) *AgMedica 100%*
50473946 ONTARIO INC. (Ontario) *AgMedica 100%*
8050678 CANADA INC. (Canada) *AgMedica 100%*
TAVIVAT NATURALS INC. (Ontario) *AgMedica 100%*

TAB B

This is Exhibit "B" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

BRITISH COLUMBIA | BC Registry Services

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Location:
2nd Floor - 940 Blanshard Street
Victoria BC
1 877 526-1526

BC Company Summary

For

ATLAS GLOBAL BRANDS INC.

Date and Time of Search:	**June 05, 2024 10:49 AM Pacific Time**
Currency Date:	January 26, 2024

ACTIVE

Incorporation Number:	BC0663944		
Name of Company:	ATLAS GLOBAL BRANDS INC.		
Business Number:	896983806 BC0001		
Recognition Date:	Incorporated on February 14, 2003	**In Liquidation:**	No
Last Annual Report Filed:	February 14, 2024	**Receiver:**	No

COMPANY NAME INFORMATION

Previous Company Name	Date of Company Name Change
SILVER PHOENIX RESOURCES INC.	December 30, 2022

REGISTERED OFFICE INFORMATION

Mailing Address:
1055 DUNSMUIR STREET,
SUITE 3000
VANCOUVER BC V7X 1K8
CANADA

Delivery Address:
1055 DUNSMUIR STREET,
SUITE 3000
VANCOUVER BC V7X 1K8
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1055 DUNSMUIR STREET,
SUITE 3000
VANCOUVER BC V7X 1K8
CANADA

Delivery Address:
1055 DUNSMUIR STREET,
SUITE 3000
VANCOUVER BC V7X 1K8
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Henry, Trevor

Mailing Address:	**Delivery Address:**
25060 CARROLL LINE WEST LORNE ON N0L 2P0 CANADA	566 RIVERVIEW DRIVE UNIT 104 CHATHAM ON V7M 0N2 CANADA

Last Name, First Name, Middle Name:
MacDonald, Elan

Mailing Address:	**Delivery Address:**
808 ROMANIUK PLACE EDMONTON AB T6R 1G3 CANADA	566 RIVERVIEW DRIVE UNIT 104 CHATHAM ON V7M 0N2 CANADA

Last Name, First Name, Middle Name:
Van Mol, Peter

Mailing Address:	**Delivery Address:**
10714 TALBOT TRAIL BLENHEIM ON N0P 1A0 CANADA	566 RIVERVIEW DRIVE UNIT 104 CHATHAM ON V7M 0N2 CANADA

NO OFFICER INFORMATION FILED AS AT February 14, 2024.

TAB C

This is Exhibit "C" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

ATLAS GLOBAL BRANDS

Consolidated Financial Statements

For the 15-month period ending March 31, 2023 and for the period from incorporation on March 17, 2021 to December 31, 2021
(Stated in Canadian Dollars)

CSE: ATL

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Independent Auditor's Report

Tel: (604) 688-5421
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BDO Canada LLP
1100 Royal Centre
1055 West Georgia Street, P.O. Box 11101
Vancouver, British Columbia
V6E 3P3

Independent Auditor's Report

To the Shareholders of Atlas Global Brands Inc.

Opinion

We have audited the consolidated financial statements of Atlas Global Brands Inc. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the 15 month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the 15 month period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of $16,447,572 during the 15 month period ended March 31, 2023 and, as of that date, the Group had a cumulative deficit of $16,507,981 and it's current liabilities exceeded its current assets by $25,432,813. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for business combination transactions

Description of the key audit matter

The Group completed a number of acquisitions during the period ended March 31, 2023 and subsequent to that date. The accounting for these transactions carry significant complexity related to technical accounting and valuation, requiring management to apply significant judgment and estimation in their evaluation of these transactions. We have therefore considered these transactions to be a key audit matter due to the judgment and estimation involved in determining their accounting and disclosures.

Please refer to Note 3(h) to the consolidated financial statements for the Group's accounting policy on business combinations and goodwill and Notes 3(s)(vi), 5 and 31 which detail the critical judgments and estimates applied in determining the accounting and presentation for the Group's acquisition transactions.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Evaluated management's analysis of the transactions, related contracts and application of the guidance from IFRS 2, *Share-based Payment*, and IFRS 3, *Business Combinations*.
- Performed procedures to corroborate management assumptions and judgment to supporting documentation.
- Evaluating management's determination of the accounting acquirer, supported in part by Cambrosia Ltd.'s ability to appoint a majority of directors to the Group.
- Evaluated management's appraisal of property, plant and equipment acquired in the acquisition transactions.
- Considered appropriate supporting evidence to support estimates and judgements applied in management's purchase price allocations that have a material impact on the valuation of the consideration provided, recognized assets and assumed liabilities.
- Involved our valuation specialists to evaluate the methodology applied in management's purchase price allocations and the reasonableness of key assumptions applied therein.
- Considered the adequacy of the disclosures included in Note 3(h), 3(s)(vi), 5 and 31.

Impairment

Description of the key audit matter

Given the Group continues to develop its business and has not yet reached profitability, there is a risk of material impairment to goodwill and other non-current assets. Determination as to whether there is impairment relating to an asset or Cash Generating Unit (CGU) involves significant judgment about the future cash flows and plans for those assets and CGUs. We have therefore considered this a key audit matter due to the judgment involved in assessment of impairment.

At March 31, 2023, an impairment charge of $7.3 million was recorded against goodwill.

Please refer to Notes 3(i) and 3(q) to the consolidated financial statements for the Group's accounting policy on impairment of non-current assets and Notes 3(s)(iii), 3(s)(vii) and 11 which detail the critical judgments applied in estimating impairment of its non-current assets.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Evaluated the Group's impairment calculations including the testing of the recoverable amount of each CGU where there were indicators of impairment, or there was significant goodwill or other non-financial assets.
- Evaluated the Group's assessment of indicators of impairment. Where we or the Group determined indicators existed, we considered the Group's calculation of the recoverable amount of each CGU.
- Assessed the reasonableness of management's cash flow projections applied in the impairment models.

- Involved our valuation specialists to assess the impairment models and evaluate the reasonableness of key assumptions including the discount rate and forecast growth assumptions.
- Performed sensitivity analyses around the key drivers of the cash flow projections. Having determined the change in assumptions (individually or collectively) that would be required for the CGUs to be impaired, we considered the likelihood of such a movement in those key assumptions arising.
- Considered the adequacy of the disclosures included in Note 3(i), 3(q), 3(s)(iii), 3(s)(vii) and 11.

Valuation of biological assets

Description of the key audit matter

At the end of each reporting date and on the date biological assets are acquired in a business combination, management measures biological assets, consisting of cannabis plants, at fair value up to the point of harvest, less costs to complete and sell. This measurement involves judgment around various estimates and assumptions including selling price, average growth cycle, stage of growth, yield by plant, wastage, and post-harvest costs. We have therefore considered this a key audit matter due to the judgment involved in the estimation of fair value.

Please refer to Note 3(c) to the consolidated financial statements for the Group's accounting policy on biological assets and Notes 3(s)(i) and 7 which detail the critical judgments applied in estimating the fair value of the biological assets.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtained and reviewed management's fair value estimate in accordance with IAS 41, *Agriculture*;
- Obtained an understanding over the measurement of biological assets;
- Observed physical counts of the cannabis plants, performed our own test counts and inspecting the physical condition and stage of growth of the cannabis plants;
- Involved our valuation professionals with specialized skills and knowledge in evaluating the assumptions and inputs applied in the valuation models;
- Performed sensitivity analyses over the significant assumptions applied to determine the fair value of biological assets in order to assess the impact of variances in those assumptions in management's determination of fair value; and
- Considered the adequacy of the disclosures in Notes 3(c), 3(s)(i) and 7.

Net realizable value of finished goods inventory

Description of the key audit matter

Management values finished goods inventories at the lower of their cost and net realizable value. Net realizable value refers to the value at which the inventory can be sold to third parties in the ordinary course of business, less estimated costs to complete and to sell. This valuation is subject to judgment regarding estimates of the net realizable values. We have therefore considered this a key audit matter due to the assumptions applied in the assessment of net realizable value.

Please refer to Note 3(d) to the consolidated financial statements for the Group's accounting policy on inventory and Note 8 which detail the critical judgments applied in assessing the net realizable value of the inventories, including those related to harvested biological assets included in inventory.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Obtained and reviewed management's net realizable value assessment;
- Observed physical counts of inventory, performed our own test counts and inspecting the physical condition of inventories;
- Tested net realizable value by comparing carrying amount to relevant selling price data; and
- Considered the adequacy of the disclosures in Notes 3(d), and 8.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 30 to the consolidated financial statements, which explains that certain comparative information as at December 31, 2021 and for the period from incorporation on March 17, 2021 to December 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

The consolidated financial statements as at December 31, 2021 and for the period from incorporation on March 17, 2021 to December 31, 2021 excluding the adjustments that were applied to restate certain comparative information were audited in accordance with International Standards on Auditing by another auditor who expressed an unmodified opinion on those financial statements on April 29, 2022.

As part of our audit of the financial statements as at March 31, 2023 and for the 15 month period ended March 31, 2023, we also audited the adjustments applied to restate certain comparative information presented. In our opinion, such adjustments are appropriate and have been properly applied.

Other than with respect to the adjustments that were applied to restate certain comparative information, we were not engaged to audit, review, or apply any procedures to the financial statements as at December 31, 2021 and for the period from incorporation on March 17, 2021 to December 31, 2021. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Bryndon L. Kydd.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 9, 2024

Consolidated Financial Statements

ATLAS GLOBAL BRANDS INC.

Consolidated Statements of Financial Position

(Stated in Canadian dollars)

As at	Note		March 31, 2023		December 31, 2021 Restated – see note 30
ASSETS					
Current					
Cash		$	**2,614,498**	$	127,205
Short-term investments			**35,833**		-
Trade and other receivables	6		**5,424,743**		-
Biological assets	7		**1,892,745**		-
Inventories	8		**11,000,939**		-
Deposits and prepaid assets	9		**2,126,110**		302,150
			23,094,868		429,355
Non-current Assets					
Property, plant and equipment	10		**36,412,517**		-
Right-of-use assets	14		**1,104,081**		-
Intangible assets	11		**608,970**		-
Goodwill	11		**430,445**		-
Other non-current assets			**2,156**		-
TOTAL ASSETS		$	**61,653,037**	$	429,355
LIABILITIES					
Current					
Trade and other payables	12, 21	$	**22,375,179**	$	7,071
Current portion of debt	13		**25,862,873**		-
Current portion of lease liabilities	14		**161,778**		-
Income taxes payable	22		**49,618**		-
Deferred revenue			**66,331**		-
Other current liabilities			**11,902**		-
			48,527,681		7,071
Non-current Liabilities					
Debt	13		**29,733**		-
Lease liabilities	14		**973,369**		-
Class B preferred shares	15		**804,203**		-
Shareholder loans	16		**633,009**		-
Put option liability	27		**1,552,683**		-
TOTAL LIABILITIES		$	**52,520,678**	$	7,071
EQUITY					
Share capital	17	$	**25,398,660**	$	516,977
Contributed surplus			**288,299**		12,335
Accumulated other comprehensive income			**(46,619)**		34,058
Retained earnings (deficit)			**(16,507,981)**		(141,086)
Total equity			**9,132,359**		422,284
TOTAL LIABILITIES & EQUITY		$	**61,653,037**	$	429,355

The accompanying notes are an integral part of these consolidated financial statements.

ON BEHALF OF THE BOARD: "**Elan MacDonald**" Director "**Peter Van Mol**" Director

ATLAS GLOBAL BRANDS INC.

Consolidated Statements of Loss and Comprehensive Loss

(Stated in Canadian dollars, except number of shares and per share amounts)

	Note		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021 Restated – see note 30
Revenue	18	$	**6,212,241**	$	-
Excise taxes			**(410,906)**		-
NET REVENUE			**5,801,335**		-
Cost of sales	8		**5,884,071**		-
GROSS PROFIT BEFORE FAIR VALUE ADJUSTMENTS			**(82,736)**		-
Realized loss included in inventory expensed to cost of sales	8		**(1,324,227)**		-
Unrealized gain on changes in fair value of biological assets	7		**2,220,717**		-
Gross profit			**813,754**		-
Operating expenses	19		**9,326,439**		140,758
NET LOSS BEFORE OTHER (INCOME) EXPENSES			**(8,512,685)**		(140,758)
Other (income) expenses					
Other income	14		**(138,750)**		-
Finance expense	23		**631,250**		328
Finance income			**(16,296)**		-
Impairment of intangible assets and goodwill	11		**7,373,056**		-
Loss on foreign exchange			**4,950**		-
Total other (income) expenses			**7,854,210**		328
NET LOSS BEFORE INCOME TAXES			**(16,366,895)**		(141,086)
Income Taxes					
Current	22		**-**		-
Deferred	22		**-**		-
Total income taxes			**-**		-
NET LOSS			**(16,366,895)**		(141,086)
Other comprehensive (loss) income					
Exchange difference on translating foreign operations			**(80,677)**		34,058
Total other comprehensive (loss) income					
TOTAL COMPREHENSIVE LOSS		$	**(16,447,572)**	$	(107,028)
Basic loss per share		$	**(0.50)**	$	(0.00)
Diluted loss per share		$	**(0.50)**	$	(0.00)
Basic weighted average number of common shares			**32,969,660**		3,432,540
Diluted weighted average number of common shares			**32,969,660**		3,432,540

The accompanying notes are an integral part of these consolidated financial statements.

ATLAS GLOBAL BRANDS INC.

Consolidated Statements of Cash Flows

(Stated in Canadian dollars)

	Note		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021 Restated – see note 30
Operating					
Net loss		**$**	**(16,366,895)**	$	(141,086)
Items not affecting cash:					
Listing expense	5		**1,117,225**		
Unrealized gain on changes in fair value of biological assets	7		**(2,220,717)**		-
Realized loss included in inventory expensed of costs of sales	8		**1,324,227**		-
Depreciation on property, plant and equipment	10		**496,798**		-
Amortization of intangible assets	11		**8,128**		-
Impairment of goodwill and intangible assets	11		**7,373,056**		-
Depreciation of write of use assets	14		**63,462**		
Share based compensation	20		**122,445**		12,336
Finance expense			**413,687**		-
Changes in working capital items	25		**5,060,303**		(279,634)
Cash outflow from operating activities			**(2,608,281)**		(408,384)
Financing					
Proceeds from issuance of debt	13		**8,303**		-
Principal repayment of debt	13		**(958,976)**		-
Proceeds from issuance of common shares	17		**5,006,548**		528,932
Proceeds from shareholder loans	16		**190,979**		-
Repayment of lease liability	14		**(49,197)**		-
Cash inflow from financing activities			**4,197,657**		528,932
Investing					
Cash paid in business combination, net of cash acquired			**881,782**		-
Proceeds on disposition of investments			**78,604**		-
Purchase of property, plant and equipment	10		**(15,649)**		-
Cash inflow from investing activities			**944,738**		-
Effect of exchange rates on cash and equivalents			**(46,820)**		6,657
NET CASH INFLOW		**$**	**2,487,293**	$	127,205
CASH, BEGINNING OF PERIOD		**$**	**127,205**	$	-
CASH, END OF PERIOD		**$**	**2,614,498**	$	127,205

The accompanying notes are an integral part of these consolidated financial statements.

ATLAS GLOBAL BRANDS INC.

Consolidated Statements of Changes in Shareholders' Equity
(Stated in Canadian dollars)

As at	Note	Common Shares		Share Capital		Foreign currency translation reserve		Contributed surplus		Retained Earnings (deficit)		Total Shareholders Equity
Balance as at March 17, 2021		3,445,380	$	516,977	$	-	$	-	$	-	$	516,977
Share based compensation	30	-		-		-		12,335		-		12,335
Net loss		-		-		-		-		(141,086)		(141,086)
Exchange difference on translating foreign operations		-		-		34,058		-		-		34,058
Balance as at December 31, 2021, as restated		3,445,380		516,977		34,058		12,335		(141,086)		422,284
Share based compensation	20	-		-		-		122,446		-		122,446
Shares issued in a private placement	17	27,883,262		5,776,788		-		-		-		5,776,788
Shares issued in reverse takeover	17	34,399,051		741,387		-		-		-		741,387
Shares issued in business combination	5	85,339,088		18,363,508		-		-		-		18,363,508
Contribution from shareholders	16	-		-		-		153,518		-		153,518
Net loss		-		-		-		-		(16,366,895)		(16,366,895)
Exchange differences on translating foreign operations		-		-		(80,677)		-		-		(80,677)
Total comprehensive loss		-		-		(80,677)		-		(16,366,895)		(16,447,572)
Balance as at March 31, 2023		**151,066,781**	**$**	**25,398,660**	**$**	**(46,619)**	**$**	**288,299**	**$**	**(16,507,981)**	**$**	**9,132,359**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. The Company and its Operations

(a) Operational Information:

Atlas Global Brands Inc. (formerly Silver Phoenix Resources Inc.) ("Atlas" or "Atlas Global" or the "Company") is a publicly traded corporation with its common shares trading on the Canadian Securities Exchange ("CSE") under the symbol "ATL". Silver Phoenix Resources Inc. was incorporated on February 14, 2003 under the British Columbia Business Corporations Act ("BCBCA").

On December 30, 2022, the Company, pursuant to an amalgamation and share exchange agreement, acquired all of the issued and outstanding shares of Cambrosia Ltd. ("Cambrosia") and, as part of the same amalgamation and share exchange agreement, acquired two operating companies, Atlas Biotechnologies Inc. ("Atlas Biotech") and AgMedica Bioscience Inc. ("AgMedica") (the "Transaction"). Cambrosia was identified as the accounting acquirer and as a result the Transaction has been accounted for a reverse-take-over ("RTO"). Concurrently with the amalgamation and share exchange, Cambrosia acquired a 51% interest in each of Tlalim Papo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating pharmacies in Israel. The amalgamation and share exchange and the acquisition of the pharmacies was accounted for as one transaction. Refer to Note 5 for further details.

The Company changed its name to Atlas Global Brands Inc., on December 30, 2022. The registered head office of the Company is 566 Riverview Drive, Suite 104, Chatham, Ontario, N7M 0N2.

The Company operates two licensed cannabis subsidiaries in Canada and has operations in Israel including two pharmacies licensed for cannabis dispensing with expertise across the cannabis value chain: cultivation, manufacturing, marketing, distribution, and pharmacy. Atlas operates two fully accredited and licensed cannabis facilities in Canada, including one European Union Good Manufacturing Practices ("EU-GMP") certified facility, and has a majority interest in three pharmacies in Israel, two which had cannabis licenses.

These financial statements represent a continuation of Cambrosia's financial statements. Cambrosia was incorporated as of March 17, 2021. In 2023, the Company changed its year end from December 31 to March 31 and as a result, the current period represents 15 months of activity. Comparative financial information in the notes to these consolidated financial statements have not been included where the prior year balance was $nil.

(b) Going Concern:

These consolidated financial statements have been prepared on a going concern basis and do not reflect adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

During the fifteen months ended March 31, 2023, the Company had a net loss of $16,447,572 and as at March 31, 2023 had cumulative deficit of $16,507,981 and current liabilities exceeding current assets by $25,432,813. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has historically financed its working capital requirements primarily through equity and debt financing. The Company's ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and generate the necessary funds or raise additional financing in order to meet current and future obligations. The Company expects to attain profitability and positive cash flows from operations through its international distribution strategy. While the Company has been successful in raising financing in the past, there is no assurance that it will be able to obtain additional financing or that such financing will be available on reasonable terms.

(Stated in Canadian dollars, except as otherwise provided)

2. Basis of Presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements were authorized for issue by the Board of Directors on April 9, 2024.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for biological assets and certain financial instruments which are measured at fair value.

(c) Basis of consolidation

The consolidated financial statements include the accounts and results of operations of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over a subsidiary that exposes it or gives rights to variable returns that are related to its involvement in the subsidiary and is able to use its power to affect, either directly or indirectly, the amount of those returns. Each subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.

The Company's subsidiaries are laid out below:

Name of Subsidiary	Jurisdiction of Incorporation	Functional currency	Ownership Interest	
			March 31, 2023	December 31, 2021
Atlas Global Brands Inc.[1]	Canada	CAD	100%	-%
Tlalim Papo Ltd. [1]	Israel	NIS	51%	-%
Pharmacy Baron Ltd. [1]	Israel	NIS	51%	-%
R.J. Regavim Ventures Ltd. [1]	Israel	NIS	51%	-%
AgMedica Bioscience Inc. [1]	Canada	CAD	100%	-%
5047346 Ontario Inc. [1]	Ontario	CAD	100%	-%
Tavivat Naturals Inc. [1]	Canada	CAD	100%	-%
8050678 Canada Inc. [1]	Canada	CAD	100%	-%
Unique Beverages (USA) Inc. [1]	USA	CAD	100%	-%
Wellworth Health Corp. [1]	Canada	CAD	100%	-%
Atlas Biotechnologies Inc. [1]	Alberta	CAD	100%	-%
Atlas Growers Ltd. [1]	Alberta	CAD	100%	-%
Atlas Growers Denmark A/S[1]	Denmark	CAD	100%	-%

[1]Controlling interest acquired as part of the Business Combination on December 30, 2022. Refer to Note 5 for further details relating to the Business Combination.

All intercompany balances and transactions have been eliminated upon consolidation.

The Company has opted not to recognize any non-controlling interest related to investments in its non-wholly owned subsidiaries due to the existence of call and put options over the non-controlling interests which will result in the Company obtaining ownership of 100% of these investments in the future.

2. Basis of Presentation (continued)

(d) Foreign currency

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD"). Cambrosia's functional currency is New Israeli Shekel ("NIS"), and the functional currencies of its subsidiaries are laid out above.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency, which is Canadian dollars, at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. Foreign currency differences are recognized in the consolidated statement of loss and comprehensive loss within other comprehensive loss and are accumulated in the foreign currency translation reserve in the consolidated statement of financial position. When the Company disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive (loss) income related to the foreign operation are recognized in profit or loss.

3. Significant Accounting Policies

The accounting policies described below have been applied consistently throughout the reporting periods presented in these consolidated financial statements.

(a) Cash

Cash includes cash-on-hand and deposits held with financing institutions.

(b) Short-term investments

Short-term investments are comprised of marketable securities and term deposits, stated at amortized cost. The Company considers purchases and sales of short-term investments to be investing activity.

(c) Biological assets

While the Company's biological assets are accounted for within the scope of IAS 41, *Agriculture*, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2, *Inventories*. This includes the direct cost of seeds and growing materials as well as other indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included, as well as depreciation on production rooms, buildings, equipment and overhead costs such as utilities, to the extent it is associated with the growing space. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded as cost of sales on the consolidated statements of loss and comprehensive loss in the period that the related product is sold. Biological assets are measured at their fair value less costs to sell in the Consolidated Statements of Financial Position. Unrealized fair value gains on growth of the biological assets are recorded separately in the Consolidated Statements of Loss and Comprehensive loss. Further information on estimates used in determining the fair value of biological assets can be found in Note 7.

3. Significant Accounting Policies (continued)

(d) Inventories

Inventories of finished goods and packaging and supplies are initially valued at cost, and subsequently at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell. The Company reviews inventories for obsolete, redundant and slow-moving goods and any such inventories identified are written down to net realizable value. The direct and indirect costs of finished goods inventory initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded within cost of sales on the consolidated statements of operations and comprehensive loss at the time the cannabis is sold. Inventory is measured at lower of cost or net realizable value on the consolidated statement of financial position. The related realized fair value adjustments on inventory sold in the year is recorded separately in the consolidated statements of loss and comprehensive loss.

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation is recognized on a straight-line basis, over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Land is not depreciated as its useful life is deemed to be indefinite. Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted, prospectively, if appropriate.

The estimated useful lives are as follows:

- Buildings and production rooms — 10-20 years
- Production equipment — 5-10 years
- Furniture and office equipment — 5-7 years
- Leasehold improvements — Lease term
- Computer hardware — 3-7 years
- Vehicles — 5 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognized in the consolidated statements of loss and comprehensive loss.

(f) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises right-of-use assets, representing the right to use the underlying assets, and the associated lease liabilities, representing the obligation to make lease payments.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the

3. Significant Accounting Policies (continued)

i) Right-of-use assets (continued)

commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office Space 5 to 6.5 years
- Equipment 3 years
- Vehicle 4.2 years

The right-of-use assets are also subject to impairment. Refer to Note 3(s).

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(g) Intangible assets

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization of definite life intangibles is recognized on a straight-line basis over the estimated useful lives.

The estimated useful lives are as follows:

- Licences 20 years
- Certifications 20 years

The estimated useful lives, residual values and amortization methods are reviewed annually and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization.

(h) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

3. Significant Accounting Policies (continued)

(h) Business combinations (continued)

The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the consolidated statement of loss and comprehensive loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

(i) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Any impairment is recognized as an expense immediately. Should there be a recovery in the value of a CGU, any impairment of goodwill previously recorded is not subsequently reversed.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

(j) Revenue recognition – cannabis cultivation and distribution operations

Revenue from the sale of cannabis products is recognized at the point in time when control is transferred to the customer, which is on shipment or delivery of these products, depending on the contract.

Revenue includes excise taxes, which the Company pays as principal, but excludes duties and taxes collected on behalf of third parties. Revenue also includes the net consideration to which the Company expects to be entitled. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items.

Certain of the Company's customer contracts, most notably those with the Canadian provincial and territorial agencies, may provide the customer with a right of return. In certain circumstances the Company may also provide a retrospective price adjustment to a customer. These items give rise to variable consideration, which is recognized as a reduction of

3. Significant Accounting Policies (continued)

(j) Revenue recognition – cannabis cultivation and distribution operations (continued)

the transaction price based upon the expected amounts of the product returns and price adjustments at the time revenue for the corresponding product sale is recognized. The determination of the reduction of the transaction price for variable consideration requires that the Company make certain estimates and assumptions that affect the timing and amounts of revenue recognized.

Generally, payment of the transaction price is due within credit terms that are consistent with industry practices, with no element of financing.

(k) Revenue recognition – pharmacy operations

Revenue consists of sales to customers of cannabis and other medicines prescribed by licensed physicians and dispensed by licensed pharmacists as well as over the counter consumer packaged goods at the Company's pharmacy locations. Revenue is recognized when control of the goods has been transferred to the customer, which is at the point of sale. Revenue is measured at the amount of consideration the Company expects to be entitled to, net of sales tax, discounts, estimated returns and estimated sales adjustments.

(l) Government assistance

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. Government grants related to income are recognized as other gains (losses) in the consolidated statements of loss and comprehensive loss while government grants related to assets are recognized as a reduction of the related asset's carrying amount.

(m) Share-based payment transactions

The Company measures equity settled share-based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of the equity instruments that will ultimately vest. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be satisfied, such that the amount ultimately recognized is based on the number of awards that ultimately vest.

Fair value for options is determined using the Black-Scholes option pricing model and fair value for Option and Restricted Share Units ("RSUs") is determined using the Company's share price at the grant date.

Expected forfeitures are estimated at the date of the grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. Cancellations of unvested equity settled share-based payments are accounted for as an acceleration of vesting and then remaining unamortized costs are recognized immediately in profit or loss.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received unless that fair value cannot be estimated reliably in which case, they are measured at the fair value of the equity instruments granted. Amounts related to the issuance costs of shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be estimated reliably, the goods or services received, and the corresponding increase in equity are measured, indirectly, by reference to the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders service.

(n) Income taxes

Income tax expense comprises current and deferred taxes. Current and deferred taxes are recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the years, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. Significant Accounting Policies (continued)

(n) Income taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for: i) temporary differences related to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; ii)

differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and, iii) differences arising on the initial recognition of goodwill.

(o) Financial Instruments

Financial assets

Financial assets and financial liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognized when contractual rights have expired, or when substantially all of the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expired. All financial instruments are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified as either fair value through profit or loss, fair value through other comprehensive income or amortized cost. The classification is determined based on the Company's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortized cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are recorded initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Interest and realized gains or losses are included in the consolidated statement of loss and comprehensive loss.

The Company's financial assets at amortized cost includes cash, short-term investments, trade and other receivable and deposits.

Financial liabilities

Financial liabilities are initially classified as 'subsequently measured at amortized cost' or 'financial liabilities at fair value through profit or loss'. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless designated as a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities for which the Company has elected to measure at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

3. Significant Accounting Policies (continued)

(o) Financial Instruments (continued)

All interest related charges and, if applicable, changes in a financial liability's fair value that are reported in profit or loss are included within finance expenses, net.

Financial liabilities are derecognized when they are extinguished or there is a substantial modification of the terms of an existing financial liability. The difference between the carrying amount of the financial liability extinguished and consideration paid, or financial liability assumed, is recognized in profit or loss.

The Company's financial liabilities which are classified and measured at amortized cost include trade and other payables, debt, shareholder loans, other short-term liabilities and Class B preferred shares.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are stated at fair value, with changes being recognized through the consolidated statement of loss and comprehensive loss.

The Company's financial liability, which is classified and measured at FVTPL, includes put option liability.

Impairment of financial assets

The Company applies an expected credit loss ("ECL") model to all debt financial assets not held at fair value through profit or loss, where credit losses that are expected to transpire in future years are provided for, irrespective of whether a loss event has occurred as at the balance sheet date. For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses taking into consideration historical credit loss experience and financial, factors specific to the debtors and general economic conditions.

(p) Basic and diluted earnings (loss) per share

The computation of basic earnings (loss) per share is computed by dividing the earnings (loss) attributable to common shareholders of the Company for the period by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share assumes the conversion or exercise of securities only when such conversion or exercise would have a dilutive effect on earnings (loss) per share. The diluted earnings (loss) per share is equal to the basic earnings (loss) per share where the effect of convertible securities is antidilutive, as it would decrease the earnings (loss) per share.

(q) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of loss and comprehensive loss.

The recoverable amount of an asset or CGU is the greater of its fair value less cost of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be received from the sale of an asset or CGU in an orderly transaction between market participants at the measurement date.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

3. Significant Accounting Policies (continued)

(r) Fair value measurement

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized into levels within a fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (Levels 1, 2 or 3). The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: one or more significant inputs used in a valuation technique are unobservable in determining fair values of the asset or liability.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available.

(s) Critical accounting estimates and judgements

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected. Significant estimates and judgements used in the preparation of these consolidated financial statements include the following:

(i) Valuation of biological assets:

The Company measures its biological assets, consisting of cannabis plants, at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs.

The following are the significant estimates required in determining the fair value of the Company's biological assets:

- Selling price
- Stage of growth and value associated with the stage
- Yield by plant
- Wastage
- Post-harvest costs

Further information on biological asset estimates is available in Note 7.

(ii) Estimated useful lives and depreciation of property, plant and equipment and intangibles assets

Depreciation and amortization of property and equipment, right-of-use assets and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets. Refer to Notes 10, 11 and 14 for further information.

(iii) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the

3. Significant Accounting Policies (continued)

(s) Critical accounting estimates and judgements (continued)

assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 11.

(iv) Fair value measurement

The Company uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Company bases its assumptions on observable data as far as possible, but this is not always available. In that case, the Company uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer to Note 27 for further information.

(v) Taxes

The Company estimates the amount of current and deferred income tax expenses, liabilities and assets, each reporting period. In estimating tax expense, management must use judgement in making estimates and assumptions including but not limited to, the timing of when future tax assets or liabilities will be realized, the tax rates expected to be in effect and applicable to temporary differences when they reverse, taxable income, and the utilization of tax loss carry forwards and credits available, if any. Refer to Note 22.

(vi) Business Combinations

Management exercised judgement in the accounting for the acquisition discussed in Note 5 in the following areas:

a) Management considered whether the acquisitions of Silver Phoenix, Atlas Biotech, AgMedica and the concurrent acquisition by Cambrosia of each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd were one transaction or multiple transactions. In making its determination, management considered that the acquisitions of Silver Phoenix, Atlas and AgMedica were part of the same Amalgamation and Share Exchange Agreement and were negotiated in contemplation of each other. Furthermore, the closing of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd was contingent upon the closing of the acquisition of Silver Phoenix. As a result, management concluded that they are all part of a single transaction and has accounted for the acquisition of all entities as one business combination.

b) Management considered which entity in the acquisition was the acquirer. Management determined that Cambrosia was the accounting acquirer based on the fact that Cambrosia holds the rights to appoint the majority of the seats on the Board of Directors after the completion of the transaction and hold the majority of shareholdings and voting rights.

In recognizing a business combination, management is required to determine the fair value of net identifiable assets acquired. One of the most significant areas of estimation relates to the determination of the fair value property, plant and equipment. Determining the fair value requires the use of appropriate valuation techniques. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Refer to Note 5 for further details.

(vii) Identification of cash-generating units and allocation of goodwill

The allocation of goodwill to a CGU requires judgment with respect to the integration between assets, the existence of active markets, similar exposure to market risks, shared infrastructures and the way in which management monitors the operations. Goodwill has been allocated to each CGU or group of CGUs based on the relative fair value of the expected contribution related to expected intragroup cannabis sales.

4. Future Accounting Pronouncements

(a) New standards, interpretations and amendments adopted

The following amendments were mandatorily effective for the periods beginning January 1, 2022 and had no effect on the Company's consolidated financial statements:

(b) New standards, interpretations and amendments adopted (continued)

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

(c) New standards, interpretations and amendments not yet effective

The following amendments are mandatorily effective for the period beginning January 1, 2023 and the Company does not expect these standards to have a material impact on the Company:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning January 1, 2024 and the Company is currently assessing the impact of these new accounting standards and amendments:

- IFRS 16 Leases (Amendment – Liability in a Sale and Leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-current); and
- IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

5. Acquisitions

On December 30, 2022, the Company completed a reverse take over ("RTO") of Silver Phoenix Resources Inc. ("Silver Phoenix"), and as part of the same amalgamation and share exchange agreement, acquired two operating companies, Atlas Biotechnologies Inc. ("Atlas Biotech") and AgMedica Bioscience Inc. ("AgMedica") (the "RTO"). Concurrent with the acquisitions of 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd. and R.J. Regavim Ventures Ltd., privately held operating pharmacies in Israel, closed (the "Pharmacy Acquisitions"). Two of three pharmacies had cannabis licenses at the time of closing. The third pharmacy received its license in October 2023.

The acquisitions of Silver Phoenix, Atlas and AgMedica are part of the same Amalgamation and Share Exchange Agreement and were negotiated in contemplation of each other. Furthermore, the closing of the Pharmacy Acquisitions was contingent upon the closing of the RTO. As a result, management has determined that they are all part of a single transaction and has accounted for the acquisition of all entities as one business combination.

Concurrent with the RTO, the Company completed a private placement for net proceeds of $5,776,788. See Note 17.

(Stated in Canadian dollars, except as otherwise provided)

5. Acquisitions (continued)

The excess of fair value of consideration over the fair value of the net assets acquired is as follows:

		Acquisition of Atlas and AgMedica and Pharmacy Acquisitions	Acquisition of Silver Phoenix
Fair value of share consideration			
Cash consideration	$	1,331,326	-
Share consideration (i)		18,363,508	741,387
Put option liability (ii)		1,636,959	-
Total consideration	$	21,331,793	741,387
Net assets acquired			
Net working capital (iii)	$	3,118,950	(375,838)
Property, plant and equipment		37,538,249	-
Right of use assets		1,182,899	-
Right of use liabilities		(1,182,899)	-
Intangible assets		650,221	-
Debt		(26,074,039)	-
Preferred shares		(1,145,497)	-
Shareholder loans		(546,527)	-
Total net assets acquired	$	13,541,357	(375,838)
Goodwill	**$**	**7,790,436**	
Listing expense			**1,117,225**

(i) Share consideration

The share consideration has been determined based on the hypothetical number of shares that Cambrosia would have had to issue to the selling shareholders in order to achieve the same relative share ownership percentages that exist after the RTO. The fair value of the shares is based on the fair value of Cambrosia shares as determined in its most recent private placement before the RTO which was $0.2152.

(ii) Put option liability

Simultaneously with the closing of the Pharmacy Acquisitions, the Company was granted a call right that allows the Company to purchase all, and only all, the remaining shares in the Pharmacy Acquisitions for a 30-day period following the approval of the pharmacies' 2024 audited financial statements at a purchase price of 3x EBITDA. Following the expiry of the call option, the selling shareholders have the right to put all, and only all, of their shares to the Company for a 30-day window at a purchase price of 2x EBITDA. The Company has measured the put liability at the call price and has elected not to recognize the associated non-controlling interest.

(iii) Net working capital

The trade receivables comprise gross contractual amounts due of $4,836,960, of which $339,342 was not expected to be collected at the date of acquisition.

(iv) Goodwill

The excess of the purchase price over the net identifiable assets acquired and the liabilities assumed resulted in goodwill of $7,790,436, which was largely attributable to the synergies from combining operations. Goodwill is not deductible for tax purposes.

(Stated in Canadian dollars, except as otherwise provided)

5. Acquisitions (continued)

(v) Listing expense

Upon completion of the reverse takeover transaction, the former shareholders of Cambrosia became the controlling shareholders of Silver Phoenix. As the transaction does not meet the definition of a business combination, it was accounted for in accordance with IFRS 2, Share Based Payments, as a reverse takeover asset acquisition, with Cambrosia identified as the accounting acquirer. The difference between the consideration given up to acquire Silver Phoenix and the fair value of Silver Phoenix's net assets was recorded as a listing expense in operating expenses.

From the date of acquisition, the acquired companies contributed $6,062,325 of revenue and $14,492,381 to loss before income taxes during the 15-month period ended March 31, 2023.

Total acquisition-related transaction costs incurred by the Company in connection with the RTO was approximately $2,303,727 which has been recorded in operating expenses.

6. Trade and Other Receivables

The Company's trade and other receivables consists of the following:

		March 31, 2023
Trade accounts receivable	$	3,767,640
Accrued receivables		806,241
Indirect taxes receivable		850,862
Total trade and other receivables	$	5,424,743

The Company evaluates the necessity for an allowance for expected credit losses resulting from the inability to collect on its trade accounts. The evaluation considers customers' credit risk, the aging of trade accounts receivable, historical experience and current economic information.

As at March 31, 2023, the Company recorded an allowance for expected credit losses against trade accounts receivable in the amount of $202,167.

7. Biological Assets

The Company's biological assets consist of cannabis plants. The continuity of biological assets are as follows:

		March 31, 2023
Balance, December 31, 2021	$	-
Acquired in a business combination (Note 5)		1,324,270
Production costs capitalized		3,173,324
Net change in fair value less cost to sell due to biological transformation		2,220,717
Transferred to inventory upon harvest		(4,825,566)
Balance, March 31, 2023	$	1,892,745

The Company measures its biological assets at their fair value less costs to sell which is determined using a valuation model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling prices per gram and also for any additional costs to be incurred, such as post-harvest costs. For in-process biological assets, the fair value at the point of harvest is adjusted based on the stage of growth.

As at March 31, 2023, on average, in-process biological assets were 58.6% complete as to the expected harvest date. For the fifteen months ended March 31, 2023, the Company recorded an unrealized gain of $2,220,717 on the changes in the fair value of biological assets.

(Stated in Canadian dollars, except as otherwise provided)

7. Biological Assets (continued)

The Company estimates the harvest yields for the plants at various stages of growth. The Company's estimates are, by their nature, subject to change and differences from the anticipated yield will be reflected in unrealized gain on changes in fair value of biological assets in the future periods.

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12.5-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value less costs to sell, (subject to any wastage adjustments).

The following significant unobservable inputs were used by management to determine the fair value of biological assets:

- **Selling price:** based upon a historical selling price by type, being Flower, Trim and Extracts, for the variety of all strains of dry cannabis and extracts produced by the Company, which is expected to approximate future selling prices;
- **Average growth cycle:** represents the weighted average number of weeks out of the expected growing cycle that the biological assets have reached as of the measurement date;
- **Stage of growth and value associated with each stage:** Value for each stage of growth is determined by reference to the percentage of completion, based on the average growth cycle, and the total expected costs and selling price from inception to harvest;
- **Yield by plant:** represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant; and
- **Post-harvest costs:** calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of cost of direct and indirect materials and labour related to labelling and packaging.

The following table quantifies each significant unobservable input, and also provides the impact that a 10% increase and / or decrease in each input would have on the fair value of biological assets:

Significant inputs and assumptions		March 31, 2023		10% Change as at March 31, 2023
Selling price	**$**	**3.79**	$	179,819
Average growth cycle		**12.5**		(143,903)
Yield by plant[1]		**103**		93,222
Post-harvest costs[2]		**30%**		(72,377)

(1) Includes Flower and Trim forecasted from a plant. Yield varies based on grown strains.
(2) Percentage of selling price.

(Stated in Canadian dollars, except as otherwise provided)

8. Inventories

The Company's inventories consist of the following:

		Capitalized Costs		March 31, 2023 Fair Value Adjustments		Carrying Value
Work-in-progress						
Harvested cannabis	$	2,392,754	$	4,828,237	$	**7,220,991**
Extracted cannabis		989,659		70,291		**1,059,950**
Purchased cannabis		356,132		-		**356,132**
		3,738,545		4,898,528		**8,637,073**
Finished goods						
Harvested cannabis		435,458		577,525		**1,012,983**
Extracted cannabis		126,792		-		**126,792**
		562,250		577,525		**1,139,775**
Inventory in transit		45,759		-		**45,759**
Packaging and supplies		900,054		-		**900,054**
Non-cannabis products		278,278		-		**278,278**
Total inventories	**$**	**5,524,886**	**$**	**5,476,053**	**$**	**11,000,939**

Inventory expensed to cost of sales for the 15-month period ended March 31, 2023 was $5,884,071.

9. Deposits and Prepaid Expenses

The Company's deposits and prepaid expenses consists of the following:

		March 31, 2023		December 31, 2021
Prepaid expenses	**$**	**837,987**	$	263,980
Deposits – excise taxes and other		**1,261,123**		7,016
Other		**27,000**		31,154
Total deposits and prepaid expenses	**$**	**2,126,110**	$	302,150

(Stated in Canadian dollars, except as otherwise provided)

10. Property, Plant & Equipment

The Company's property, plant & equipment consists of the following:

As at	December 31, 2021	Acquired in a business combination (Note 5)	Additions / Depreciation	Net exchange differences	March 31, 2023
Cost					
Land	$ -	$ 1,044,038	$ -	$ -	$ **1,044,038**
Buildings and production rooms	-	33,880,179	12,751	-	**33,892,930**
Production equipment	-	2,310,000	2,446	-	**2,312,446**
Furniture & office equipment	-	158,016	-	(3,005)	**155,011**
Leasehold improvements	-	37,490	-	(965)	**36,525**
Computer Hardware	-	825	452	-	**1,277**
Vehicles	-	107,701	-	(1,058)	**106,643**
Total cost	-	37,538,249	15,649	(5,028)	**37,548,870**
Accumulated Depreciation					
Buildings and production rooms	-	-	818,993	-	**818,993**
Production equipment	-	-	297,953	-	**297,953**
Furniture & office equipment	-	-	15,965	-	**15,965**
Leasehold improvements	-	-	1,113	-	**1,113**
Computer hardware	-	-	344	-	**344**
Vehicles	-	-	1,985	-	**1,985**
Total depreciation	-	-	1,136,353	-	**1,136,353**
Net book value	$ -	$ 37,538,249	$ (1,120,704)	$ (5,028)	$ **36,412,517**

During the fifteen months ended March 31, 2023, total depreciation expense was $1,136,352 of which $567,964 has been capitalized to inventory (Note 8) and biological assets (Note 7).

Certain of the Company's property, plant and equipment is secured against debt – refer to Note 13.

(Stated in Canadian dollars, except as otherwise provided)

11. Intangible Assets and Goodwill

The Company's intangible assets consists of the following:

As at	December 31, 2021	Acquired in a business combination (Note 5)	Additions / Amortization	Impairment	Net exchange differences	March 31, 2023
Cost						
Licences	$ -	$ 325,000	$ -	$ -	$ (8,544)	**$ 316,456**
Certifications		325,221		(24,687)	-	**300,534**
Goodwill	-	7,790,436	-	(7,348,369)	(11,621)	**430,446**
Total cost	-	8,440,657	-	(7,373,056)	(20,165)	**1,047,436**
Accumulated Amortization						
Licenses	-	-	4,063	-	(107)	**3,956**
Certifications	-	-	4,065	-	-	**4,065**
Goodwill	-	-	-	-	-	**-**
Total amortization	-	-	8,128	-	(107)	**8,021**
Net book value	$ -	$ 8,440,657	$ (8,128)	$ (7,373,056)	$ (20,058)	**$ 1,039,415**

(Stated in Canadian dollars, except as otherwise provided)

11. Intangible Assets and Goodwill (continued)

At acquisition, goodwill is allocated to the CGUs expected to benefit from the synergies of the business combination in which the goodwill arises. The annual impairment test date is March 31.

At March 31, 2023, the carrying amount of goodwill allocated to the Company's CGUs was:

Cultivation and distribution	$	7,348,369
Pharmacy - Tlalim		153,345
Pharmacy - Baron		209,725
Pharmacy - Regavim		78,997
Total goodwill	$	7,790,436

The recoverable amount of the Company's CGUs was calculated based on its value in use, determined using the income approach based on discounted cash flows projected over a period of five years. At March 31, 2023, the recoverable amount of each CGU was:

Cultivation and distribution	$	21,180,684
Pharmacy - Tlalim		3,363,119
Pharmacy - Baron		2,543,505
Pharmacy - Regavim		1,378,062

The impairment of goodwill during the 15-month period ended March 31, 2023, was due to slower than expected growth in export sales. Key assumptions are as follows:

	Compound annual growth rate for revenue	Discount rate
Cultivation and distribution	19.9%	37.6%
Pharmacy - Tlalim	14.5%	33.5%
Pharmacy - Baron	14.8%	33.5%
Pharmacy - Regavim	15.9%	35.0%

Growth rates

The assumptions around the CGU's growth rates were based on management's best estimates, considering historical and expected operating plans, strategic plans, economic considerations, and the general outlook for the industry and markets in which the CGU operates.

Discount rate

The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the CGU.

Sensitivity to changes in assumptions

No reasonable changes to the key assumptions would result in further impairment of goodwill.

12. Trade and Other Payables

The Company's trade and other payables consists of the following:

		March 31, 2023		December 31, 2021
Trade accounts payable	$	**9,454,714**	$	-
Accrued liabilities		**1,743,828**		-
Government remittances		**8,877,886**		-
Payroll liabilities		**1,316,673**		3,951
Other liabilities		**982,078**		3,120
Total trade and other payables	$	**22,375,179**	$	7,071

As at March 31, 2023, excise taxes outstanding of $6,819,519 (December 31, 2021 - $nil) were included in government remittances.

(Stated in Canadian dollars, except as otherwise provided)

13. Debt

The Company's debt consists of the following:

	March 31, 2023		
	Current	Non-current	Total
Chatham, ON facility first mortgage[1,2]	$ 3,000,000	$ -	$ 3,000,000
Chatham, ON facility second mortgage[1,2]	12,100,000	-	12,100,000
Gunn, AB facility first mortgage[1,2]	6,774,633	-	6,774,633
Gunn, AB facility second mortgage[1,2]	1,652,301	-	1,652,301
Working capital loan[1,2]	969,169	-	969,169
Regional relief and recovery fund[1,2]	529,000	-	529,000
Debentures[1,2]	787,292	-	787,292
Other	50,478	29,733	80,211
Total	$ 25,862,873	$ 29,733	$ 25,892,606

[1]Represent debts acquired as a part of business combinations. Refer to Note 5 on business combinations.
[2]Breach of covenants

The loans are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. As of the acquisition date, all loans were callable by the lenders because the covenant clauses had been breached. Subsequent to the acquisition and to the date of issuance of these financial statements, the Company continued to not meet all required key financial ratios as outlined in the respective debt agreements.

Due to this breach of the covenant clauses, the lenders are contractually entitled to request for immediate repayment of the outstanding loan amount. The outstanding balance is presented as a current liability as at March 31, 2023.

The lenders had not requested early repayment of the loan as of the date when these financial statements were approved by the Board of Directors.

The change in the debt balance during the year is as follows:

Balance, December 31, 2021		-
Acquisitions (Note 5)	$	26,074,039
Additions		8,303
Repayments		(958,976)
Interest expense		768,605
Net exchange differences		635
Balance, March 31, 2023	**$**	**25,892,606**

(a) Chatham first mortgage

The Chatham first mortgage has a principal amount outstanding of $3,000,000 and bears interest at the greater of 9.5% or 4.25% plus the RBC Prime Lending Rate with the balance due on November 1, 2024. The Chatham first mortgage has first mortgage security on the Company's 566 Riverview facility.

(b) Chatham second mortgage

The Chatham second mortgage has a principal amount owing of $12,100,000 at an interest rate of 15.0% per annum, compounded monthly with the balance due on September 1, 2024. The security of this loan is a first mortgage security on the Company's 566 Riverview facility but ranks secondary to the $3,000,000 principal loan referred to above.

(c) Gunn first mortgage

The Gunn first mortgage has a principal amount owing of $6,774,633 and bears interest at a rate of 4.15% per annum with the maturity date February 1, 2031.

This loan is personally guaranteed by two former executives of the Company, one of whom was still active as at the reporting period date (both individuals are shareholders of the Company) (see also Note 21), a parental guarantee from Atlas of $1,400,000 and an unlimited guarantee from Atlas Growers for all present and future debts. The amounts are secured by a $15,000,000 mortgage and a general assignment of rents and leases on the Gunn facility and a security agreement on all the present and after acquired personal property, including proceeds, and including but not limited to all harvested and unharvested crops whether growing or matured and all production, processing and packaging equipment of Atlas and Atlas Growers. See also Note 31.

(Stated in Canadian dollars, except as otherwise provided)

13. Debt (continued)

(d) Gunn second mortgage

The Gunn second mortgage has a principal amount owing of $1,652,301 at an interest rate of 4.15% per annum with the maturity date October 1, 2026. Atlas has provided a limited corporate guarantee as discussed above.

(e) Working capital loan

The working capital loan of $1,000,000 has a maturity date on May 22, 2023. Interest accrues on the outstanding balance of the loan at a rate of 1.6% per month, which is equivalent to an annual interest rate is 19.44%. Refer to Note 31 for further information on this loan.

(f) Regional relief and recovery fund

The Regional Relief and Recovery Fund (RRRF) loan with a principal balance of $577,000 bears interest at the average bank rate (prime) plus 3%, and is payable in monthly blended payments of $16,000, and ending with a final payment of $17,000 on the maturity date of December 31, 2025.

(g) Debentures

The debentures have a principal amount owing of $787,292, bear interest of 13% - 15% per annum with the maturity dates between February 8, 2023 and July 1, 2023.

14. Leases

The Company as lessee

Lease liabilities are presented in the consolidated statement of financial position as follows:

		March 31, 2023
Current	$	161,778
Non-current		973,369
	$	1,135,147

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognized on the consolidated statement of financial position:

	Number of right of use leased assets	Range of remaining term	Average remaining lease term	Number of leases with extension options	Number of leases with options to purchase	Number of leases with variable payments linked to an index	Number of leases with termination options
Properties	4	4.5 – 6.3 years	5 years	-	-	-	-
Motor vehicles	2	3.8 – 4.1 years	4 years	-	2	-	-
Equipment	4	3.2 – 3.8 years	3.2 years	-	-	-	-
				-	2	-	-

Future minimum lease payments as at March 31, 2023 are as follows:

	Minimum lease payments due					
		Lease payments		Finance charges		Net present value
Within 1 year	$	237,357	$	75,579	$	161,778
1-2 years		247,591		63,929		183,662
2-3 years		251,820		53,085		198,735
3-4 years		253,848		37,958		215,890
4-5 years		214,307		14,564		199,743
5-6 years		156,004		7,396		148,608
Beyond 6 years		26,861		130		26,731
Total	**$**	**1,387,788**	**$**	**252,641**	**$**	**1,135,147**

(Stated in Canadian dollars, except as otherwise provided)

14. Leases (continued)

The following table outlines the cash outflow and interest expense related to lease liabilities:

		For the 15 month period ended March 31, 2023
Cash outflow	**$**	**49,197**
Interest expense	**$**	**20,208**

Additional information on the right-of-use assets by class of assets is as follows:

		Properties		Equipment		Vehicles		Total
Gross carrying amount								
Balance, December 31, 2021	$	-	$	-	$	-	**$**	**-**
Acquired in a business combination (Note 5)		1,035,989		11,328		135,582		**1,182,899**
Additions		-		4,619		-		**4,619**
Foreign exchange		(19,975)		-		-		**(19,975)**
Balance, March 31, 2023	$	1,016,014	$	15,947	$	135,582	**$**	**1,167,543**
Depreciation								
Balance, December 31, 2021	$	-	$	-	$	-	**$**	**-**
Additions		51,045		1,435		10,982		**63,462**
Balance, March 31, 2023	$	51,045	$	1,435	$	10,982	**$**	**63,462**
Carrying amount, March 31, 2023	$	964,969	$	14,512	$	124,600	**$**	**1,104,081**

The Company as lessor:

The Company generated $97,883 in rental income (which is included in other income in the consolidated statements of loss and comprehensive loss) during the fifteen months ended March 31, 2023 and from incorporation on March 17, 2021 to December 31, 2021 respectively.

The Company generates rental income earned from operating leases with third party tenants in the Company's owned properties. These properties are carried at amortized cost and included in property, plant, and equipment on the consolidated statement of financial position.

The Company expects to generate other income from lease payments under non-cancellable operating leases within the next five years as follows:

	Total
2024	250,536
2025	151,500
2026	132,813
2027	22,135
2028	-
Thereafter	-
Total lease payments	556,984

ATLAS GLOBAL BRANDS INC.

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15. Class B Preferred Shares

Balance, December 31, 2021	$	-
Acquired in a business combination		1,145,497
Interest expense		70,613
Changes in estimated amount or timing of cash flows		(411,907)
Balance, March 31, 2023	**$**	**804,203**

The Company acquired 4,999,933 Class B - Preferred Shares (the "Preferred Shares") as part of the acquisition described in Note 5. The Preferred Shares are non-voting, and the holders are entitled to receive a pro rata annual cumulative return of capital of an amount equal to 10% of the Company's subsidiary, AgMedica's, free cash flow during that fiscal year, based on AgMedica's annual financial statements, with payment to be rendered within 60 days after AgMedica issues its annual financial statements.

The Preferred Shares become automatically redeemable by the Company for nil proceeds on the date on which the entire principal amount of $4,999,933 has been returned to the holders of the Preferred Shares by way of the preferential return of capital described above, or any other distributions of capital.

The Company has determined that the Preferred Shares are a financial liability, as the Company has a contractual obligation to deliver cash. The Preferred Shares have no fixed repayment terms and repayment is based on the Company's ability to generate free cash flow. The Company recognized the Preferred Shares at their fair value of $1,145,497 on the acquisition date which was determined based on expected cash flows, expected time of repayment of seven years and a discount rate of 25%. The Preferred Shares are subsequently measured using amortized cost, whereby the Company recognizes interest expense using the effective interest rate, and then determines the revised carrying value by reassessing the expected amount and timing of the cash payments and discounting them using the original effective interest rate. Any difference between the old carrying amount and the new carrying amount is recognized in the consolidated statement of loss and comprehensive loss.

During the fifteen months ended March 31, 2023 the Company recorded interest accretion expense using the effective interest rate of 25% of $70,613.

16. Shareholder Loans

Balance, December 31, 2021	$	-
Acquired in a business combination		546,527
Advances		37,461
Interest expense		19,637
Changes in estimated amount or timing of cash flows		30,809
Foreign exchange		(1,425)
Balance, March 31, 2023	**$**	**633,009**

The Company acquired certain shareholder loans as part of the acquisition described in Note 5. The shareholder loans are repayable based on 50% of the excess cash balance at each month end. The loans are non-interest bearing and have been discounted at an interest rate of 14.48% on the date of acquisition. During the 15-month period ended March 31, 2023, the shareholders advanced $190,979, the fair value of which was $37,461 based on a discount rate of 20.28%. The total amounts advanced as at March 31, 2023 is $1,165,794. The difference between the cash advanced and the fair value was recorded as a contribution from shareholders of $153,518 in the statement of changes in shareholders' equity. One of the loans was advanced by a member of the Company's Board. See Note 21.

ATLAS GLOBAL BRANDS INC.

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17. Share Capital

(a) Authorized and issued

Unlimited common shares without par value.

(b) Share continuity

	Number of common shares		$
Balance, March 17 and December 31, 2021	3,445,380	$	516,977
Shares issued in a private placement	27,883,262		5,776,788
Shares issued in reverse takeover	34,399,051		741,387
Shares issued in business combination (Note 5)	85,339,088		18,363,508
Balance, March 31, 2023	**151,066,781**	**$**	**25,398,660**

(c) Warrants continuity

	Number of warrants		$
Balance, March 17 and December 31, 2021	1,761,285	$	-
Cancelled in reverse takeover	(1,761,285)		-
Balance, March 31, 2023	**-**	**$**	**-**

18. Revenues

The Company generates revenue from the cultivation, distribution, wholesale and pharmaceutical dispensing of cannabis and cannabis related products within the domestic and international markets ("Cannabis revenue") as well as non-cannabis medicines and over the counter consumer packaged goods at its pharmacy locations in Israel ("Non-cannabis revenue").

The following table represents the revenue breakdown by type of goods and services for the year ended March 31, 2023:

		For the 15 month period ended March 31, 2023
Revenue from cannabis products – cannabis cultivation and distribution operations	$	**4,971,030**
Revenue from cannabis products – pharmacy operations		**549,652**
Less: excise taxes		**(410,906)**
Net revenue from cannabis products		**5,1,09,776**
Revenue from non-cannabis goods – pharmacy operations		**691,559**
Net revenue	**$**	**5,801,335**

The following table represents the net revenue breakdown based on the customer's geographical region for the year ended March 31, 2023:

		For the 15 month period ended March 31, 2023	%
Canadian revenues	**$**	**2,092,509**	36%
International revenues:			
Oceania		**2,073,350**	36%
Asia		**1,194,290**	21%
Europe		**441,186**	7%
Net revenue	**$**	**5,801,335**	100%

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(Stated in Canadian dollars, except as otherwise provided)

19. Operating Expenses

The following is a listing of operating expenses for the fifteen months ended March 31, 2023 and from incorporation on March 17, 2021 to December 31, 2021:

	For the 15 month period ended March 31, 2023	From the period of incorporation on March 17, 2021 to December 31, 2021
Salaries, wages and other employee benefits	$ 1,611,645	$ 58,229
Commissions	10,618	-
Equipment costs	63,280	-
Legal and professional fees	1,348,016	41,188
Consultants	570,142	-
Facility expenses	436,999	25,670
Insurance	280,037	1,060
Marketing and promotion	144,079	-
Office expenses	324,714	1,126
Travel and other employee expenses	105,154	-
Bank and payment processor fees	6,630	-
Research and development	45,629	-
Company acquisition expenses	2,303,727	-
Listing expense (Note 5)	1,117,225	-
Bad debts	257,107	-
Other	10,704	1,149
Share based compensation	122,445	12,336
Depreciation and amortization	568,388	-
Total selling, general and administration expenses	$ 9,326,539	$ 140,758

20. Share Based Compensation

(a) Options

The Company (formerly Silver Phoenix) has in place an option plan which is aimed at retention, motivation and alignment with the Company of its Directors, Officers, employees, and consultants, who may be granted options to acquire common shares. The plan is administered by the Company's Board of Directors, which approves the terms of option grants, including the exercise price per share, term of the option, and vesting periods. The maximum number of common shares authorized for issuance under the plan is 10% of the issued and outstanding common shares.

Prior to the Business Combination, the stock options were issued under the Cambrosia stock option plan in accordance with Section 102 of the Israeli Income Tax Ordinances.

A summary continuity of options and the total options which are outstanding as of March 31, 2023, is as follows:

	Number of Options	Weighted average exercise price per option
Options outstanding as at March 17, 2021 and December 31, 2021	107,343	$1.77
Cancelled	(107,343)	($1.77)
Issued in RTO (i)	2,621,027	$0.00 (NIS 0.01)
Granted (ii)	10,813,732	$1.00
Options outstanding as at March 31, 2023	13,434,759	$0.80

(i) As part of the Business Combination described in Note 5, a total of 9,400,000 options granted under the Cambrosia share option plan were modified to adjust for the conversion ratio in the business combination (resulting in a decrease of 6,778,973 options) and to extend the expiry date to 5 years from the date of the business combination. There was no incremental fair value associated with the modified awards.

(ii) 10,813,732 options were granted during the fifteen months ended March 31, 2023, vesting quarterly over a period of 3 years.

(Stated in Canadian dollars, except as otherwise provided)

20. Share Based Compensation (continued)

(a) Options (continued)

A summary of the outstanding and exercisable options as of March 31, 2023 is as follows:

Exercise price per share	Options outstanding	Options exercisable	Weighted average remaining life in years
$0.00 (NIS 0.01)	2,621,027	2,621,027	5.00
$1.00	10,813,732	767,811	5.00
	13,434,759	3,388,838	5.00

A summary of the outstanding and exercisable options as of December 31, 2021 is as follows:

Exercise price per share	Options outstanding	Options exercisable	Weighted average remaining life in years
$1.77	107,343	107,343	1.00
	107,343	107,343	

The fair values of the options granted were determined on the date of the grants using the Black-Scholes option pricing model, based on utilizing the following assumptions:

		For the 15 month period ended March 31, 2023
Risk free interest rate		**3.30% - 3.77%**
Expected life in options		**3 Years**
Range of stock price	**$**	**0.22**
Expected annualized volatility		**100.00%**
Expected dividend yield		**0.00%**
Weighted average Blake-Scholes “fair value” of options issued	**$**	**0.07**

Volatility was estimated by using the historical volatility of other companies that are comparable based on having similar trading and volatility history. The expected life in years represents the period that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options. Management has estimated a forfeiture rate of 0%.

(b) RSUs

The Company has entered into agreements with certain of its Directors and key management team to issue share grants, each of which represents a contingent right to receive 1 common share. Provided that the holder of the share grants continues to be actively engaged in providing ongoing services to the Company, their entitlement to exchange their share grants for common shares will vest with the passage of time on vesting dates as determined by the Board of Directors. On each vesting date, the share grants are converted into equivalent number of common shares.

A summary continuity of RSUs and the total RSUs which are outstanding as of March 31, 2023, is as follows:

	Number of RSUs	Weighted average remaining in years
RSUs outstanding as a March 17, 2021 and December 31, 2021	-	
Granted (i)	600,000	2.75
Vested	-	
Forfeited	-	
RSUs outstanding as at March 31, 2023	**600,000**	

(i) As part of the business combination (Note 5), a total of 600,000 RSUs were granted to purchase common shares during the fifteen months ended March 31, 2023, vesting annually over a period of 3 years. The fair value was based on the Company’s share price on the grant date which was $0.21.

(Stated in Canadian dollars, except as otherwise provided)

20. Share Based Compensation (continued)

(c) Share Based Compensation Expense

The total share based compensation expense recorded in the consolidated statement of income and comprehensive income is comprised of the following:

		March 31, 2023		December 31, 2021
Options	$	**118,668**	$	12,335
RSUs		**3,777**		-
Total	$	**122,445**	$	12,335

21. Related Party Transactions

The Company has transactions with related parties, as defined in IAS 24 *Related Party Disclosures*, all of which are undertaken in the normal course of business.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors, Corporate Officers, and Advisory Board.

The remuneration of key management personnel made during the fifteen months ended March 31, 2023 and from incorporation on March 17, 2021 to December 31, 2021 respectively, are set out below:

		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021
Salaries, wages and benefits	$	**632,093**	$	20,642
Share-based compensation expense		**96,025**		12,335
Professional fees		**173,473**		-
Management fees		**58,154**		-
Total	$	**959,745**	$	32,977

As at March 31, 2023, the Company has a payable to key management personnel of $456,429 (December 31, 2021 - $nil) for accrued bonus, vacation amounts and expense reimbursements. These amounts are included in trade and other payables.

During the 15-month period ended March 31, 2023, two members of the Company's key management personnel had provided a personal guarantee for the Gunn first and second mortgages (Note 13).

During the 15-month period ended March 31, 2023, one member of the Company's advisory board provided a loan to the Company in the amount of $239,495. See also Note 16.

22. Income Taxes

(a) Income tax expense (recovery)

		For the 15 month period ended March 31, 2023
Current tax expense (recovery)		
Current period	$	**-**
Deferred tax expense (recovery)		
Origination and reversal of temporary differences	$	**(2,270,706)**
Change in unrecognized temporary differences		**2,270,706**
Income tax expense (recovery)	$	**-**

ATLAS GLOBAL BRANDS INC.

Notes to the Financial Statements
(Stated in Canadian dollars, except as otherwise provided)

22. Income Taxes (continued)

(b) Income tax expense (recovery) (continued)

The actual income tax provision differs from the expected amount calculated by applying the Israel combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021
Loss before income tax	$	**(16,366,895)**	$	(141,086)
Statutory income tax rate		**23.00%**		23.00%
Expected income tax recovery	$	**(3,764,386)**	$	(32,450)
Increase (decrease) resulting from:				
Change in unrecognized temporary differences		**2,270,706**		(14,282)
Non-taxable items		**1,568,706**		(55,797)
Tax rate difference and tax rate changes		**(75,026)**		102,529
Income tax recovery	$	**-**	$	-

(c) Deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

		March 31, 2023
Lease liabilities	$	**225,710**
Loss carry forwards		**2,073,664**
Debt		**324,832**
Inventories		**1,504,918**
Biological assets		**223,551**
Accruals		**77,203**
Deferred tax assets		**4,429,878**
Set-off of tax		**(4,429,878)**
Net deferred tax asset	$	**-**

Deferred tax liabilities are attributable to the following:

		March 31, 2023
Biological assets	$	**(560,093)**
Inventory		**(1,404,950)**
Property, plant and equipment		**(2,039,347)**
Finance fees		**(181,651)**
Intangibles		**(154,309)**
Debt		**(89,529)**
Deferred tax liabilities		**(4,429,878)**
Set-off of tax		**4,429,878**
Net deferred tax liability	$	**-**

(d) Unrecognized deferred tax assets

		March 31, 2023		December 31, 2021
Deductible temporary differences	$	**5,089,073**	$	24,667
Tax losses		**49,248,726**		238,595
Total	$	**54,337,799**	$	263,262

ATLAS GLOBAL BRANDS INC.

Notes to the Financial Statements
(Stated in Canadian dollars, except as otherwise provided)

22. Income Taxes (continued)

(d) Unrecognized deferred tax assets (continued)

Deferred tax assets have not been recognized in respect of the above items, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom.

The Company has $67,836,189 in Canadian loss carryforwards (which expire between 2026 and 2043), and $2,717,183 in Israeli loss carryforwards (indefinite carryforward) available to offset future taxable income.

23. Finance Expense

The Company incurred net finance costs as detailed below for the fifteen months ended March 31, 2023 and from incorporation on March 17, 2021 to December 31, 2021:

		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021
Interest expense on the debt (Note 13)	**$**	**768,605**	$	-
Interest expense on lease liabilities (Note 14)		**20,208**		-
Interest expense on Class B – Preferred shares, net of changes to carrying value due to revised cash flows (Note 15)		**(341,294)**		-
Interest expense on shareholder loans, net of change to carrying value due to revised cash flows (Note 16)		**50,446**		-
Change in fair value of put option liability (Note 27)		**(84,276)**		-
Other finance costs		**217,561**		328
Finance expense	**$**	**631,250**	$	328

24. Loss per Share

Approximately 14,034,759 of potentially dilutive securities as at March 31, 2023 (December 31, 2021 – 1,761,285) were excluded in the calculation of diluted loss per share as their impact would have been anti-dilutive.

25. Changes in Non-Cash Working Capital Items

		For the 15 month period ended March 31, 2023		From the period of incorporation on March 17, 2021 to December 31, 2021
Trade and other receivables	**$**	**499,286**	$	-
Deposits and prepaid expenses		**236,309**		(286,335)
Inventories		**3,984,466**		-
Biological assets		**(3,173,324)**		-
Trade and other payables		**3,945,949**		6,701
Deferred revenue		**(432,383)**		-
Total	**$**	**5,060,303**	$	(279,634)

Non-cash transactions:

Issuance of shares in exchange for a receivable	**$**	**770,240**	$	-

(Stated in Canadian dollars, except as otherwise provided)

26. Capital Management

The Company's objective when managing its capital is to ensure sufficient debt and equity financing is available to fund its planned operations in a way that maximizes returns for shareholders and other stakeholders. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets.

The Company considers its capital under management as at March 31, 2023 to be debt, shareholder loans, put option liability and Class B preferred shares and equity, as shown below:

		March 31, 2023		December 31, 2021
Debt	**$**	**25,892,606**	$	-
Shareholder loans		**663,009**		
Put option liability		**1,552,683**		
Class B preferred shares		**804,203**		-
Total debt		**28,882,501**		-
Equity		**9,132,359**		422,284
Total capital	**$**	**38,014,860**	$	422,284

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future planned operations of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative stage of the Company, is reasonable. As a result of the business combination as described in Note 5, there were changes to the Company's capital management approach during the year, which included reorganizing its objectives, policies and processes for managing capital as a licensed cannabis company operating in Canada and Israel.

The Company is subject to externally imposed capital requirements in the form of debt covenants which were not met at March 31, 2023. Refer to Note 13.

27. Financial Instruments

(a) Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

(i) *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Financial assets and liabilities held in foreign currency expose the Company to cash flow currency risk.

The Company is exposed to minimal foreign currency risk as the Company and its subsidiaries transact primarily in each of their functional currencies.

As at March 31, 2023 and December 31, 2021, the Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk.

As at March 31, 2023, the Company holds some interest-bearing financial liabilities at variable rates, and maintains some bank accounts and investments which earn interest at variable rates. The Company does not believe it is currently subject to any significant interest rate risk, as the Company has determined that a 1% change in rates would not have a material impact on the Consolidated Financial Statements.

(Stated in Canadian dollars, except as otherwise provided)

27. Financial Instruments (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally impacts the Company's cash, short-term investments and trade and other receivables. The Company is exposed to credit-related losses in the event of non-performance by the counterparties. The carrying amount of cash, short-term investments and trade and other receivables represents the maximum exposure to credit risk on the statement of financial position, and as at March 31, 2023, this amounted to $8,075,074 (December 31, 2021 - $127,205).

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that trade and other receivables is primarily from the sale of cannabis to government agencies and large retail outlets and have a payment terms of 30 – 60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions.

Trade and other receivables are reported net of expected credit losses of $nil (December 31, 2021 - $nil).

Since the inception of the Company, no credit losses have been incurred in relation to cash held by the bank or on any other amounts receivable.

The Company's aging of receivables was approximately as follows per the reporting periods-ended:

		March 31, 2023
Current	$	1,911,415
31 – 60 days		1,361,020
61 – 90 days		303,911
Greater than 91 days		191,295
Total	$	3,767,641

During the fifteen months ended March 31, 2023, the Company earned revenue of $3,764,541 (from incorporation on March 17, 2021 to December 31, 2021 - $nil) from three major customers. These customers each had revenues of over 10% of the Company's total revenue for the fifteen months ended March 31, 2023. Total amounts receivable owing from these customers at March 31, 2023, was $1,129,666 (December 31, 2021 - $nil).

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements and raises funds via debt and enters into other financing arrangements as required to support investment in production facilities and working capital requirements. The Company has also liquidated its non-cash generating businesses subsequent to March 31, 2023. See Note 29 for arrangements entered into after the reporting date and further details on the liquidation.

The Company is obligated to the following contractual maturities of undiscounted cash flows:

	Carrying amount	Contractual cash flows	Year 1	Year 2 – 3	Year 4 – 5 and thereafter
Trade and other payables	$ 22,375,179	$ 22,375,179	$ 22,375,179	$ -	$ -
Debt	25,892,606	25,892,606	25,862,873	29,733	-
Lease liabilities	1,135,147	1,387,788	237,357	499,411	651,020
Class B – Preferred shares[1]	804,203	4,999,933	-	428,067	4,571,866
Put option liability	1,552,683	2,101,486	-	2,101,486	-
Shareholder loans	633,009	1,136,236	46,499	383,339	706,398
Balance as at March 31, 2023	$ 52,392,827	$ 57,893,228	$ 48,521,908	$ 3,442,036	$ 5,929,284

The Class B - Preferred Shares have no fixed repayment terms and repayment is based on the AgMedica's free cash flow, which has been displayed in the above table. The Company performed a forecast at the time of issuance of the Class B - Preferred Shares to assess when the Company expects to settle them in full. This forecast is subject to change and will be assessed annually by the Company.

(Stated in Canadian dollars, except as otherwise provided)

27. Financial Instruments (continued)

(d) Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to their short-term to maturity. The carrying value of the debt and equipment financings approximate their fair value as the loans were recognized at fair value in the business combination discussed in Note 5.

The put option liability (Note 5) is measured at fair value and it a Level 3 measurement.

		March 31, 2023		December 30, 2022
Key observable inputs				
Discount rate		**13.85%**		11.30%
Key unobservable inputs				
Estimated EBITDA at date of exercise	**$**	**700,000**	$	700,000

The fair value of the put option liability was calculated based on the estimated EBITDA of the acquired pharmacies at the time the put option becomes exercisable, discounted at a market rate of return. The fair value of the put option liability at March 31, 2023 is $1,552,683. During the 15-month period ended March 31, 2023, the Company recorded a gain on the change in fair value of the put option liability of $84,276 which is included in net finance cost in the consolidated statement of loss and comprehensive loss.

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

Acquired through business combination	**$**	1,636,959
Change in fair value		(84,276)
Total	**$**	**1,552,683**

28. Segmented Information

The Company operates as a single segment entity. The Company's revenue by geographic region is disclosed in Note 18. The Company's non-current assets by geographic region is as follows:

		Non-current assets
Canada	**$**	**35,426,000**
Israel		**3,132,169**
Total	**$**	**38,558,169**

29. Commitments and Contingencies

There are no significant commitments or contingencies recorded as at March 31, 2023.

(Stated in Canadian dollars, except as otherwise provided)

30. Restatement – Share-based Payments

During the preparation of the Company's consolidated financial statements for 15-month period ended March 31, 2023, the Company determined that the share-based payment expense for the period December 31, 2021 was not valued appropriately. As a result, the consolidated statements of loss and comprehensive loss, consolidated statement of financial position and consolidated statement of changes in shareholders' equity are restated for the period ended December 31, 2021. There is no impact on cash flows from operating, financing or investing activities.

The Company's restated comparative figures as at and for the period December 31, 2021 are summarized below. An opening balance sheet as at March 17, 2021 was not presented as there was no impact. The disclosures in Note 20 reflect the restated amounts.

Impact on the consolidated statements of loss and comprehensive loss for the period from incorporation on March 17, 2021 to December 31, 2021:

		As previously reported		Adjusted		Restated
Share based compensation	$	767,648	$	(755,313)	$	12,335
Net loss for the period		(896,399)		755,313		(141,086)
Total comprehensive loss		(862,341)		755,313		(107,028)
Basic and diluted net loss per common share	$	(0.01)	$	0.01	$	0.00

Impact on the consolidated statement of financial position at December 31, 2021 and consolidated statement of changes in shareholders' equity for the period from incorporation on March 17, 2021 to December 31, 2021:

		As previously reported		Adjusted		Restated
Contributed surplus	$	767,648	$	(755,313)	$	12,335
Retained earnings (deficit)		(896,399)		755,313		(141,086)

(Stated in Canadian dollars, except as otherwise provided)

31. Subsequent Events

Acquisition of GreenSeal

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company LTD ("GreenSeal Cannabis") and GreenSeal Nursery LTD ("GreenSeal Nursery"), privately-owned Ontario-based licensed cannabis producers.

As consideration, the Company agreed to issue 10,000,000 common shares subject to a lock-up period of up-to 36 months. Commencing on the six-month anniversary of the closing, 15% will be released from lock up every six months. Of the 10,000,000 shares, 7,612,358 were issued upon closing, with the remainder subject to hold-back. The Company also agreed to issue up to 1,500,000 additional common shares if, 12 months from the closing date, the fair market value of the shares released from lock up to that point is not at least in aggregate $3,000,000.

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	**$**	**3,620,437**
Net assets acquired		
Net working capital	$	2,051,670
Biological assets		792,603
Property, plant and equipment		9,913,000
Right of use assets		570,230
Right of use liabilities		(570,230)
Intangible assets		25,000
Contingent liability (iv)		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	(2,090,146)

(i) Share consideration

The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued

2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration

Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability

As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

31. Subsequent Events (continued)

Harmony Acquisition

On February 5, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of one trading house and two additional purpose-built cannabis pharmacies in Israel (the “Harmony Acquisition”). In anticipation of the completion of the transaction, Cambrosia, extended loans to Harmony in the amount of NIS 1,000,000 (CAD 325,785) as at March 31, 2023.

Subsequent to the reporting date, the Company advanced a further NIS 400,000 (CAD 146,600) and also entered into revenue transactions with Harmony.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, the Company filed a lawsuit against Harmony and its four founders in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $524,768) of which NIS 1,000,000 (CAD $325,785) was advanced by March 31, 2023.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company’s request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all 6 defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

High Times Acquisition

On May 17, 2023, the Company entered into a definitive agreement for the acquisition of 51% of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy. The consideration consists of 1,132,000 common shares of Atlas and NIS 650,000 (approx. CAD $238,743). This amount was advanced as a loan ahead of the closing of the acquisition on June 6, 2023. The cash consideration may be increased by up to NIS 2,050,000 upon the Pharmacy’s revenue and profitability exceeding certain prescribed amounts for the financial years completed December 31, 2023 to 2025. The shares will be subject to a lock-up period of 36 months during which 15% shall be released every six months, commencing on the six-month anniversary of the closing.

The acquisition also includes a call option whereby Atlas Global can acquire, and the vendor has a put option to sell, the remaining 49% interest in the Pharmacy at a price equal to the revenue of the twelve-month period ended September 30, 2026, multiplied by 0.7. The put option is subject to satisfaction of conditions of profitability and good corporate standing.

On December 24, 2023, the parties agreed to extend the final deadline for completing the transaction to December 31, 2024, and made numerous amendments to the terms of the proposed transaction, including in material part:

- 90% of the shares to be purchased will be deposited with a trustee, as soon as a trustee agreement is entered into
- Following the signing of the trustee agreement, the Company will have the right to appoint 2 of 3 board members of the pharmacy, will have effective management of the pharmacy, and will have control of the pharmacy’s bank account.
- Following the signing of the trustee agreement, the Company will indemnify the vendor for 51% of the pharmacy’s existing bank loan, the indemnified amount being approximately NIS 150,000 (approx. CAD $54,975).
- Funding requirements of the pharmacy following the signing of the trustee agreement will be provided as to 51% by Cambrosia and as to 49% by the vendor.
- Should all conditions precedent be met by December 31, 2024, the Company will receive 100% of the shares of the pharmacy, for the same aggregate purchase price as was originally agreed for the purchase of a 51% interest.
- Should all conditions precedent not be met by December 31, 2024, the Company will have the right to instruct the trustee to sell 100% of the pharmacy, with proceeds allocated as to NIS 650,000 (approx. CAD $238,225) to the Company, and the balance equally as between the Company and the vendor.

As of the date of issuance of these financial statements, no trustee agreement has been entered into.

31. Subsequent Events (continued)

Receivership of Atlas Biotech

On June 26, 2023, Ernst & Young Inc. was appointed as receiver and manager (the "Receiver") over certain current and future assets of Atlas Biotech under the Bankruptcy and Insolvency Act (Canada) and the Personal Property Security Act (Alberta). As a result, of the appointment, the Company lost control of Atlas Biotech.

Atlas Biotech's senior lender, the Agriculture Financial Services Corporation (the "AFSC"), obtained the receivership order from the Court of King's Bench of Alberta (the "Court") with the consent of Atlas Biotech. The order follows on the Company's decision to cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech in an orderly manner as it focuses on cost reductions, savings and production efficiencies across its operations and the cannabis value chain.

The AFSC has also filed a statement of claim against the Company with the Court in connection with the enforcement of an existing $1.4 million limited parental guarantee of the Company in respect of the indebtedness of Atlas Biotech to the AFSC.

The Company recorded a gain on loss of control of approximately $10M in the three-month period ended June 30, 2023.

Purchase Order and Accounts Receivable Sales

On July 6, 2023 the Company entered into an arrangement to sell certain accounts receivables for which they would receive an advance of 75% of the accounts receivables sold with the remaining 25% to be remitted net of fees and charges once the receivables are collected. On September 9, 2023, the Company amended the arrangement to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable. Amounts advanced on the sale of purchase orders is 65%. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

New Loan

On February 6, 2024, the Company borrowed 3,000,000 NIS ($1,100,000 CAD) from a shareholder, with an interest rate of Israeli prime plus 3.75%, with a floor of 9.75%. In addition, the Company agreed to issue 3,693,444 common shares to the lender upon and subject to the revocation of the failure to file cease trade order imposed by the Ontario Securities Common as principal regulator on August 8, 2023. The loan is further secured by a pledge of the Company's interest in its three pharmacies located in Israel, which, the shareholder has the right to enforce should the cease-trade order not be lifted by April 15, 2024.

War in Gaza

On October 7, 2023, an attack was launched against Israel by Hamas (a terror organization) which thrust Israel into a state of war (hereinafter: "The state of war") in Israel and in Gaza strip. The Company is continuing with its operations both in Israel and globally, as the state of war had no substantial impact on its operations or business results. The Company continues to assess the effects of the state of war on its financial statements and business.

Third Israeli Acquisition

The Company announced on May 24, 2023, that it had entered into a definitive agreement for the acquisition of 51% of the outstanding securities of three Israeli private limited liability companies operating medical cannabis. This agreement was terminated pursuant to its terms on September 30, 2023.

Legal Claim

In January 2024, the Company was served with a claim related to the termination of a consultant which occurred in June 2023. The Company believes that it had appropriate cause for termination and that an economic outflow associated with this claim is unlikely.

31. Subsequent Events (continued)

Failure to File Cease Trade

On August 8, 2023, the OSC, as the principal regulator, issued a FFCTO, upon the Company's failure to file the Financial Statements and related MD&A and certifications (the "Annual Filings") by July 31, 2023, due to the complexity of accounting for the Company's tri-partite and multijurisdictional Transaction and subsequent acquisitions. As a consequence of the delay in filing the Filings Statements, the Company is also delayed in filing its interim financial report and related management's discussion and analysis and certifications for the interim periods ended June 30, 2023, September 30, 2023 and December 31, 2023 that were due August 29, 2023, November 29, 2023 and February 29, 2024, respectively (the "Interim Filings").

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – Failure-to-File Cease Trade Orders in Multiple Jurisdictions applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.

The FFCTO will be lifted subsequent to the Annual Filings and Interim Filings being made.

TAB D

This is Exhibit "D" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

ATLAS GLOBAL BRANDS INC.

Management's Discussion & Analysis

For the three and nine -month period ended December 31, 2023

June 4, 2024

Contents

INTRODUCTION

General

This management's discussion and analysis of financial condition and results of operations ("**MD&A**") of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") for the three and nine months ended December 31, 2023 should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three and nine months ended December 31, 2023 (the "**Interim Financial Statements**"), prepared in accordance with International Accounting Standard ("**IAS**") 34, *Interim Financial Reporting* of International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board, and the audited annual consolidated financial statements of the Company for the financial year ended March 31, 2023 (the "**Annual Financial Statements**"). This MD&A complements and supplements but does not form part of the Company's condensed consolidated interim financial statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

This MD&A has been prepared as of June 06, 2024 pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators.

This MD&A contains forward-looking information and statements within the meaning of applicable securities laws. Statements regarding the adequacy of cash resources to carry out the Company's strategy and maintain operations are forward-looking statements. All forward-looking statements and information, including those not specifically identified herein, are made subject to the cautionary language below under the heading "Cautionary Statement Regarding Forward-Looking Information".

The Business Combination

On December 30, 2022, the Company (then Silver Phoenix Resources Inc. ("**Silver Phoenix**")) completed a business combination with Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica Bioscience Inc. ("**AgMedica**") and Cambrosia Ltd. ("**Cambrosia**") and the concurrent acquisition by Cambrosia of a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. (together the "**Israel Pharmacies**"), each an independent and privately held pharmacy in Israel (all together, the "**Transaction**").

The Company completed the Transaction pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, 2432998 Alberta Ltd. ("**Subco 1**"), 14060407 Canada Inc. ("**Subco 2**") and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**").

The Transaction constituted a "fundamental change" of the Company pursuant to the policies of the Canadian Securities Exchange (the "**CSE**").

The Transaction was structured as a three-cornered amalgamation and share exchange, pursuant to which (i) Subco 1, a wholly-owned subsidiary of the Company and Atlas Biotech, amalgamated (the "**Atlas Amalgamation**") to form a newly amalgamated company ("**Atlas Amalco**"); (ii) Subco 2, a wholly-owned subsidiary of the Company and AgMedica, amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); (iii) the Company acquired all of the issued and outstanding securities of Cambrosia pursuant to a share exchange with the holders thereof (the "**Cambrosia Share Exchange**"); and (iv) Cambrosia acquired a 51% interest in each of the Israel Pharmacies (collectively, the "**Cambrosia Acquisitions**").

Concurrently, with the completion of the Transaction, Cambrosia completed a financing pursuant to which it issued 100,000,000 ordinary shares of Cambrosia to S.H.R. Group Management (KSN) Ltd. ("**S.H.R. Group**") for gross proceeds of ILS 9,000,000 (approximately CAD$3,487,441).

Pursuant to the terms of the Amalgamation and Share Exchange Agreement, immediately prior to closing, Silver Phoenix consolidated its shares on a 244,139 to 1 basis resulting in 3,445,380 shares outstanding post-consolidation, and all issued and outstanding Silver Phoenix warrants were cancelled.

Pursuant to the Atlas Amalgamation, former holders of common shares of Atlas Biotech received an aggregate of 38,550,838 post-consolidation shares of the Company on a pro-rata basis and Atlas Amalco became a wholly owned subsidiary of the Company.

Pursuant to the AgMedica Amalgamation, former holders of common shares of AgMedica received an aggregate of 38,550,870 post-consolidation shares of the Company, on a pro rata basis and AgMedica Amalco became a wholly owned subsidiary of the Company.

Pursuant to the Cambrosia Share Exchange, the former holders of ordinary shares of Cambrosia and vendors of the Israel Pharmacies received an aggregate of 62,282,313 post-consolidation shares of the Company together with options to acquire an additional 2,621,027 post-consolidation common shares of the Company and Cambrosia became a wholly owned subsidiary of the Company.

The Company completed the Transaction as of December 30, 2022, and on January 13, 2023 its common shares (the "**Shares**") began trading on the CSE under the symbol ATL.

Presentation of the Financial Statements

Cambrosia as Accounting Parent

The result of the Transaction is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition per IFRS 3.B19 whereby the Company (the legal parent) has been treated as the accounting subsidiary and Cambrosia (the legal subsidiary) has been treated as the accounting parent.

Silver Phoenix did not meet the definition of a business under IFRS 3 – *Business Combinations*, and therefore the Transaction was treated as an asset acquisition and not as a business combination and was accounted for as a capital transaction under IFRS 2 – *Share-Based Payments* for the acquisition of the net assets of Silver Phoenix and its listing status on the CSE. The balance of the Transaction constituting the acquisitions of AgMedica, Atlas Biotech and the Israel Pharmacies have all been accounted for in the Annual Financial Statements as a single business combination under IFRS 3.

Comparative Period in Interim Financial Statements

Section 4.3(2) (b) of NI 51-102 requires that interim financial reports include a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the year-to-date interim period, and comparative financial information for the corresponding interim period in the immediately preceding financial year, if any. Pursuant to section 4.10(3) of NI 51-102, a reporting issuer is not required to provide comparative interim financial information for the reverse takeover acquirer for periods that ended before the date of the reverse takeover if: (a) to a reasonable person it is impracticable to present prior period information on a basis that is consistent with subsection 4.3(2); (b) the prior information that is available is presented; and (c) the notes to the interim financial report disclose the fact that the prior period information has not been prepared on a basis consistent with the most recent interim financial information.

As stated above, Cambrosia has been treated as the reverse takeover acquirer for the purposes of the Interim Financial Statements. As a private company existing under the laws of Israel, Cambrosia did not prepare interim financial statements (for internal or external purposes) prior to completion of the Transaction in December 2022. As such, the Company determined that the absence of a cut-off date of March 31, 2022 (required to present financial information for the three- and nine month period ended September 30, 2022), made it impracticable for a reasonable person to present financial information that is consistent with subsection 4.3(2)(b). In accordance with subsection 4.10(3)(b) of NI 51-102 then, the Interim Financial Statements, include a statement of comprehensive income, a statement of changes in equity and a statement of cash flows, all for the three- and nine -month period ended September 30, 2023, and comparative financial information for the three- and twelve -month period ended December 31, 2022.

In addition, Cambrosia, the accounting parent, was incorporated on March 17, 2021. Prior to completion of the Transaction Cambrosia's business was focused on completing the Transaction and its results of operations for the three and twelve month period ended December 31, 2022, have limited comparative value as against the results of the operations of the Company during the three and nine month period ending December 31, 2023, after giving effect to the Transaction. See "The Business Combination" above for further details regarding these mergers and acquisitions.

Use of Non-GAAP Measures

The Company reports its financial results in accordance with IFRS. However, throughout this MD&A, we discuss non-GAAP financial performance measures that are not recognized or defined under IFRS, including reference to:

- Net revenue;
- Net revenue from cannabis operations;
- Earnings before interest, depreciation, taxes and amortization ("**EBIDTA**");
- Adjusted EBITDA;
- Working capital; and
- Cannabis inventory and bio assets.

All these non-GAAP financial performance measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with IFRS. These measures are presented to help investors' overall understanding of our financial performance and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with IFRS results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review the Company's financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Please see "Reconciliation of Non-GAAP Financial Measures to IFRS Measures" below for a reconciliation of such non-GAAP Measures to the most directly comparable IFRS financial measures.

CORPORATE OVERVIEW

General

Silver Phoenix was incorporated on February 14, 2003, under the *Business Corporations Act* (British Columbia) which is the date of inception of the Company from a legal operational perspective. Cambrosia was incorporated on March 17, 2021, which is the inception date of the financial information presented in the Interim Financial Statements.

The Company is listed on the CSE under the trading symbol ATL. The address of the Company's corporate office and principal place of business is 566 Riverview Drive, Unit 104, Chatham, O.N., N7M 0N2 and its registered and records office is located at Suite 3000, 1055 West Dunsmuir Street, Vancouver B.C. V7X 1K8.

The Company's principal business activity is the production, distribution and sale of cannabis internationally and in Canada. Our medical cannabis is currently sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom and we sell cannabis for the adult recreational market in Canada. As at September 30, 2023, the Company had the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest	
		June 30, 2023	March 31, 2023
Atlas Global Brands Inc.	Canada	100%	100%
Tlalim Papo Ltd.	Israel	51%	51%
Pharmacy Baron Ltd.	Israel	51%	51%
R.J. Regavim Ventures Ltd.	Israel	51%	51%
AgMedica Bioscience Inc.	Canada	100%	100%
5047346 Ontario Inc.	Ontario	100%	100%
Tavivat Naturals Inc.	Canada	100%	100%
8050678 Canada Inc.	Canada	100%	100%
Unique Beverages (USA) Inc.	USA	100%	100%
Wellworth Health Corp.	Canada	100%	100%
GreenSeal Cannabis Company, Ltd.	Canada	100%	-%
GreenSeal Nursery, Ltd.	Canada	100%	-%
Atlas Biotechnologies Inc.	Alberta	100%	100%
Atlas Growers Ltd.	Alberta	100%	100%
Atlas Growers Denmark A/S	Denmark	100%	100%

Facilities

As at September 30, 2023 the Company operated two licensed facilities in Canada: (1) an EU-GMP, GACP and CUMCS certified facility in Chatham, Ontario; and (2) a GACP certified facility in Stratford, Ontario, as well as three (3) pharmacies in Israel, all of which were acquired on December 30, 2022 as part of the Transaction further described above.

The Company utilizes its fully integrated and GACP, IMC-GAP and EU-GMP growing facility in Chatham, Ontario for cultivation, packaging, and processing and as its hub for exports to international markets. The Company utilizes the cultivation from its GACP and IMC-GAP certified facility in Stratford, Ontario to augment fulfillment of the international demand as well as to satisfy demand in the domestic Canadian market.

In Israel, the Company uses the Israeli Pharmacies to sell product directly to patients. By having a controlling interest in these pharmacies, Atlas is assured increased shelf space, premium product placement and availability.

Chatham, Ontario

The Company owns 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 110,000 sq. ft. is a dedicated indoor growing, processing and drying facility (the "**Chatham Facility**"). The Chatham Facility has current growing capacity of approximately 6,500 kg/year.

The Chatham Facility is a purpose-built cannabis facility at which AgMedica cultivates crop using a three or four vertical tiered system. This system allows precise control growing conditions for each plant group and maximizes production per square foot within each grow room. The AgMedica Facility offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

The Chatham Facility has six active three-tiered grow rooms and five active larger scale grow rooms with four vertical tiers.

Additionally, the Chatham Facility has been licensed for six additional larger scale grow rooms with four vertical tiers, which have yet to be onboarded into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production (the "**Chatham Expansion**"). It is estimated that the Chatham Expansion could expand capacity by an additional 6,000+ kgs/annually.

The Chatham Facility is currently only approximately 50% occupied by AgMedica. AgMedica currently rents a portion of the remaining industrial space to third-party tenants to generate non-core cash flow.

Following the closure of the Gunn Facility (as defined below), the Chatham Facility became the hub for processing of cannabis flower, 1.0 and 2.0 products, and oils.

Stratford, Ontario

As a result of its acquisition of GreenSeal (as defined below), the Company owns a 30,000 square foot facility in Stratford, Ontario which produces just over 3,500 kg of cannabis flower annually (the "**Stratford Facility**"). Within a two-hour drive of the Chatham Facility, the Stratford Facility offers operational efficiencies. The Stratford Facility is also structured as a multi tier vertical grow facility, growing flower, and drying it indoors.

Israel

As previously stated, the Company has a 51% interest in the three Israel Pharmacies, located in Tel Aviv, Israel, two of which are licensed under the Medical Cannabis Unit of the Israeli Ministry of Health to dispense medical cannabis and an application has been submitted in respect of the third pharmacy.

Products

We currently have approximately 50 distinct products available for sale across Canada varying in availability province to province. The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch, the Alberta Gaming, Liquor and Cannabis Commission, the Ontario Cannabis Stores, the Yukon Liquor Corporation and sells directly to Manitoba Liquor & Lotteries, the Northwest Territories Liquor, Cannabis Commission, and the PEI Cannabis Management Corporation. We also have distribution agreements with distributors in Saskatchewan who distribute the Company's products to certain provincial distributors and retailers**.**

The Company's primary products are currently as follows:

Brand	Description	Market Segment (economy, value, core, premium or premium +)
lbs	Nurtured and curated using old school techniques of hang drying, hand trimming and cured to perfection.	PREMIUM+
GREENSEAL CANNABIS CO.	Standard approach, consistent craft experience with a genetic forward focus.	PREMIUM

Electric Lettuce	Accessible and convenient, with fun and unique flavours and products. Offering a rotation of products featuring single strain, premium quality flower. Cultivated indoors with precision: hang dried, hand trimmed, and cured for weeks to ensure full flavour and potency.	VALUE
BONFIRE	Craft cannabis, grown in small batches, harvested at peak ripeness, hang dried, and hand trimmed without the use of machines. Bonfire product is all grown indoors using exclusive genetics sourced from our in-house nursery.	CORE

OVERALL PERFORMANCE

General

During the three and nine months ended December 31, 2023, the Company had net income (loss) of ($5,018,910) and ($2,373,722), respectively. As at December 31, 2023, the Company had a cumulative deficit of $18,881,703 and current liabilities exceeded current assets by $26,079,900. Accordingly, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Concurrent with the closing of the Transaction, the Company appointed a new Chief Executive Officer and Chief Financial Officer, not previously associated with the Company nor any of the entities included in the Transaction. As such, during the three-month period ended March 30, 2023, efforts were dedicated towards implementing changes in the Company's existing operations to address urgent liquidity issues, harmonize the consolidated cost structure and ultimately, reduce costs, optimize operations, improve cash flow and shift focus to the higher margin international market.

In the three month period ended June 30, 2023, management continued these efforts and implemented the more material operational changes, by (i) completing the acquisition of GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery Ltd. (together, "**GreenSeal**"), a privately owned Ontario-based licensed cannabis producer and nursery; and (ii) ceasing operations at its facility in Gunn, Alberta and liquidating the assets of Atlas Biotech and Atlas Growers Ltd., respectively (together, the "**Atlas Subsidiaries**").

In the three-month period ended September 30, 2023, the Company's efforts were focused on (i) stabilizing operations following the liquidation of the Atlas Subsidiaries and consequential cessation of operations at the Gunn Facility; and (ii) developing a unique value proposition leveraging its EU GMP certified Chatham Facility to penetrate the higher margin international cannabis market.

In the three month period ended December 31, 2023, the Company's efforts were focused on (i) completing an audit of its annual financial statements for the 15 month period ended March 30, 2023; (ii) pursuing strategic options for short term liquidity and (iii) focusing activity at the Stratford Facility, Ontario on growing, processing and packaging for the domestic Canadian market while continuing to breed unique genetics for both the domestic and international markets and (iv) expanding operations at its Chatham facility to include EU-GMP vape production.

In addition to the foregoing, On December 20, 2023, Cambrosia filed a lawsuit against the principals of Harmony (as defined below) in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $525,000) as noted above.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all six defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

As previously disclosed, on February 6, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company ("**Harmony**") operating two medical cannabis pharmacies, one in Tel-Aviv and one in Jerusalem, and a 51% interest in an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, for consideration consisting of up to 2,800,702 Shares of the Company, at a deemed price of $1.00 per Share.

During the three months ended June 30, 2023, the Company lent the Trading House approximately $75,000 in addition to the approximate $375,000 advanced in prior periods, bringing the total amount lent to the Trading House as at June 30, 2023 to approximately $450,000 which is guaranteed by the Harmony vendors, to be repaid immediately in the event the transaction does not close.

During the three months ended September 30, 2023, the Company advanced a further $75,000 and also entered into revenue transactions with the vendors.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

Industry and Economic Factors Affecting Our Business

The following industry and economic factors have and are anticipated to continue to affect the Company's performance.

Canadian cannabis market trends

Price compression. We have historically seen and continue to see price compression in the market, when compared to the prior fiscal year, which was driven by intense competition from the approximately 800 licensed producers in Canada. The price compression year over year has reduced the Company's revenue and has made growing market share a challenge.

Excise tax Rates. Given the impacts of the above-referenced price compression, excise tax has grown to become a larger component of net revenue as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. In late February 2024, the House of Commons Standing Committee on Finance issued a report outlining several recommendations regarding the adult-use cannabis industry. One such recommendation was a request to "make adjustments to the excise duty formula for cannabis so that it is limited to a 10% ad valorem rate and a requirement to apply an excise stamp on cannabis products. While the Company believes that in the long term there is a possibility of some level of reform, it will likely not occur in the next 12 months.

Excise Tax Arrears. Separately, as of March 1, 2024 it was reported that approximately $200M was owed to the Canada Revenue Agency (the "**CRA**") in excise tax in arrears. These arrears prompted the CRA to issue Requirements to Pay (each a **"RTP"**) to various provincial wholesalers, for non-payment of excise taxes, requiring the account debtors to remit to the CRA 50% of the amounts owing to the seller. The Company has a significant arrears balance with the CRA and the RTPs have and will continue to adversely affect the Company's financial position. As of the date of this MD&A, the CRA has issued RTP's in respect of approximately $1,259,480 of the Company's receivables otherwise payable by provincial wholesalers.

Inflation. The Company's financial performance has been affected by global inflationary pressures, commensurate with other companies in the cannabis industry.

International cannabis market trends

The cannabis industry in Europe is in its early stages of development, and countries within Europe are at different stages of legalization of medical and adult-use cannabis. Some countries have expressed a clear political ambition to legalize adult-use cannabis, some are engaging in an experiment for adult-use, and some are debating regulations for cannabinoid-based medicine.

For example, on March 22, 2024, it was announced that cannabis possession and home cultivation will be decriminalized in Germany from April 1, 2024. The decriminalization legislation is what is known as the “first pillar” in a two-step plan to legalize cannabis in the country. The “second pillar” is expected after the decriminalization bill and would set up municipal five-year pilot programs for state-controlled cannabis to be sold in licensed shops.

Overall, then, in Europe, we believe that, despite continuing recessionary economic conditions and the Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected.

STRATEGY AND OUTLOOK

Atlas believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in the dynamic and rapidly developing global cannabis industry.

On the basis of the industry and economic trends discussed above, we believe that our international medical cannabis business provides the foundation for profitability and positive cash flow, and so we continue to increase distribution in core international markets and use the Canadian consumer business as a platform to build brands particularly through partnerships such as that with Snoop Dogg.

As such and given the Company’s current cash flow concerns and continuing losses, the Company’s primary strategy is to secure a short term loan of up US$3 to $5 million to address immediate liquidity needs, refinance its Chatham Facility to complete the Chatham Expansion and increase its market share in the higher margin international medical cannabis market while adding a high margin revenue stream in the form of co-packing cannabis and cannabis accessories for export.

This strategy is heavily dependent on securing third party financing, negotiating manageable payment plans with CRA and resolving the outstanding claim by Stokes (discussed below under Subsequent Events), absent which the Company will have to consider a reduction in corporate capacity and/or sale or liquidation of non-core assets or other corporate proceeding.

DISCUSSION OF OPERATIONS

Summary

As previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021 and had limited operations until completion of the Transaction on December 30, 2022. While Atlas Biotech and AgMedica were operational prior to the Transaction date having substantial revenues in 2022, their respective pre-amalgamation results are not consolidated in the above financial data under IFRS accounting standards.

As a result, a discussion of the Company’s results of operations during the three- and nine -month period ended December 31, 2023 as compared to the corresponding period in the prior year is of very little value to the reader. A discussion of the Company’s financial performance in comparison to that of the corresponding period of the preceding financial year will be of value commencing with the three-month period ended June 30, 2024, which will be comparable to the three months ended June 30, 2023.

Similarly, the operating results of the Company for the 15-month period ended March 31, 2023 (being the most recently completed financial year), only include three months of the operating results of the Company after giving effect to the Transaction.

The following is a summary of the Company’s operating results for the three and nine months ended December 31, 2023 and the most recent 15 month fiscal year ended March 31, 2023.

		3 Months ended December 31, 2023	9 Months ended December 31, 2023	15 Months ended March 31, 2023
Financial Results				
Revenue	$	9,817,058	24,628,787	6,212,241
Net revenue from cannabis operations (1)		7,573,943	17,196,087	5,109,776
Gross profit		2,728,394	11,315,596	813,754
Operating expenses		6,741,293	18,624,597	9,326,439
Net income (loss)		(5,018,910)	(2,373,722)	(16,366,895)
EBIDTA (2)		(2,774,173)	4,786,330	(7,245,758)
Adjusted EBITDA(2)		(1,294,457)	(1,560,028)	(3,824,806)
Statement of Financial position				
Working capital (deficiency) / surplus(3)		(26,079,900)	(26,079,900)	(25,432,813)
Cannabis inventory and bio assets (4)		18,069,625	18,069,625	12,893,684
Shareholder (equity) deficit		(10,110,724)	(10,110,724)	(9,132,359)
Total assets		65,244,203	65,244,203	61,653,037

Notes:

These terms are defined in the “Cautionary Statement Regarding Certain Non-IFRS Performance Measures” section of this MD&A. Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure.

(1) Refer to the “Net Revenue” section for a reconciliation to the IFRS equivalent.
(2) Refer to the “EBITDA” section for a reconciliation to the IFRS equivalent.
(3) “Working capital” is defined as current assets less current liabilities as reported on the Company’s Consolidated Statements of Financial Position. Current Liabilities includes the current portion of convertible debentures.
(4) Represents total biological assets and inventory, accessories, supplies, consumables, and plant propagation biological assets.

The Company has not paid any dividends for the periods represented above

Revenue

The Company’s revenue is comprised of the domestic and export sales of our three wholly owned Canadian subsidiaries, AgMedica, Atlas Biotech, and GreenSeal and the revenues of the Israel Pharmacies.

The Company generates revenue from the cultivation, distribution, wholesale and pharmaceutical dispensing of cannabis and cannabis related products within the domestic and international markets (“**Cannabis revenue**”) as well as non-cannabis medicines and over the counter consumer packaged goods at its pharmacy locations in Israel (“**Non-cannabis revenue**”).

The results of AgMedica and the Israel Pharmacies are included for the entire three- and nine -month reporting period. Atlas Biotech’s results are included from April 1, 2023 through to its liquidation on June 26, 2023 with the resulting deconsolidation and abnormal losses reported in other income and expenses. GreenSeal is included in the consolidated results from day following the acquisition closing, April 29, 2023, through to the end of the reporting period.

During the three- and nine month period ended December 31, 2023, Cannabis revenue was $8,794,168 and $20,283,982, respectively and Non-cannabis revenue was $1,022,890 and $4,344,805 respectively for total revenue of $9,817,058 and $24,628,787 respectively compared to $6,212,241 for the 15 month period ended March 31, 2023, (and again only the last three months of which period represented the results of each of the entities acquired in the Transaction).

Revenue increased in sequential quarters by 31%, from prior quarter (3 months ended September 30, 2023) of $7,482,017 to $8,817,058 and is primarily attributable to the expansion of international cannabis exports as well as the Canadian launch of the D lbs products in connection with the Company’s collaboration with Snoop Dogg.

Net Cannabis Revenue

Net revenue represents revenues from the sale of cannabis products less excise taxes. Only the Company’s Cannabis revenue is subject to excise tax.

Cannabis revenue of $8,794,168 and excise taxes of $1,220,225 were recorded for the three-month period ended December 31, 2023, resulting in net Cannabis revenue of $7,573,943 and total net revenue of $8,596,833. See Note 18 in the Interim Financial Statements for further information on net revenues from cannabis products.

Cannabis revenue of $20,283,982 and excise taxes of $3,087,895 were recorded for the nine-month period ended December 31, 2023, resulting in net Cannabis revenue of $17,196,087 and total net revenue of $21,540,892. See Note 18 in the Interim Financial Statements for further information on net revenues from cannabis products.

The following is a breakdown of net revenues based on the geographical region.

		For the 9 month period ended December 31, 2023	%	For the 3 month period ended December 31, 2023	%	For the 3 month period ended September 30, 2023	%	Quarter to Quarter Growth
Canada	$	**7,768,327**	36%	**2,297,740**	27%	**2,492,227**	39%	-8%
International:								
Oceania		**6,606,648**	31%	**3,522,100**	41%	**1,174,548**	18%	200%
Asia		**5,371,227**	25%	**2,049,312**	24%	**2,153,375**	34%	-5%
Europe		**1,794,690**	8%	**727,681**	8%	**602,623**	9%	21%
Net revenue	$	**21,540,892**	100%	**8,596,833**	100%	**6,422,773**	100%	34%

Gross Profit

During the three months ended December 31, 2023, gross profit of $2,728,394 was primarily driven by the recognition of unrealized gains of $2,950,496 on changes in fair value of biological assets developed in the period.

During the nine months ended December 31, 2023, gross profit of $11,315,596 was primarily driven by the recognition of unrealized gains of $10,217,787 on changes in fair value of biological assets developed in the period.

Operating Expenses

Operating expenses of $18,623,924 were incurred in the nine months ended December 31, 2023, which amount is proportional to those incurred in prior periods since completion of the Transaction.

See Note 19 of the Interim Financial Statements for a detailed breakdown of operating expenses for the period.

Net Income

Net income (loss) for the three-month period ended December 31, 2023 of ($5,018,910) was driven by finance expenses of $1,448,346, depreciation and amortization of $1,194,078, legal and professional fees of $1,199,300 mostly attributable to efforts towards resolution of the FFCTO as further described below as well as a $1,479,716 bad debt expense relating to the ongoing dispute with Harmony, also further described below.

Net income for the nine -month period ended December 31, 2023 of (2,373,722).

Please see below for discussion on Adjusted EBITDA as an indicator of underlying performance.

EBITDA

EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBIDTA is EBITDA less adjustments for non-recurring items.

For three- and nine -month period ended December 31, 2023, EBITDA (loss) was ($2,774,173) and $4,786,330, respectively. EBITDA for the nine -month period ended December 31, 2023 was partially driven by gains resulting from the loss of control of the Atlas Biotech subsidiary as well as a bargain purchase gain from the acquisition of GreenSeal. See Notes 4 and 5 in the Interim Financial Statements.

Adjusted EBITDA

Adjusted EBITDA is EBITDA adjusted for abnormal and non-recurring items as outline below. Adjusted EBITDA (loss) was ($1,294,457) for the three months ended December 31, 2023 and ($1,560,028) for the nine months ended December 31, 2023. Adjusted EBITDA (loss) for the fifteen-month period ended March 31, 2023 was ($3,824,806).

The negative trend in adjusted EBITDA reflects allocation of resources, primarily in the form of legal and professional service fees, towards the resolution of the FFCTO defined and further described below). The implementation of management's strategies including the harmonization and the consolidation of the Company's cost structure, optimization of operations, and shift of focus to the higher margin international market partially mitigated the negative impact of this increase in professional services.

Although management believes the Adjusted EBITDA figure is indicative of underlying performance, it expects there to be fluctuations, as evidenced by the fluctuations from Q2 to Q3, as we continue the implementation of our strategies, strong corporate governance and processes, and balance the cost and benefit realization over the coming quarters.

Working Capital

As at December 31, 2023, there was a working capital deficiency of $26,079,900 primarily due to the classification of the Company's term debts in the amount of $21,107,107, as current. Working capital is further influenced by short-term liabilities, including government remittances of $8,355,319 and other accrued liabilities of $4,067,637 offset by inventory and biological assets of $18,069,625 and trade and other receivables of $4,462,335.

Cannabis Inventory

Cannabis inventory of $18,069,625 as at December 31, 2023 increased as compared to March 31, 2023 as a result of (i) improvements to plant yields and improvements in post harvest processes implemented at the Chatham Facility during the reporting period; and (ii) the introduction and mix shift towards new higher value products such as vapes and infused pre-rolls.

Total Assets

The Company's assets of $65,244,203 are primarily comprised of property, plant and equipment of $38,383,999, (mainly land, buildings and productions rooms), inventory and biological assets of $18,069,625 (work in progress and finished goods), and trade and other receivables of $4,462,335.

Compared to March 31, 2023, total assets as at December 31, 2023 increased by $3,591,166 primarily driven by increase in inventory balances.

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Net Revenue and Net Revenue from cannabis operations

The closest IFRS measure to net revenue and net revenue from cannabis operations is revenue as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

		For the 3 month period ended Ber 31, 2023	**For the 9 month period ended December 31, 2023**	**For the 15 month period ended March 31, 2023**
Revenue	$	9,817,058	24,628,787	6,212,241
Less: excise taxes		**(1,220,225)**	**(3,087,895)**	**(410,906)**
Net revenue		8,596,833	21,540,892	5,801,335
Less: Revenue from non-cannabis goods – pharmacy operations		**(1,022,890)**	**(4,344,805)**	**691,559**
Net revenue from cannabis products		7,573,943	17,196,087	5,109,776

EBITDA and Adjusted EBITDA

The closest IFRS measure to EBIDTA and Adjusted EBITDA is net loss as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

	For the 3 month period ended December 31, 2023	**For the 9 month period ended December 31, 2023**	**For the 15 month period ended March 31, 2023**
Net Income / (loss)	(5,018,910)	(2,373,722)	(16,366,895)
Remove:			
Depreciation and Amortization	(1,194,078)	(3,605,700)	(1,144,480)
Share Based Compensation	(77,243)	(222,912)	(122,446)
Other income	455,326	605,797	138,749
Finance expense	(1,448,346)	(3,964,271)	(631,251)
Finance income	12,736	20,288	16,297
Impairment of intangible assets and goodwill	-	-	(7,373,056)
Loss on foreign exchange	6,868	6,746	(4,950)
EBITDA / (loss)	(2,774,173)	4,786,330	(7,245,758)
Non-recurring items included in EBITDA:			
Listing expense	-	-	(1,117,225)
Company acquisition expenses	-	(285,267)	(2,303,727)
Abnormal Destruction	-	(3,514,649)	-
Bad Debt due to Harmony dispute	(1,479,716)	(1,479,716)	
Gain on loss of control	-	9,535,844	-
Gain on bargain purchase	-	2,090,146	-
Adjusted EBITDA / (loss)	(1,294,457)	(1,560,028)	(3,824,806)

Working Capital and Cannabis Inventory and bio-assets

These non-GAAP measures are a result of the addition or netting of IFRS financial measures, a reconciliation to which is found in the below table.

		As at December 31 , 2023	As at March 31, 2023
Biological Assets	$	2,960,640	1,892,745
Inventories		15,108,985	11,000,939
Cannabis inventory and bio-assets		18,069,625	12,893,684
Add:			
Cash		362,981	2,614,498
Short-term Investments		36,419	35,833
Trade and other receivables		4,462,335	5,424,743
Deposits and prepaid assets		1,617,919	2,126,110
Deduct:			
Trade and other payables		27,888,067	22,375,179
Current portion of term debt		21,107,107	25,862,873
Current portion of lease liabilities		348,664	161,778
Income taxes payable		100,616	49,618
Deferred revenue		37,400	66,331
Contingent liability		957,285	-
Contingent consideration		176,637	-
Other current liabilities		12,403	11,902
Working capital surplus (deficiency)		(26,079,900)	(25,432,813)

Cash flows

Cash utilized by operating activities for the nine months ended December 31, 2023, was $1,888,374 compared to $76,968 cash used in operating activities for the twelve months ended December 31, 2022.

During the nine months ended December 31, 2023, the Company’s net cash utilized for investing activities was $96,180 ($881,783 inflow for the twelve months ended December 31, 2022).

During the nine months ended December 31, 2023 the Company raised $1,806,606 in proceeds from factoring accounts receivables. Net of repayments of debt in the period, net cash inflow from financing activities was $23,948 ($3,466,071 for twelve months ended December 31, 2022).

SUMMARY OF QUARTERLY RESULTS

This MD&A relates to the financial results of Cambrosia, as the reverse takeover acquirer. Having not previously been a reporting issuer, Cambrosia has not prepared financial statements on a quarterly basis and as a result, quarterly financial results are not available for any period prior to the three months ended December 31, 2022.

		For the 3 month period ended December 31, 2023	For the 3 month period ended September 30, 2023	For the 3 month period ended June 30, 2023	For 3 months ended March 31, 2023	For the 3 months ended December 31, 2022
Financial Results						
Revenue	$	9,817,058	7,482,017	7,329,712	6,212,241	-
Net Income (loss)		(5,018,910)	(3,033,803)	5,678,991	(16,366,895)	(1,579,407)
Earnings (loss) per		(0.03)	(0.02)	0.04	(0.50)	(0.46)

		As at December 31, 2023	As at September 30, 2023	As at June 30, 2023	As at March 31, 2023	As at December 31, 2022
Statement of financial position						
Total Assets	$	65,244,203	66,798,570	66,616,184	61,653,037	73,273,009
Total liabilities		55,133,479	51,782,569	46,775,552	52,520,678	50,771,882

The financial results for the three-month period ended December 31, 2023, are those of Cambrosia as the reverse take over acquirer and are not comparable to the results in subsequent quarters, which consolidate those of the other entities acquired as of December 30, 2022 upon completion of the Transaction.

The financial results for the three-month period ended March 31, 2023, represent the first consolidated results of all of the entities acquired as of December 30, 2022 upon completion of the Transaction

Net income for the three months ended June 30, 2023 was impacted, to a very large extent, by the recognition of a gain on loss of control of the Atlas Subsidiaries of $9,535,844 as well as the gain on bargain purchase of $2,090,146 resulting from the acquisition of GreenSeal. These gains were partially offset by the loss from the abnormal destruction of inventory and biological assets resulting from the liquidation of the Gunn Facility, as well as related non-recurring expenses such as legal and professional fees of $757,747.

The Net loss for the three months ended September 30, 2023 of $3,032,417 was driven by finance expenses of $1,257,282 and depreciation and amortization of $1,146,102. The significant change from the prior quarter ended June 30, 2023 was due to the recognition in the prior period of gains from the liquidation of the Atlas subsidiaries as well as the bargain purchase gain recognized on the acquisition of GreenSeal.

The Net loss for the three months ended December 31, 2023 of $5,018,910 was driven by finance expenses of $1,448,346, depreciation and amortization of $1,194,078, legal and professional fees of $1,199,300 mostly attributable to efforts towards resolution of the FFCTO as further described below as well as a $1,479,716 bad debt expense relating to the ongoing dispute with Harmony.

Compared to March 31, 2023, total assets as at June 30 30, 2023 increased from $61,653,037 to $66,616,184 as a result of the acquisition of GreenSeal and liabilities decreased from $52,520,678 to $46,775,552 as a result of the liquidation of the Atlas Subsidiaries.

Compared to June 30, 2023, total assets as at September 30, 2023 increased by $182,386 driven by increases in trade and other receivables of $1,056,478 partially offset by the use of cash. Liabilities as at September 30, 2023 increased to $51,782,569 from $46,775,552 as at June 30, 2023 primarily due to increase in factoring liabilities of $1,219,079, trade payables of $1,673,542 primarily related to inventory and biological asset increases, and government remittances payable of $1,591,418.

Compared to September 30, 2023, total assets as at December 31, 2023 decreased by $1,554,367 driven by reduction of inventory and biological assets of $660,886 due to higher sales volume as well as normal depreciation of property, plant and equipment. Liabilities as at December 31, 2023 increased $3,350,910 driven by increased government remittance liabilities of $1,451,942 and trade payables of $1,713,489.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $26,079,900 as at December 31, 2023 as compared to a working capital deficiency of $20,273,769 as at December 31, 2022. As at December 31, 2023, the Company had cash in the amount of $362,981 as compared to $4,368,851 at December 31, 2022.

Based on the current funds held, the Company does not have sufficient working capital for the short-term to maintain capacity. The Company's primary short-term liquidity needs are to make the down payments necessary to source product from some third parties, to fund its net operating losses and capital expenditures to maintain existing facilities, and lease payments.

The Company's ability to fund its short-term operating requirements depends on (i) future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond its control and have historically been insufficient and (ii) the Company's ability to access third party financing, including by way of a refinancing of existing debt or a sale or lease back of certain assets previously described.

In addition, recent developments in the Canadian cannabis industry regarding potential garnishment of excise taxes in arrears (of which the Company has $8,355,319), inserts material uncertainty into the Company's cash flow forecasts and increase the risk that it may not be able to fund its short-term operating requirements, absent third party financing.

As of the date hereof, the CRA has garnished appropriately $854,719 of the Company's receivables and has provided notice of its intention to garnish an additional $1,259,480. The Company is negotiating the timing of such garnishments, however there is no assurance it will be successful. In addition, as a result of such garnishments, the Company's wholly owned subsidiaries GreenSeal and AgMedica have breached the terms of two receivable purchase agreement with Stoke Canada Finance Corp. ("**Stoke**") and Stoke has delivered notice to GreenSeal demanding payment of $1.8 million and providing of its intention to enforce security. A failure to negotiate a reasonable resolution to both matters will materially and adversely affect the Company's financial condition and ability to continue as a going concern and in the interim has caused the Company to consider its strategic alternatives.

The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments and financing the Chatham Expansion to increase cash flow from operations and international market penetration. These additional grow rooms at the Chatham Facility have been structurally completed but require additional infrastructure investments of up to approximately $5 million, prior to onboarding them into active production.

Our long-term liquidity needs primarily relate to potential strategic plans. The Company does not have any current commitments for capital expenditures.

The Company's capital resources will continue to be insufficient, and to the extent available, costly, until it can sustain net positive cash flow from operations, whereupon the Company believes access to capital will increase and its cost will decrease.

The Company currently has $15.1 million of principal owing on mortgages registered against the Chatham Facility. This secured indebtedness includes financial covenants including a requirement that the Company keep its debt-to-equity ratio at 1:1, and as of June 31, 2023, the Company was in violation of this covenant, which resulted in the long-term debt being classified as current. The lenders are contractually entitled to request for immediate repayment of the outstanding loan amount unless waived. The Company is in discussion with the lenders to secure a waiver of the default and while prior requests have been successful, there can be no assurance the Company will be successful again. See "*Risks and*

Uncertainties - The Company is in default of a covenant in a Mortgage registered against the Chatham Facility".

In addition, the Company is in discussions with lenders for the refinancing of this debt prior to maturity in November 2024. The Company has appraised the Chatham Facility, including land and building, at a fair value upwards of $30 million and is seeking to leverage the equity in the facility to secure additional financing for the short-term operations of the Company and the Chatham Expansion.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel during the reporting periods-ended December 31, 2023, is set out below:

Related Party Reconciliation	For the 3 month Period Ended December 31, 2023 ($)	For the 9 month Period Ended December 31, 2023 ($)
Salaries and benefits	338,519	929,154
Share-based compensation	36,426	100,375
Professional fees	166,171	504,508
Other	28,328	160,256
Total Related Party Compensation	569,444	1,694,293

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Accounting Pronouncements Adopted in Most Recently Completed Financial Year

The Company has applied the following amendments to IFRS Standards and Interpretations issued by the IASB that were effective for annual periods that begin on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 Presentation of Financial Statements which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 12 Income Taxes which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

New Accounting Pronouncements

Other than as set forth below the Company has not adopted any new accounting policies during the reporting period and does not expect to adopt any in the period subsequent to the reporting period.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments: • clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period" • clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability. This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents, accounts payable, accounts receivable, the AgMedica Class B Preferred Shares, and other financial assets, term debt and accrued liabilities. Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial asset / liability	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost
Contingent consideration	Amortized cost
Contingent liability	Amortized cost

The Company classifies its cash and cash equivalents at amortized cost. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying values of the financial instruments at December 31, 2023 are summarized in the following table:

Financial asset / liability	Carrying Value
Cash	362,981
Trade and other receivables	4,462,335
Other financial assets	36,419
Trade and other payables	27,888,067
Term debt	21,121,461
Deposits and prepaid assets	1,617,919
Class B - preferred shares	965,389
Contingent consideration	176,637
Contingent liability	957,285

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

The risks associated with the Company's financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its accounts receivable in the aggregate amount of $3,216,752 as at December 31, 2023 (December 31, 2022 - $4,540,551). Cash is held with certain Canadian and Israeli financial institutions with high credit worthiness.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to Canadian government agencies and large retail outlets and have payment terms of 30–60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company's credit risk exposure on these types of transactions. Pharmacy operations in Israel do not extend credit to its retail customers.

To mitigate credit risk exposure for its international customers, the Company generally receives a minimum of a 50% deposit prior to shipment.

The aging of the Company's trade receivables has not changed significantly between December 31, 2023 and December 31, 2022. No financial assets were past due except for the outstanding accounts receivable, of which $43,365 (December 31, 2022 - $251,046) was greater than 60 days outstanding as at December 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements, and when possible, raises capital as required to support investment in production facilities and working capital requirements.

Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders, or from new investors, or from the refinancing or sale and leaseback of its Chatham Facility, to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company or at all.

Foreign Currency Risk

The Company, through its international customers and vendors, is exposed to currency risk. As at December 31, 2023, $8,050,232 (December 31, 2022 - $7,412,847) of its financial assets were denominated in NIS. At December 31, 2023, $4,674,879 (December 31, 2022 - $3,855,537) of its financial liabilities, were denominated in NIS.

The Company is exposed to the NIS and a 10% strengthening or weakening in the NIS against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $337,535 (December 31, 2022 - $355,731) in net loss for the reporting period-ended December 31, 2023.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures. The Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk.

As at December 31, 2023, the Company does not hold any financial liabilities with variable interest rates, other than short-term revolving credit facilities at its pharmacy subsidiaries in Israel. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Interest rate risks on the interest-bearing financial liabilities are mostly limited due to the fact that the Company's substantial financial liabilities are fixed rate interest instruments carried at amortized cost. In Israel, the Company's pharmacy subsidiaries have bank lines of credit, with fluctuating interest rates, but their impact on the Company's overall interest rate risk is limited.

OUTSTANDING SHARE DATA

The Company has authorized an unlimited number of common shares without par value.

As of the date of this MD&A, the Company has 158,679,139 shares issued and outstanding, 11,381,326 stock options and 300,000 restricted share units.

Lastly, (i) in connection with the acquisition of GreenSeal and the recent receipt of a clearance certificate from the CRA, the Company is obligated to issue the 2,387,642 Withheld Shares; and (ii) subject to full or partial revocation of the existing cease trade order, the Company will issue 3,693,444 Loan Consideration Shares (as defined below).

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business and may affect the Company's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements. These risks and uncertainties are not the only ones facing the Company. Refer to the Company's MD&A for the financial year ended March 30, 2023, dated April 9, 2024 for a complete list of risk factors impacting the Company. Also, additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's Shares if any such risks actually occur.

The Company May Not Continue as a going concern and is considering its Strategic Altenatives

During the three months ended December 31, 2023, the Company had a net loss of $5,018,910 and as at December 31, 2023 had cumulative deficit of $18,881,703 and current liabilities exceeding current assets by $26,079,900.

As of the date hereof, the CRA has garnished appropriately $854,719 of the Company's receivables and has provided notice of its intention to garnish an additional $1,259,480. The Company is negotiating the timing of such garnishments, however there is no assurance it will be successful. In addition, as a result of such garnishments, the Company's wholly owned subsidiaries GreenSeal and AgMedica have breached the terms of two receivable purchase agreement with Stoke Canada Finance Corp. ("Stoke") and Stoke has delivered notice to GreenSeal demanding payment of $1.8 million and providing of its intention to enforce security. A failure to negotiate a reasonable resolution to both matters and/or secure third party financing will materially and adversely affect the Company's financial condition and ability to continue as a going concern and, in the meantime, has caused the Company to consider its strategic alternatives

The Company is in default of a covenant in a Mortgage registered against the Chatham Facility

Any default under our existing debt that is not waived by the applicable lenders could materially and adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Shares (once and if the FFCTO (as defined below) is lifted).

We are required to comply with the covenants in our debt instruments. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If the Company cannot comply with a debt covenant or anticipate that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to there stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Shares.

In that regard, Atlas is subject to externally imposed capital covenants related to secured indebtedness registered against the Chatham Facility and must keep its debt-to-equity ratio at 1:1, and as of September 30, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current.

The Company is in discussion with the applicable lender regarding a waiver of this breach and possibly repayment, in the event discussions regarding a refinancing of the Chatham Facility are successful.

Chatham Facility Mortgages Coming Due

The Company currently has $15.1 million in principal mortgages secured against the Chatham Facility which matures in November 2024. The Company is in discussions with lenders for the refinancing of this debt, however upon maturity of the debt, there can be no certainty that refinancing will be available at terms acceptable to the Company.

Our continued growth requires additional financing, which may not be available on acceptable terms or at all.

Our continued development and our ability to meet planned growth and increased cash flow for operations, particularly the Chatham Expansion, requires additional financing. The Company has appraised the Chatham Facility, including land and building, at a fair value upwards of $30 million and is seeking to further leverage the equity in the facility to secure additional financing for the Chatham Expansion and other operations of the Company.

The failure to raise such capital would result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares.

KEY DEVELOPMENTS SUBSEQUENT TO THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2023

New Loan

On February 6, 2024 Shahar Management Group Company (K.S.N.) Ltd. ("**Shahar**"), an entity controlled by Avi Elkayam, an insider of the Company, has made a loan to Cambrosia, a wholly-owned subsidiary of the Company in the principal amount of 3,000,000 NIS (approximately $1,110,000 CAD) (the "**Loan**").

The Loan was made pursuant to an agreement dated January 8, 2024, as amended on February 1, 2024, and further amended on March 12, 2024, between Cambrosia and Shahar (the "**Loan Agreement**"). The Loan has a term of two years commencing on February 1, 2024, and bears interest at a rate of 9.75% per annum. Loan repayment obligations for the first 12 months of the term are on an interest-only basis, and thereafter monthly payments of interest and principal.

Pursuant to the Loan Agreement, Cambrosia deposited 250,000 NIS in a closed bank account to ensure timely interest payments for the first year of the term. Cambrosia has the option to request an extension of the term of the Loan by an additional 12 months, for an aggregate repayment term of three years.

Cambrosia's obligations under the Loan Agreement are secured by a pledge of its 51% interest in its three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies and guaranteed by the Company. Shahar has the right to enforce its' security interest in the pharmacies should the FFCTO not be lifted by May 15, 2024. In addition to the applicable interest on the Loan payable by Cambrosia, subject to and conditional upon the revocation of the FFCTO, Atlas will issue to Avi Elkayam, as sole shareholder of Shahar and/or to Shahar 3,693,444 Shares (the "**Loan Consideration Shares**").

On May 14, 2024, the OSC granted the Company a partial revocation order permitting the issue of the Loan Consideration Shares

Claim Against GreenSeal

On April 22, 2024, Ernst & Young Inc. as Receiver and Manager of the Atlas Subsidiaries filed a statement of claim in the Court of King's Bench against GreenSeal Cannabis Company, Ltd. for a judgement in the amount of $351,712.50, interest and costs for cannabis products allegedly purchased by GreenSeal from the Atlas Subsidiaries. GreenSeal is assessing the merits of the claim.

Requirements to Pay From Canada Revenue Agency

Commencing in March 2024, the Canada Revenue Agency (the "CRA") issued Requirements to Pay (each, an "RTP") to various provincial wholesalers, for non-payment of excise taxes by the Company, requiring the account debtors to pay the CRA 50% of the amounts owing to the Company. As of the date hereof, the CRA has issued RTP's in respect of approximately $1,259,480 of the Company's receivables otherwise payable by provincial wholesalers.

Material Breach of Purchase Order and Receivables Sales

On April 29, 2024, Stoke Canada Finance Corp. ("**Stoke**") notified the Company, AgMedica and GreenSeal that pursuant to RTPs approximately $1,113,338 of purchased receivables and purchase orders has been or is expected to be paid by provincial wholesalers to the CRA resulting several material breaches of the receivables purchase agreement (the "**Receivables Agreement**") pursuant to which Stoke agreed to purchase, from time to time, eligible accounts receivable due and owing to GreenSeal and AgMedica from provincial wholesalers.

On May 27, 2024, Stoke made written demand to GreenSeal of $1.8M owing under its Receivables Agreement and provided notice of its intention to enforce its security interest against GreenSeal's receivables.

Failure to File Cease Trade Order

On August 8, 2023, the Ontario Securities Commission (the "**OSC**"), as the principal regulator, issued a failure to file cease trade order (the "**FFCTO**"), upon the Company's failure to file the financial statements and related MD&A and certifications (the "Annual Filings") by July 31, 2023. On April 9, 2024, the Company completed its Annual Filings.

On May 22, 2024, the Company made application to the OSC for a full revocation of the FFCTO order permitting the issue of the Loan Consideration Shares (as defined below).

Settlement of Dispute Regarding Israel Acquisition

Cambrosia Ltd., a wholly owned subsidiary of the company, entered into a definitive agreement (the High Times agreement), for the acquisition of 51 per cent of the outstanding securities of an Israeli private limited liability company operating a medical cannabis pharmacy and doing business as Hi Times (the High Times transaction).

The acquisition was subject to a number of conditions, which were not satisfied by the time prescribed therefor. As such and due to current economic conditions, on May 22, 2024, the parties entered into a settlement agreement pursuant to which vendor paid Cambrosia the sum 400,000 new Israeli shekels (approximately $149,132.00) as repayment for the 650,000 new Israeli shekels (approximately $242,339) previously advanced to the vendor by Cambrosia pursuant to the High Times agreement.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Interim Financial Statements and the Company's Annual Information Form, can be found on SEDAR at sedarplus.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" within the meaning of applicable securities legislation, that relate to our current expectations and views of future events. Statements or information which are not purely historical are forward-looking statements and include any statements or information regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as "anticipate", "objective", "may", "will", "should", "expect", "believe", "estimate", "potential", "plan", "project" or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements and information may include, among other things, statements or information relating to the ability of the Company to negotiate a manageable repayment of outstanding Excise Tax payments and settlement of the demand issued by Stoke, the Company's business strategy (including expected growth rate) of Atlas, potential sources of capital, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, financings and re-financings, expected market growth and market penetration, timing of product development (both for future products and enhancements of existing products), expectations regarding expenses, sales, operations, our estimates regarding our capital requirements and our ability to obtain additional financing, our expectations for the cost and timing of achieving our business objectives, our competitive position, and anticipated trends and challenges in the markets in which we operate including the regulatory environment.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Atlas will operate in the future, including: general business and economic conditions; the regulatory environment, the demand for our products; anticipated costs and ability to achieve goals, business plan and growth strategy; the availability of financing on reasonable terms as needed; our ability to attract and retain skilled staff; our ability to complete any contemplated transactions; and that there will be no regulation or law that will prevent us from operating our business or render it more costly to do so. Although Atlas believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect.

Forward-looking statements and information are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or information, including but not limited to the continuation of garnishment proceedings to collect excise tax is arrears (without abatement), the enforcement of security by Stokes, the possibility that the secured lender in respect of the Chatham Facility does not waive the breach of covenant and commences enforcement proceedings against the collateral, that short term financing is not secured, that the FFCTO is not revoked in part or in whole, our ability to access capital on reasonable terms in the medium term; demand for our products, business, economic and capital market conditions; the ability to expand our business internationally; the ability of the Company to make payments of principal and interest on its outstanding debt; the ability to refinance outstanding debt if required; the ability to manage our operating expenses which will increase significantly through business expansion and may adversely affect our financial condition; our ability to manage working capital; our ability to obtain additional financing, continued hostilities in the Middle East, potential dilution of the Company's share capital from future financing; our ability to successfully define, design and release new products in a timely manner that meet our customers' needs; our ability to remain competitive as competitors develop and release products; the ability to find and finance suitable acquisitions; legal and regulatory uncertainties; the uncertainty of the outcome of current ongoing litigation; risks inherent in foreign operations in the countries in which the Company or its subsidiaries operates, including political, economic, legal, military and sovereign risk; market volatility in response to heightened inflation and the impact on demand and pricing for our products; exchange rate fluctuation; price and volume volatility of the Company's shares; our relationships with our customers, distributors, suppliers and business partners; volatility in cannabis supply and demand; logistics issues, delays or delivery costs; ability to meet target production; alteration of supply contracts; conflicts of interest; quality control; our ability to attract, retain and motivate qualified personnel; our dependence on key personnel and the sufficiency of their expertise in managing a public company; our failure to develop new products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; product liability and recall; the risk that consumer interest in and sentiment towards Atlas products adversely changes; the impact of COVID-19 or other viruses and diseases on Atlas' ability to operate; equipment failures; unanticipated increases in operating costs; security threats; government regulations and laws regulating cannabis production and distribution and changes thereto; the availability and validity of licenses and permits required to operate the Company's business; changes or developments affecting the Company's production facilities; and failure of counterparties to perform their contractual obligations.

Further, Atlas is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements or information.

The forward looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The Company cautions that the foregoing lists of assumptions, risks and uncertainties is not exhaustive.

TAB E

This is Exhibit "E" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

ATLAS GLOBAL BRANDS INC.

Management's Discussion & Analysis

For the fifteen-month period ended March 31, 2023

Contents

INTRODUCTION

General

This management's discussion and analysis of financial condition and results of operations ("**MD&A**") of Atlas Global Brands Inc. ("**Atlas**" or "**Company**") should be read in conjunction with the Company's audited consolidated financial statements as at and for the fifteen months ended March 31, 2023 and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Accounting Standards ("**IFRS**") as issued by the International Accounting Standard Board ("**IASB**"). The Financial Statements are available under the Company's profile at www.sedarplus.ca.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

This MD&A has been prepared as of April 9, 2024 pursuant to the disclosure requirements under National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators.

The Business Combination

On December 30, 2022, the Company (then Silver Phoenix Resources Inc. ("**Silver Phoenix**")) completed a business combination with Atlas Biotechnologies Inc. ("**Atlas Biotech**"), AgMedica Bioscience Inc. ("**AgMedica**") and Cambrosia Ltd. ("**Cambrosia**") and the concurrent acquisition by Cambrosia of a 51% interest in each of Tlalim Pappo Ltd., Pharmacy Baron Ltd., and R.J. Regavim Ventures Ltd. (together the "**Israel Pharmacies**"), each an independent and privately held pharmacy in Israel (all together, the "**Transaction**").

The Company completed the Transaction pursuant to an amalgamation and share exchange agreement dated July 14, 2022, as amended, among Silver Phoenix, Atlas Biotech, AgMedica, Cambrosia, 2432998 Alberta Ltd. ("**Subco 1**"), 14060407 Canada Inc. ("**Subco 2**") and the ordinary shareholders of Cambrosia (the "**Amalgamation and Share Exchange Agreement**").

The Transaction constituted a "fundamental change" of the Company pursuant to the policies of the CSE.

The Transaction was structured as a three-cornered amalgamation and share exchange, pursuant to which (i) Subco 1, a wholly-owned subsidiary of the Company and Atlas Biotech, amalgamated (the "**Atlas Amalgamation**") to form a newly amalgamated company ("**Atlas Amalco**"); (ii) Subco 2, a wholly-owned subsidiary of the Company and AgMedica, amalgamated (the "**AgMedica Amalgamation**") to form a newly amalgamated company ("**AgMedica Amalco**"); (iii) the Company acquired all of the issued and outstanding securities of Cambrosia pursuant to a share exchange with the holders thereof (the "**Cambrosia Share Exchange**"); and (iv) Cambrosia acquired a 51% interest in each of the Israel Pharmacies (collectively, the "**Cambrosia Acquisitions**").

Concurrently, with the completion of the Transaction, Cambrosia completed a financing pursuant to which it issued 100,000,000 ordinary shares of Cambrosia to S.H.R. Group Management (KSN) Ltd. ("**S.H.R. Group**") for gross proceeds of ILS 9,000,000 (approximately CAD$3,487,441).

Pursuant to the terms of the Amalgamation and Share Exchange Agreement, immediately prior to closing, Silver Phoenix consolidated its shares on a 244,139 to 1 basis resulting in 3,445,380 shares outstanding post-consolidation, and all issued and outstanding Silver Phoenix warrants were cancelled.

Pursuant to the Atlas Amalgamation, former holders of common shares of Atlas Biotech received an aggregate of 38,550,838 post-consolidation shares of the Company on a pro-rata basis and Atlas Amalco became a wholly owned subsidiary of the Company.

Pursuant to the AgMedica Amalgamation, former holders of common shares of AgMedica received an aggregate of 38,550,870 post-consolidation shares of the Company, on a pro rata basis and AgMedica Amalco became a wholly owned subsidiary of the Company.

Pursuant to the Cambrosia Share Exchange, the former holders of ordinary shares of Cambrosia and vendors of the Israel Pharmacies received an aggregate of 62,282,313 post-consolidation shares of the Company together with options to acquire an additional 2,621,027 post-consolidation common shares of the Company and Cambrosia became a wholly owned subsidiary of the Company.

The Company completed the Transaction as of December 30, 2022, and on January 13, 2023 its common shares (the "**Shares**") began trading on the CSE under the symbol ATL.

Presentation of the Financial Statements

The result of the Transaction is that the shareholders of Cambrosia effectively gained control of the Company, thereby constituting a reverse acquisition per IFRS 3.B19 whereby the Company (the legal parent) has been treated as the accounting subsidiary and Cambrosia (the legal subsidiary) has been treated as the accounting parent.

Silver Phoenix did not meet the definition of a business under IFRS 3, Business Combinations, and therefore the Transaction was treated as an asset acquisition and not as a business combination and was accounted for as a capital transaction under IFRS 2 –Share-Based Payments for the acquisition of the net assets of Silver Phoenix and its listing status on the Canadian Securities Exchange ("**CSE**"). The balance of the Transaction constituting the acquisitions of AgMedica, Atlas Biotech and the Israel Pharmacies have all been accounted for as a single business combinations under IFRS 3.

Accordingly, the Financial Statements represent the continuation of the financial statements of Cambrosia except as to share capital structure, which has been retroactively restated to reflect the legal capital of the Company. Loss-per-share amounts have also been retrospectively restated to reflect the Transaction.

See "*The Transaction*" below for further details regarding these mergers and acquisitions.

Change in Year End

In February 2023, the Company announced a change to its fiscal year end from December 31 to March 31. The Company filed a notice of change of year end on February 28, 2023, pursuant to Part 4 of NI 52-102. Consequently, the Company is reporting financial results for a 15-month transition year from January 1, 2022, to March 31, 2023 compared to the period from Cambrosia's incorporation on March 17, 2021 to December 31, 2021.

References to "Fiscal 2023" or "FY 2023" are in respect of the fifteen months ended March 31, 2023.

Forward Looking Information

This MD&A contains forward-looking information within the meaning of applicable securities laws. Please refer to the Cautionary Statement Regarding Forward-Looking Information below.

Use of Non-GAAP Measures

The Company reports its financial results in accordance with IFRS. However, throughout this MD&A, we discuss non-GAAP financial performance measures that are not recognized or defined under IFRS, including reference to:

- Net revenue
- Net revenue from cannabis operations
- Earnings before interest, depreciation, taxes and amortization ("**EBIDTA**")
- Adjusted EBITDA
- Working capital
- Cannabis inventory and bio assets

All these non-GAAP financial measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with IFRS. These measures are presented to help investors' overall understanding of our financial performance and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These non-GAAP financial measures reflect an additional way of viewing aspects of operations that, when viewed with IFRS results, provide a more complete understanding of the business. The Company strongly encourages investors and shareholders to review Company financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

Please see "Reconciliation of Non-GAAP Financial Measures to IFRS Measures" below for a reconciliation of such non-GAAP Measures to the most directly comparable IFRS financial measures..

CORPORATE OVERVIEW

General

Silver Phoenix was incorporated on February 14, 2003, under the *Business Corporations Act* (British Columbia) which is the date of inception of the Company from a legal operational perspective. Cambrosia was incorporated on March 17, 2021, which is the inception date of the financial information presented in the Financial Statements.

The Company is listed on the CSE under the trading symbol ATL. The address of the Company's corporate office and principal place of business is 566 Riverview Drive, Unit 104, Chatham, O.N., N7M 0N2 and its registered and records office is located at Suite 3000, 1055 West Dunsmuir Street, Vancouver B.C. V7X 1K8.

As at March 31, 2023, the Company had the following subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership Interest	
		March 31, 2023	December 31, 2021
Atlas Global Brands Inc.[1]	Canada	100%	-%
Tlalim Papo Ltd. [1]	Israel	51%	-%
Pharmacy Baron Ltd. [1]	Israel	51%	-%
R.J. Regavim Ventures Ltd. [1]	Israel	51%	-%
AgMedica Bioscience Inc. [1]	Canada	100%	-%
5047346 Ontario Inc. [1]	Ontario	100%	-%
Tavivat Naturals Inc. [1]	Canada	100%	-%
8050678 Canada Inc. [1]	Canada	100%	-%
Unique Beverages (USA) Inc. [1]	USA	100%	-%
Wellworth Health Corp. [1]	Canada	100%	-%
Atlas Biotechnologies Inc. [1]	Alberta	100%	-%
Atlas Growers Ltd. [1]	Alberta	100%	-%
Atlas Growers Denmark A/S[1]	Denmark	100%	-%

The Company's principal business activity is the production, distribution and sale of cannabis internationally and in Canada. Our medical cannabis is currently sold and distributed in Canada, Australia, Germany, Israel, Denmark, Norway, Spain, and United Kingdom and we sell cannabis for the adult recreational market in Canada.

As at March 31, 2023 the Company operated two licensed facilities in Canada: (1) an EU-GMP, GACP and CUMCS certified facility in Chatham, Ontario; and (2) a GACP certified facility in Gunn, Alberta, as well as three (3) pharmacies in Israel, all of which were acquired on December 30, 2022 as part of the Transaction further described below.

Also further described below, subsequent to March 31, 2023, the Company announced the following changes to its operations: (1) on May 1, 2023, the acquisition of GreenSeal Cannabis Company, Ltd and GreenSeal Nursery Ltd., in Stratford, Ontario adding another GACP certified facility and genetic selection program; and (2) on June 2, 2023, the closing of its Gunn, Alberta facility.

Facilities

The Company utilizes its fully integrated and GACP, IMC-GAP and EU-GMP growing facility in Chatham, Ontario for cultivation, packaging, and processing and as its hub for exports to international markets. The Company utilizes the cultivation from its GACP and IMC-GAP certified facility in Stratford, Ontario to augment fulfillment of the international demand as well as to satisfy demand in the domestic Canadian market.

In Israel, the Company uses the Israeli Pharmacies to sell product directly to patients. By having a controlling interest in these pharmacies, Atlas is assured increased shelf space, premium product placement and availability.

Chatham, Ontario

The Company owns 215,000 sq. ft. industrial building at 566 Riverview Drive, in Chatham, Ontario, of which 110,000 sq. ft. is a dedicated indoor growing, processing and drying facility (the "**Chatham Facility**"). The Chatham Facility has current growing capacity of approximately 6,500 kg/year.

The Chatham Facility is a purpose-built cannabis facility at which AgMedica cultivates crop using a three or four vertical tiered system. This system allows precise control growing conditions for each plant group and maximizes production per square foot within each grow room. The AgMedica Facility offers the ability to cultivate year-round, resulting in slightly more than five flowering room turns per year.

The Chatham Facility has six active three-tiered grow rooms and five active larger scale grow rooms with four vertical tiers.

Additionally, the Chatham Facility has been licensed for six additional larger scale grow rooms with four vertical tiers, which have yet to be onboarded into active production. These additional grow rooms have been structurally completed but require additional infrastructure investments prior to onboarding them into active production (the "**Chatham Expansion**"). It is estimated that the Chatham Expansion could expand capacity by an additional 6,000+ kgs/annually.

The Chatham Facility is currently only approximately 50% occupied by AgMedica. AgMedica currently rents a portion of the remaining industrial space to third-party tenants to generate non-core cash flow.

Commencing with initial samples in May 2023 followed by first commercial exports in July 2023, operations at the Chatham Facility were expanded to include EU-GMP vape production.

Stratford, Ontario

As a result of its acquisition of GreenSeal, the Company owns a 30,000 square foot facility in Stratford, Ontario which produces just over 3,500 kg of cannabis flower annually (the "**Stratford Facility**"). Within a two-hour drive of the Chatham Facility, the Stratford Facility offers operational efficiencies. The Stratford facility is also structured as a multi tier vertical grow facility, growing flower, and drying it indoor.

Gunn, Alberta

Prior to the liquidation of the Atlas Subsidiaries (as defined and described below), the Company owned a 38,000 sq. ft. facility located 45 minutes west of Edmonton in the Lac Ste. Anne County (the "**Gunn Facility**"). The Gunn Facility was purpose-built for indoor cultivation and processing of cannabis in accordance with the Health Canada's good production practices. The building included office space, change rooms, one propagation room, one vegetative room, one mother room, six flowering room micro-climates, two drying rooms, one irrigation room and nine processing and laboratory rooms.

Israel

As previously stated, the Company has a 51% interest in the three Israel Pharmacies, located in Tel Aviv, Israel. As further described below, two of the pharmacies are licensed under the Medical Cannabis Unit of the Israeli Ministry of Health to dispense medical cannabis.

Products

We currently have approximately 50 distinct products available for sale across Canada varying in availability province to province. The Company has direct supply agreements in place with the British Columbia Liquor Distribution Branch, the Alberta Gaming, Liquor and Cannabis Commission, the Ontario Cannabis Stores, the Yukon Liquor Corporation and sells directly to Manitoba Liquor & Lotteries, the Northwest Territories Liquor, Cannabis Commission, and the PEI Cannabis Management Corporation. We have distribution agreements with distributors in Saskatchewan who distribute the Company's products to certain provincial distributors and retailers.

The Company's primary products are currently as follows:

Canadian Adult-Use Market Brands

Brand	Description	Market Segment (economy, value, core, premium or premium +)
lbs	Nurtured and curated using old school techniques of hang drying, hand trimming and cured to perfection.	PREMIUM+
GREENSEAL CANNABIS CO.	Standard approach, consistent craft experience with a genetic forward focus..	PREMIUM
Electric Lettuce	Accessible and convenient, with fun and unique flavours and products.. Offering a rotation of products featuring single strain, premium quality flower. Cultivated indoors with precision: hang dried, hand trimmed, and cured for weeks to ensure full flavour and potency.	VALUE
BONFIRE	Craft cannabis, grown in small batches, harvested at peak ripeness, hang dried, and hand trimmed without the use of machines. Bonfire product is all grown indoors using exclusive genetics sourced from our in-house nursery.	CORE

Recent Developments

Concentration of activities

Coincident with the liquidation of the Atlas Subsidiaries and consequential cessation of operations at the Gunn Facility, the Company shifted the focus of its activity at the Stratford facility on growing, processing and packaging for the domestic Canadian market while continuing to breed unique genetics for both the domestic and international markets. This shift has enabled the Company to enhance yields and the proportion of Grade A flower at both the Chatham Facility and Stratford Facility. The Company also maintains the ability to export GACP flower from its Stratford Facility to international markets.

Exclusive Agreement with Snoop Dogg

In February 2023, the Company entered into an exclusive licensing agreement with Calvin Broadus Jr. a.k.a "Snoop Dogg", granting Atlas use of the artist's name, image, logos, trademarks, and other authorized intellectual property to create, package, manufacture, distribute, sell, advertise, promote, and market a diverse range of cannabis products in Canada and all international medical cannabis markets (excluding the U.S.).

Acquisitions in Israel

Harmony

On February 6, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company ("**Harmony**") operating two medical cannabis pharmacies, one in Tel-Aviv and one in Jerusalem, and a 51% interest in an Israeli licensed cannabis "Trading House" intended to serve as the Company's hub for imports to and distribution within Israel, for consideration consisting of up to 2,800,702 Shares of the Company, at a deemed price of $1.00 per share.

During the financial statement reporting period, the Company lent the Trading House approximately $375,000, guaranteed by the vendors, to be repaid immediately in the event the transaction does not close.

Subsequent to March 31, 2023, the Company advanced a further $150,000 and also entered into revenue transactions with the vendors.

Owing to disputes regarding, among other matters, payment for product, the acquisition agreement was terminated in accordance with its terms, on the basis that the transaction was not completed by the date prescribed for completion in the definitive agreement.

On December 20, 2023, the Company filed a lawsuit against the principals of Harmony in the District Court of Tel Aviv, seeking various remedies including repayment of a loan in the amount of NIS 1,431,838 (approx. CAD $525,000) as noted above.

As part of the claim, the Company asked the court for a lien on the bank accounts of Harmony and its four founders. On December 21, 2023 the court approved the Company's request and issued a lien on those accounts in an amount of NIS 2,137,226 (approx. CAD $783,293), on each of the accounts of all 6 defendants. Following a request by the Company, on December 25, 2023, the court issued new liens on the accounts of all defendants, revising the amount of the liens to NIS 3,291,764 (approx. CAD $1,206,431) in each account.

Hi Times

On May 17, 2023, the Company announced the proposed acquisition of a 51% controlling interest in a private limited liability company operating a medical cannabis pharmacy, doing business as "Hi Times", for consideration of approximately 1,132,000 Shares of the Company at the deemed issue price of $1.00 per Share, and approximately CAD $239,743, payable at closing (the "**Cash Consideration**"). Had the transaction closed, the Cash Consideration may have been increased by up to New Israeli Shekel ("**NIS**") 2,050,000 upon the pharmacy's revenue and profitability exceeding certain prescribed amounts for the financial years ending December 31, 2023, to 2025.

The transaction was subject to the receipt of applicable regulatory approvals in Israel, which were not received by the agreed deadline for consummating the transaction. As a result, the transaction lapsed. Numerous attempts to negotiate the terms of anew agreement have not succeeded..

Duda

On May 24, 2023, the Company announced the proposed acquisition of a 51% controlling interest in Umana Pharmacies Ltd (doing business as "Duda"), which owns three private limited liability companies for consideration of approximately $3,411,444, comprised of a cash payment and the issuance of 1,925,300 Shares of the Company at the deemed issue price of $1.00 per share. The entities operate pharmacies which are used to distribute medical cannabis in Israel.

The transaction was subject to the receipt of applicable regulatory approvals in Israel which were not received by the agreed deadline for consummating the transaction. As a result, the transaction was terminated pursuant to its terms.

GreenSeal Acquisition

On April 28, 2023, the Company acquired all of the issued and outstanding shares of GreenSeal Cannabis Company, Ltd. and GreenSeal Nursery Ltd. (together, "**GreenSeal**"), a privately owned Ontario-based licensed cannabis producer and nursery pursuant to a share purchase agreement dated February 24, 2023, as amended, among the Company, GreenSeal and the shareholders of GreenSeal (the "**Share Purchase Agreement**").

Pursuant to the Share Purchase Agreement, Atlas Global issued to the GreenSeal vendors an aggregate of 7,612,358 Shares at an issue price per share equal to CAD $0.4374, representing the 20-day volume weighted average closing price (the "**VWAP**") of the Company's Shares on the CSE prior to closing. A further 2,387,642 Shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company (the "Withheld Shares"). Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition (the "**Closing Date**") based on the then VWAP of the Shares.

Approximately $5.5M in bank debt and $0.6M in long-term loans remain with GreenSeal post-closing. The Shares are subject to a contractual lock-up, pursuant to which 15% of the Shares are released every six months commencing on the six-month anniversary of the Closing Date, until the 36-month anniversary of the Closing Date. If, the volume weighted average closing price per share for the 20 trading days preceding the share releases on the 18, 24, and 30-month release dates is at least CAD $2.00, an additional 5% of the Shares will be released on such release date.

The following table summarizes the preliminary fair value of the assets and liabilities acquired and consideration paid for GreenSeal:

Fair value of share consideration		
Common shares issued (i)	$	2,521,118
Common shares to be issued (ii)		790,757
Contingent consideration (iii)		308,562
Total consideration paid for transaction	**$**	**3,620,437**
Net assets acquired		
Net working capital	$	2,051,670
Biological assets		792,603
Property, plant and equipment		9,913,000
Right of use assets		570,230
Right of use liabilities		(570,230)
Intangible assets		25,000
Contingent liability (iv)		(1,058,172)
Debt		(6,013,518)
Total net assets acquired		5,710,583
Gain on bargain purchase	**$**	2,090,146

(i) Share consideration: The share consideration has been determined based on the fair value of the Company's shares on the closing date of the transaction.

(ii) Shares to be issued: 2,387,642 common shares have been reserved for issuance to the GreenSeal vendors under the Share Purchase Agreement in connection with certain withholding obligations of the Company.

(iii) Contingent consideration: Up to an additional 1,500,000 shares may be issued at the 12-month anniversary of the closing date of the acquisition based on the then share price of the Company's common shares.

(iv) Contingent liability: As part of the GreenSeal acquisition, the Company recognized a liability related to past investment tax credits received by GreenSeal which may be repayable in the future. The timing of any repayment is uncertain.

Closure of the Gunn, Alberta Facility

On June 2, 2023, the Company announced that it would cease operations at its facility in Gunn, Alberta and liquidate the assets of Atlas Biotech and Atlas Growers Ltd., respectively (together, the "**Atlas Subsidiaries**"). Approximately 50 employees were impacted by this decision. All packaging activities were relocated to the Company's facility in Chatham, Ontario, which is now the hub for processing of cannabis flower, 1.0 and 2.0 products, and oils.

Based on financial analysis and after careful consideration of available alternatives, as based on the cash positions of the Company and its subsidiaries, forecasted revenue and expenses, scheduled debt payments and demands for payment received from creditors and the operational capabilities of the Company's other business units in Ontario, it was determined to be in the best interests of the Company and its shareholders to have the assets of the Atlas Subsidiaries liquidated, through a court-supervised process, in an orderly fashion so as to maximize recoveries for all affected stakeholders.

At the Company's suggestion and with the Company's cooperation, on June 27, 2023, the Atlas Subsidiaries' senior lender, the Agriculture Financial Services Corporation (the "**AFSC**") filed a statement of claim against the Company with the Court of King's Bench of Alberta in connection with the enforcement of the indebtedness of Atlas Biotech to the AFSC as well as the existing $1,400.000 limited parental guarantee of the Company and the personal guarantees of certain former principals of the Atlas Subsidiaries.

Effective July 4, 2023, on the application of the AFSC and with the consent of the Company, Ernst & Young Inc. was appointed as receiver and manager over certain current and future assets of the Atlas Subsidiaries, under the *Bankruptcy and Insolvency Act* (Canada) and the *Personal Property Security Act* (Alberta).

Purchase Order and Accounts Receivable Sales

On July 6, 2023 the Company entered into an arrangement to sell certain accounts receivables in exchange for an advance of 75% of the accounts receivables sold with the remaining 25%to be remitted net of fees and charges upon collection. On September 9, 2023, the Company amended the arrangement to include the sale of certain purchase orders which, once the purchase order is fulfilled, convert into a sold receivable and the Company receives an advance of 65% of the receivable. The receivables are sold on a non-recourse basis, and the Company pays a fee of 1.8% per month of the uncollected amounts advanced up to $1,000,000, and 1.67% per month on amounts advanced that are greater than $1,000,000. In addition, the Company is obligated to pay an unused facility fee of 2% per annum on the unused amount of the facility.

Purchase Order and Accounts Receivable Sales

On August 8, 2023, the Ontario Securities Commission (the "**OSC**"), as the principal regulator, issued a failure to file cease trade order (the "**FFCTO**"), upon the Company's failure to file the Financial Statements and related MD&A and certifications (the "**Annual Filings**") by July 31, 2023, due to the complexity of accounting for the Company's tri-partite and multijurisdictional Transaction and subsequent acquisitions. As a consequence of the delay in completing the Annual Filings, the Company is also delayed in filing its interim financial report and related management's discussion and analysis and certifications for the interim period ended June 30, 2023, September 30, 2023 and December 31, 2023 that were due August 29, 2023, November 29, 2023, and February 29, 2024, respectively.

The FFCTO prohibits the trading by any person of any securities of the Company in each jurisdiction in Canada in which the Company is a reporting issuer and in which Multilateral Instrument 11-103 – *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, including trades in the Shares made through the CSE, for as long as the FFCTO is in effect, with limited exceptions.

New Loan

On February 6, 2024 Shahar Management Group Company (K.S.N.) Ltd. ("**Shahar**"), an entity controlled by Avi Elkayam, an insider of the Company (together with Shara, the "**Lender**"), made a loan to Cambrosia, a wholly-owned subsidiary of the Company in the principal amount of 3,000,000 NIS (approximately $1,110,000 CAD) (the "**Loan**").

The Loan was made pursuant to an agreement dated January 8, 2024, as amended on February 1, 2024, and further amended on March 12, 2024, between Cambrosia and the Lender (the "**Loan Agreement**"). The Loan has a term of two years commencing on February 1, 2024, and bears interest at a rate of 9.75% per annum. Loan repayment obligations for the first 12 months of the term shall be on an interest-only basis, and thereafter monthly payments of interest and principal. Pursuant to the Loan Agreement, Cambrosia deposited 250,000 NIS in a closed bank account to ensure timely interest payments for the first year of the term. Cambrosia has the option to request an extension to the term of the Loan by an additional 12 months, for an aggregate repayment term of three years.

Cambrosia's obligations under the Loan Agreement are secured by a pledge of its 51% interest in its three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies. In addition, Atlas guaranteed the obligations of Cambrosia under the Loan Agreement and , subject to and conditional upon the revocation of the FFCTO , Atlas agreed to issue to Avi Elkayam, as sole shareholder of Shahar and/or to Shahar 3,693,444 Shares (the “**Loan Consideration Shares**”).

The Lender has the right to enforce its’ security interest in the pharmacies should the FFCTO not be revoked by April 15, 2024 to permit the issue of the Loan Consideration Shares. The Company has made application to the OSC for a partial revocation of the FFCTO, to permit the issue of the Loan Consideration Shares.

OVERALL PERFORMANCE

General

During the fifteen months ended March 31, 2023, the Company had a net loss of $16,447,572 and as at March 31, 2023 had cumulative deficit of $16,507,981 and current liabilities exceeding current assets by $26,203,053. The above events and conditions indicate there is a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Concurrently with the closing of the Transaction, the Company appointed a new Chief Executive Officer and Chief Financial Officer, not previously associated with the Company nor any of the entities included in the Transaction. As such, during the three-month period from closing of the Transaction to March 31, 2023, efforts were dedicated to evaluating the Company’s existing operations, address urgent liquidity issues, assess the consolidated cost structure and ultimately, formulate a strategy to reduce costs, optimize operations, improve cash flow and shift focus to the higher margin international market.

Further, as previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021, and, because the Transaction only completed on December 31, 2022, the 15-month period ended March 31, 2023 and reported in the Financial Statements represent only three (3) months of actual operations of the Company’s acquired subsidiaries and are not comparable to the same period in the prior year.

The results of operations and overall performance during 15-month period ended March 31, 2023, do not reflect any steps taken to execute on that strategy nor the events described above under “Recent Developments”, including in particular the discontinuation of operations at the Gunn Facility.

The Company’s business has been affected by is likely to continue be affected by the industry and economic factors described immediately below and the risk factors described under “*Risks and Uncertainties*”. In addition, the Company’s financial condition will be affected by the changes in its business operations since March 31, 2023 and described above under “*Recent Developments*”.

Industry and Economic Factors Affecting Our Business

Through analysis of the current market conditions, the following industry and economic factors have and are anticipated to continue to affect the Company’s business..

Canadian cannabis market trends

- *Price compression.* We have historically seen and continue to see price compression in the market, when compared to the prior fiscal year, which was driven by intense competition from the approximately 800 licensed producers in Canada. The price compression year over year has reduced the Company's revenue and has made growing market share a challenge.

- *Excise tax Rates.* Given the impacts of the above-referenced price compression, excise tax has grown to become a larger component of net revenue as it is predominantly computed as a fixed price on grams sold rather than as a percentage of the selling price. In late February 2024, the House of Commons Standing Committee on Finance issued a report outlining several recommendations regarding the adult-use cannabis industry. One such recommendation was a request to “make adjustments to the excise duty formula for cannabis so that it is limited to a 10% ad valorem rate and a requirement to apply an excise stamp on cannabis products. While the Company believes that in the long term there is a possibility of some level of reform, it will likely not occur in the next 12 months.

- *Excise Tax Arrears*. Separately, as of March 1, 2024 it was reported that approximately $200M was owed to the Canada Revenue Agency (the “**CRA**”) in excise tax in arrears. These arrears prompted the CRA to request that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the

Company. The Company has an arrears balance with the CRA and the potential garnishment of payments, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company's future financial performance.

International cannabis market trends

The cannabis industry in Europe is in its early stages of development, and countries within Europe are at different stages of legalization of medical and adult-use cannabis. Some countries have expressed a clear political ambition to legalize adult-use cannabis, some are engaging in an experiment for adult-use and some are debating regulations for cannabinoid-based medicine.

For example, on March 22, 2024, it was announced that cannabis possession and home cultivation will be decriminalized in Germany from April 1, 2024.. The decriminalization legislation is what is known as the "first pillar" in a two-step plan to legalize cannabis in the country. The "second pillar" is expected after the decriminalization bill, and would set up municipal five-year pilot programs for state-controlled cannabis to be sold in licensed shops.

Overall then, in Europe, we believe that, despite continuing recessionary economic conditions and the Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected.

Strategy and Outlook

Atlas believes that profitable growth, smart capital allocation and balance sheet health are critical success factors in the dynamic and rapidly developing global cannabis industry.

On the basis of the industry and economic trends discussed above, we believe that our international medical business provides the foundation for profitability and positive cash flow, and so we continue to increase distribution in core international markets and use the Canadian consumer business as a platform to build brands particularly through partnerships such as that described above with Snoop Dogg.

As such and given the Company's current cash flow concerns and continuing losses, the Company's primary strategy is to secure a short term loan of up US$3 to $5 million to address immediate liquidity needs, refinance its Chatham Facility to complete the Chatham Expansion and increase its market share in the higher margin international medical cannabis market while adding a high margin revenue stream in the form of co-packing cannabis and cannabis accessories for export.

This strategy is heavily dependent on securing third party financing, absent which the Company have consider a reduction in corporate capacity and/or sale or liquidation of less strategic assets.

SELECTED ANNUAL INFORMATION

The following is select financial data derived from the Financial Statements of the Company.

		15 Months ended March 31, 2023		From incorporation on March 17, 2021 to December 31, 2021
Financial Results				
Revenue	$	6,212,241	$	-
Loss for the period		(16,366,895)		(141,086)
Loss per share		(0.50)		(0.00)
Statement of Financial Position				
Total Assets		61,653,037		429,355
Total current financial liabilities		48,527,681		7,071
Total non-current financial liabilities		3,992,997		-
Dividends		-		-

Cambrosia, the accounting parent, was incorporated on March 17, 2021, and had a primary objective of sourcing, import planning, sales and marketing of cannabis from international partners. As matters developed, the completion of the Transaction became the sole focus of its business, and accordingly, financial results for the period prior to 2022 are not helpful comparatively to those of the Company for the 15 months ended March 31, 2023.

Also, while Atlas Biotech and AgMedica were operational prior to the Transaction date having substantial revenues in 2022 and 2021, their respective pre-amalgamation results are not consolidated in the above financial data under IFRS accounting standards.

The Company's revenue is comprised of the domestic and export sales of our two wholly owned Canadian subsidiaries, AgMedica and Atlas Biotech, and the revenues of the Israel Pharmacies from the date of their acquisition on December 30, 2022.

The loss for the 15-month period ended March 31, 2023, includes a write-down of goodwill and other intangible assets in the amount of $7,373,056 resulting from changes in expected results linked to the eventual shutdown of our facility in Gunn, Alberta. The liquidation of the assets of the Atlas Subsidiaries will be accounted for in fiscal Q1 2024.

The Company's assets are primarily comprised of property, plant and equipment, totalling $36,412,517 (mainly land, buildings and productions rooms), inventory and biological assets of $12,893,684 (work in progress and finished goods), and trade and other receivables of $5,424,743.

DISCUSSION OF OPERATIONS

The following is an analysis of the Company's operating results for the 15 months ended March 31, 2023 and includes a comparison against the period ended December 31, 2021.

		15 Months ended March 31, 2023	From incorporation on March 17, 2021 to December 31, 2021
Financial Results			
Revenue	$	6,212,241	
Net revenue from cannabis products (1)		5,109,776	-
Gross Profit		813,754	-
Operating expenses		8,512,685	140,758
Loss before interest, depreciation, taxes and amortization ("EBIDTA") (2)		(7,245,758)	(128,422)
Adjusted EBITDA(2)		(3,824,806)	(128,422)
Statement of Financial position			
Working capital (deficiency) / surplus(3)		(25,432,813)	422,284
Cannabis inventory and bio assets (4)		12,893,684	-
Shareholder (equity) deficit		(9,132,359)	(422,284)
Total assets		61,653,037	429,355

Notes:
Refer to the following sections for reconciliation of Non-GAAP Measures to the IFRS equivalent measure.

(1) Refer to the "Net Revenue" section for a reconciliation to the IFRS equivalent.
(2) Refer to the "EBITDA" section for a reconciliation to the IFRS equivalent.
(3) "Working capital" is defined as Current Assets less Current Liabilities as reported on the Company's Consolidated Statements of Financial Position. Current Liabilities includes the current portion of convertible debentures.
(4) Represents total biological assets and inventory, accessories, supplies, consumables, and plant propagation biological assets.

As previously stated, Cambrosia, the accounting parent, was incorporated on March 17, 2021 and, accordingly, financial results for the period prior to 2022 are not helpful comparatively to those of the Company for the 15 months ended March 31, 2023. Further, given the Transaction closed on December 30, 2022, the operating results represent only three (3) months of actual operations of the Company's acquired subsidiaries.

We reasonably believe that Company's future performance will be affected by the industry and economic factors described above, the risk factors described under "*Risks and Uncertainties*" and the changes in its business operations since March 31, 2023 and described above under "*Recent Developments*", especially the liquidation of the Atlas Subsidiaries.

Net Revenue

Net Revenue is defined as revenues less excise taxes included in the price to sell. Revenues of $6,212,241 were recorded in the period less excise taxes of $410,906, resulting in net revenues of $5,801,335. See Note 18 in the Financial Statements for further information on net revenues from cannabis operations.

The increase in revenue is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. The Company's revenue is comprised of the domestic and export sales of our two Canadian subsidiaries, AgMedica and Atlas Biotech, and the revenues of the Israel Pharmacies. The majority of our revenue is comprised of cannabis sales, with additional revenue coming from non-cannabis products sold in the Israel Pharmacies. The following is a breakdown of net revenues based on the customer's geographical region.

		For the 15 month period ended March 31, 2023	%
Canadian revenues	$	**2,092,509**	36%
International revenues:			
Oceania		**2,073,350**	36%
Asia		**1,194,290**	21%
Europe		**441,186**	7%
Net revenue	$	**5,801,335**	100%

As previously stated, the change in the Company's revenue from the comparative period is primarily a result of the structure and accounting of the Transaction and the limited historical operations of Cambrosia prior to the completion of the Transaction.

Gross Profit

The increase in gross profit is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. Gross Profit of $813,754 is primarily driven by the recognition of unrealized gains on changes in fair value of biological assets developed in the period.

Operating Expenses

The increase in selling, general and administrative ("**SG&A**") expenses is a result of the consolidation, for the first time, of the results of operations of the entities acquired in the Transaction. SG&A expenses include substantial items which are related to the Transaction, including $1,117,225 recognized as a listing expense associated with Cambrosia's accounting acquisition of Silver Phoenix, legal and professional fees of $1,348,016 relating to the Transaction and subsequent securities regulatory compliance matters, and company acquisition expenses of $2,303,727 relating to the acquisition of the Canadian and Israeli legal entities that are part of the Company. These Transaction expenses amounted to $4,768,968 in total and are expected to be non-recurring in nature.

EBITDA

EBITDA is defined as earnings (loss) before interest, taxes, depreciation and amortization. Adjusted EBIDTA is EBITDA less adjustments for non-recurring items

The increase in Adjusted EBITDA losses were brought about due to the first time consolidation of the activities of those entities acquired pursuant to the Transaction. As previously noted, these activities do not reflect any steps taken on the strategy outlined above following the appointment of the new Chief Executive Officer and new Chief Financial Officer subsequent to the closing of the Transaction.

Working Capital

The working capital deficiency of ($25,432,813) is primarily due to the classification of the Company's term debts as current in the amount of $25,862,873. Working Capital is further influenced by short-term liabilities, including government remittances payable of $8,877,886 and accounts payable of $9,454,714 mostly offset by inventory and biological assets of $12,893,684 and trade and other receivables of $5,424,743.

Cannabis Inventory

The increase in cannabis and biological inventory is a result of the consolidation, for the first time, of the balance sheets of the entities acquired in the Transaction.

Reconciliation of Non-GAAP Financial Measures to IFRS Measures

Net Revenue and Net Revenue from cannabis operations

Cannabis net revenue represents revenue from the sale of cannabis products less excise taxes.

The closest IFRS measure to net revenue and net revenue from cannabis operations is Revenue as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

		For the 15 month period ended March 31, 2023
Revenue	$	6,212,241
Less: excise taxes		**(410,906)**
Net revenue		5,801,335
Less: Revenue from non-cannabis goods – pharmacy operations		**691,559**
Net revenue from cannabis products		5,109,776

EBITDA and Adjusted EBITDA

The closest IFRS measure to EBIDTA and Adjusted EBITDA is net loss as reported on the consolidated statement of loss and comprehensive loss, a reconciliation to which is found in the below table.

	For the 15 month period ended March 31, 2023	**From the period of incorporation on March 17, 2021 to December 31, 2021**
Net Loss	16,366,895	141,086
Remove:		
Depreciation and Amortization	(1,144,480)	-
Share Based Compensation	(122,446)	(12,336)
Other income	138,749	-
Finance expense	(631,251)	(328)
Finance income	16,297	-
Impairment of intangible assets and goodwill	(7,373,056)	-
Loss on foreign exchange	(4,950)	-
EBITDA loss	7,245,758	128,422
Non-recurring items included in EBITDA:		
Listing Expense	(1,117,225)	-
Company acquisition expenses	(2,303,727)	-
Adjusted EBITDA loss	3,824,806	128,422

Adjusted EBITDA is intended to provide a proxy for the Company's operating cash flow and is widely used by industry analysts to compare issuers to its competitors, and derive expectations of future financial performance for Atlas, and excludes out-of-period adjustments that are not reflective of current operating results.

Working Capital and Cannabis Inventory and bio-assets

These non-GAAP measures are a result of the addition or netting of IFRS financial measures, a reconciliation to which is found in the below table.

		For the 15 month period ended March 31, 2023	From the period of incorporation on March 17, 2021 to December 31, 2021
Biological Assets	$	1,892,745	-
Inventories		11,000,939	-
Cannabis inventory and bio-assets		12,893,684	-
Add:			
Cash		2,614,498	127,205
Shor-term Investments		35,833	-
Trade and other receivables		5,424,743	-
Deposits and prepaid assets		2,126,110	302,150
Deduct:			
Trade and other payables		22,375,179	7,071
Current portion of term debt		25,862,873	-
Current portion of lease liabilities		161,778	-
Income taxes payable		49,618	-
Deferred revenue		66,331	-
Other current liabilities		11,902	-
Working capital deficiency		25,432,813	422,284

Management believes that working capital is an important liquidity measure and is defined as current assets less current liabilities as stated on the Company's Consolidated Statements of Financial Position.

SUMMARY OF QUARTERLY RESULTS

This MD&A relates to the financial results of Cambrosia, as the reverse takeover acquirer. Having not previously been a reporting issuer, Cambrosia has not prepared financial statements on a quarterly basis and as a result, quarterly financial results are not available for any period prior to December 31, 2022.

		For 3 months ended March 31, 2023		As at March 31, 2023
Revenue	$	6,212,241	$	
Loss for the period		(14,787,488)		
Loss per share		(0.10)		
Total Assets				61,653,037
Total liabilities				52,520,678

The quarterly revenue is comprised of the domestic and export sales of our two Canadian subsidiaries (AgMedica and Atlas Biotech), and the revenues of the Israel Pharmacies. The majority of our revenue is comprised of cannabis sales, with additional revenue coming from non-cannabis products sold in our Israel Pharmacies.

The loss for the three months ending March 31, 2023 was impacted, to a very large extent, by expenses related to the Transaction of $2,016,864 for legal and professional fees can company acquisition expenses, which are not recurring in nature, as well as a write-down of goodwill and other intangible assets in the amount of $7,373,056 resulting from changes in expected results linked to the eventual shutdown of our facility in Gunn, Alberta. The liquidation of the assets of the Atlas Subsidiaries will be accounted for in fiscal Q1 2024

The Company's assets are primarily comprised of property, plant and equipment, of $36,412,517 (mainly land, buildings and productions rooms), inventory and biological assets of $12,893,684, and trade and other receivables of $5,424,743.

The Company's liabilities are primarily comprised of trade and other payables, of $22,375,179, and current portion of long-term debt of $25,862,873.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of ($25,432,813) as at March 31, 2023 as compared to a working capital surplus of $422,284 as at December 31, 2022. As at March 31, 2023, the Company had cash in the amount of $2,614,498 as compared to $127,205 at December 31, 2022.

Based on the current funds held, the Company does not have sufficient working capital for the short-term. The Company's primary short-term liquidity needs are to make the down payments necessary to source product from some third parties, to fund its net operating losses and capital expenditures to maintain existing facilities, and lease payments.

The Company's ability to fund its short-term operating requirements depends on (i) future operating performance and cash flows, which are subject to economic, financial, competitive, business and regulatory conditions, and other factors, some of which are beyond its control and (ii) the Company's ability to access third party financing, including by way of a refinancing of existing debt or a sale or lease back of certain assets previously described. In addition, recent developments in the Canadian cannabis industry regarding potential garnishment of excise taxes in arrears (of the Company has $6,819,519), inserts material uncertainty into the Company's cash flow forecasts and increase the risk that it may not be able to fund its short-term operating requirements, absent third party financing.

The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments and financing the Chatham Expansion to increase cash flow from operations and international market penetration. The additional grow rooms,to be completed as part of the Chatham Expansion, have been structurally completed but require additional infrastructure investments of up to approximately $5 million, prior to onboarding them into active production.

Our long-term liquidity needs primarily relate to potential strategic plans. The Company does not have any current commitments for capital expenditures.

The Company's capital resources will continue to be insufficient, and to the extent available, costly, until it can sustain net positive cash flow from operations, whereupon the Company believes access to capital will increase and its cost will decrease.

The Company currently has $15.1M in principal mortgages secured against the Chatham Facility. This secured indebtedness includes financial covenants including a requirement to keep its debt-to-equity ratio at 1:1, and as of March 31, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current. The Company is in discussion with the lenders to secure a waiver of the default and while prior requests have been successful, there can be no assurance the Company will be successful again. See "*Risks and Uncertainties - The Company is in default of a covenant in a Mortgage registered against the Chatham Facility*".

In addition, the Company is in discussions with lenders for the refinancing of this debt prior to maturity in November 2024. The Company has appraised the Chatham Facility, including land and building, at a fair value of approximately $30M and is seeking to leverage the equity in the facility to secure additional financing for short term operations of the Company and the Chatham Expansion.

PROPOSED TRANSACTIONS

There are no undisclosed proposed transactions that will materially affect the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and key management personnel during the reporting periods-ended March 31, 2023, is set out below:

Related Party Reconciliation	**For the Reporting Period Ended March 31, 2023 ($)**
Salaries and benefits	583,093
Share-based compensation	96,025
Total Related Party Compensation	679,118

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has not initially adopted any new accounting policies during the reporting period and, other than as set forth below, has not and does not expect to adopt any accounting policies in the period subsequent to the reporting period.

Amendments to IAS 41: Agriculture

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IAS 41. The amendment removes the requirement for entities to exclude taxation cash flow when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The Company adopted the Amendments to IAS 41 effective January 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IFRS 9: Financial Instruments

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendments to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company adopted the Amendments to IFRS 9 effective January 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

Amendments to IAS 37: Onerous Contracts and the Cost of Fulfilling a Contract

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company adopted the amendments to IAS 37 effective January 1, 2022 which did not have a material impact to the Company's consolidated financial statements.

New Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The adoption of these amendments will not have a significant impact on the Company's consolidated financial statements.

IFRS 17 – Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. The standard is effective for annual periods beginning on or after January 1, 2023. This standard is expected to have no impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash, cash equivalents, accounts payable, accounts receivable, the AgMedica Class B Preferred Shares, and other financial assets, term debt and accrued liabilities. Financial instruments are measured either at fair value or at amortized cost. The table below lists the valuation methods used to determine the fair value of each financial instrument.

Financial asset / liability	IFRS 9
Cash	Amortized cost
Accounts receivable	Amortized cost
Other financial assets	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Term debt	Amortized cost
Deposits	Amortized cost
Class B - preferred shares	Amortized cost

The Company classifies its cash and cash equivalents at amortized cost. The carrying values of accounts payable, amounts payable and consideration payable, which have been classified as financial liabilities, are measured at amortized cost using the effective interest method.

The carrying values of the financial instruments at March 31, 2023 are summarized in the following table:

Financial asset / liability	Carrying Value
Cash	2,614,498
Trade and other receivables	5,424,743
Other financial assets	35,833
Trade and other payables	(22,375,179)
Term debt	(25,862,873)
Deposits and prepaid assets	2,126,110
Class B - preferred shares	(804,203)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. Further information on fair value measurements is available in Note 2 of the Financial Statements.

The carrying values of cash, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity. The fair value of the promissory notes and term debt and equipment financings also approximate their fair value.

The risks associated with the Company’s financial instruments and how these risks are managed are summarized below.

Credit risk

Credit risk is the risk of potential loss if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its accounts receivable in the aggregate amount of $5,424,743 as at March 31, 2023 (December 31, 2021 - $nil). Cash is held with certain Canadian and Israeli financial institutions with high credit worthiness.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk. The Company has assessed that it has limited customer credit risk due to the fact that accounts receivable is primarily from the sale of cannabis to Canadian government agencies and large retail outlets and have a payment terms of 30–60 days. For smaller customers, payment is fulfilled through the processing of a credit card or obtaining payment in advance of delivery, therefore limiting the Company’s credit risk exposure on these types of transactions. Pharmacy operations in Israel do not extend credit to its retail customers.

To mitigate credit risk exposure for its international customers, the Company generally receives a minimum of a 50% deposit prior to shipment.

The aging of the Company’s trade receivables has changed significantly between March 31, 2023 and December 31, 2021 due to the increase in operations and the Transaction. As at March 31, 2023, no financial assets were past due except for the outstanding accounts receivable, of which $495,206 (December 31, 2021 - $nil) was greater than 60 days outstanding as at March 31, 2023.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements, and when possible, raises capital as required to support investment in production facilities and working capital requirements.

Based on the current funds held, the Company does not have sufficient working capital for the short term, and thus will need to rely upon financing from shareholders and/or debt holders, or from new investors, or from the refinancing or sale and leaseback of its Chatham, Ontario facility, to obtain sufficient working capital. There is no assurance that such financing will be available on terms and conditions acceptable to the Company or at all.

Market Risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to other factors including changes in equity prices.

The Company, through its international customers and vendors, is exposed to currency risk. As at March 31, 2023, $4,699,977 (December 31, 2021 - $nil) of its financial assets were denominated in NIS. At March 31, 2023, $2,151,323 (December 31, 2021 - $nil) of its financial liabilities, were denominated in NIS.

The Company is exposed to the NIS and a 10% strengthening or weakening in the NIS against the Canadian dollar on financial assets and financial liabilities would result in a decrease or increase of approximately $232,744 (December 31, 2021 - $nil) in net loss for the reporting period-ended March 31, 2023.

The Company has not entered into any hedging agreements or purchased any financial instruments to hedge its foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. As at March 31, 2023, the Company does not hold any financial liabilities with variable interest rates, other than short-term revolving credit facilities at its pharmacy subsidiaries in Israel. Atlas does maintain bank accounts and occasionally government investment certificates which earn interest at variable rates, but it does not believe it is currently subject to any significant interest rate risk.

Interest rate risks on the interest-bearing financial liabilities are mostly limited due to the fact that the Company's substantial financial liabilities are fixed rate interest instruments carried at amortized cost. In Israel, the Company's pharmacy subsidiaries have bank lines of credit, with fluctuating interest rates, but their impact on the Company's overall interest rate risk is limited.

Foreign Currency Risk

The Company, through its international customers and vendors is exposed to currency risk. As at March 31, 2023, $4,745,096 of the Company's' financial assets (December 31, 2021 - $nil) and $2,417,652 of the Company's financial liabilities (December 31, 2021 - $nil) are translated to and denominated in Canadian dollars.

The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables and planned expenditures.

OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company has 158,679,139 shares issued and outstanding, 13,434,759 stock options and 600,000 restricted share units.

Lastly, (i) in connection with the acquisition of GreenSeal and the recent receipt of a clearance certificate from the CRA, the Company is obligated to issue the 2,387,642 Withheld Shares; and (ii) subject to full or partial revocation of the existing cease trade order, the Company will issue 3,693,444 Loan Consideration Shares.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business and may affect the Company's financial condition, results of operation or business and that could cause actual results to differ materially from those expressed in our forward-looking statements. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's Shares if any such risks actually occur.

The Company's ability to continue as a going concern depends on several factors, primarily securing additional funding.

During the fifteen months ended March 31, 2023, the Company had a net loss of $16,447,572 and as at March 31, 2023 had cumulative deficit of $16,507,981 and current liabilities exceeding current assets by $26,203,053. The above events and conditions indicate there is material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent, among other things, upon its capability to grow its revenue or reduce its cost base, to achieve self-sustaining operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, is sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all.

The Company is in default of a covenant in a Mortgage registered against the Chatham Facility

Any default under our existing debt that is not waived by the applicable lenders could materially and adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Shares (once the FFCTO is revoked in whole or in part).

We are required to comply with the covenants in our debt instruments. These covenants may create a risk of default on our debt if we cannot satisfy or continue to satisfy these covenants. If the Company cannot comply with a debt covenant or anticipate that it will be unable to comply with a debt covenant under any debt instrument it is party to, management may seek a waiver and/or amendment to the applicable debt instrument in respect of any such covenant in order to avoid any breach or default that might otherwise result therefrom. If we default under a debt instrument and the default is not waived by the lender(s), the debt extended pursuant to all of its debt instruments could become due and payable prior to there stated due date. If such event were to occur, the Company cannot give any assurance that (i) its lenders will agree to any covenant amendments or waive any covenant breaches or defaults that may occur, and (ii) it could pay this debt if it became due prior to its stated due date. Accordingly, any default by us on existing debt that is not waived by the applicable lenders could materially adversely impact our results of operations and financial results, may impact the Company's ability to continue as a going concern, and may have a material adverse effect on the trading price of our Common Shares.

In that regard, Atlas is subject to externally imposed capital covenants related to secured indebtedness registered against the Chatham Facility and must keep its debt-to-equity ratio at 1:1, and as of March 31, 2023, was in violation of this covenant, which resulted in the long-term debt being classified as current.

The Company is in discussion with the applicable lender regarding a waiver of this breach and possibly repayment, in the event discussions regarding a refinancing of the Chatham Facility are successful.

Garnishment of Excise Tax Arrears Would Materially and Adversely Affect The Company's Near Term Cash Flow

As stated above, in an industry wide effort to collect substantial arrears, CRA has requested that provincially owned cannabis wholesalers to garnish payments intended for licensed producers, such as the Company. The Company has an arrears balance with the CRA of $6,819,519 and potential garnishment, without third party financing and/or some negotiation of the timing of payment of the arrears will materially adversely affect the Company's future financial performance. The Company is in discussion with the CRA regarding payment of the arrears on a schedule that will mitigate the effect on the Company's near term cash position.

The FFCTO is not Revoked to Permit the Issue of Loan Consideration Shares

As stated above, the Loan is secured by a pledge of Cambrosia's majority interest in its' three pharmacies located in Israel and its interest in any other subsequently acquired medical cannabis pharmacies and the Lender has the right to enforce its' security interest in the pharmacies should the FFCTO not be revoked, at least in part, by April 15, 2024 to permit the issue of the Loan Consideration Shares. The Company has made application to the OSC for a partial revocation of the FFCTO but there is no assurance that such application will be successful.

Challenging Global Financial Conditions

In recent years, global financial conditions have become increasingly volatile due to events like the COVID19 pandemic, the ongoing conflict in Ukraine, the Israel-Hamas war, recession and high inflationary environment which have had an impact on global capital markets. Future crises could stem from a variety of causes, including natural disasters, geopolitical instability, pandemics, new infectious diseases or viruses, energy price changes, or supply chain disruptions. Any sudden or rapid destabilization of the global economic conditions could have negative consequences for the Company, making it difficult to access credit and capital markets. It could also affect the Company's ability to deliver product to its international units and customers, fulfill obligations to counterparts, including interest and other debt payments, ultimately having a negative impact on its financial position, cash flow, and operating results. If volatility levels continue to rise, or if global economic conditions experience a general decline, it could impact consumption patterns, financial markets, and the value and liquidity of the Company's common shares, significantly affecting the Company's well-being. These events may damage the Company's properties, deny the Company access to an adequate workforce, increase the cost of energy and other raw materials, temporarily or permanently close the Company's facilities, disrupt the production, supply and distribution of the Company's products, and disrupt the Company's information systems.

Refinancing debt on the Chatham Facility as an opportunity to increase working capital for AGB

The Company currently has $15.1M in principal mortgages secured against the Chatham Facility which matures in November 2024. The Company is in discussions with lenders for the refinancing of this debt, however upon maturity of the debt, there can be no certainty that refinancing will be available at terms acceptable to the Company.

Our continued growth requires additional financing, which may not be available on acceptable terms or at all.

Our continued development and our ability to meet planned growth and increased cash flow for operations, particularly the Chatham Expansion, requires additional financing. The Company has appraised the Chatham facility, including land and building, at a fair value upwards of $30M and is seeking to further leverage the equity in the facility to secure additional financing for the Chatham Expansion and other operations of the Company.

The failure to raise such capital would result in the delay or indefinite postponement of our current business strategy or our ceasing to carry on business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be available on favorable terms. If additional funds are raised through issuances of equity, equity-linked securities, or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences, and privileges superior to those of holders of Common Shares. In addition, from time to time, we may enter into transactions to acquire assets or equity securities of other companies. These transactions may be financed wholly or partially with debt, which may increase our debt levels above industry standards and our ability to service such debt. Any debt financing obtained in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which could make it more difficult for us to obtain additional capital and pursue business opportunities, including potential acquisitions. Debt financings may contain provisions, which, if breached, entitle lenders to accelerate repayment of debt and there is no assurance that we would be able to repay such debt in such an event or prevent the enforcement of security, if any, granted pursuant to such debt financing.

An economic downturn of global capital markets may make raising additional capital more difficult. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized, which could have an adverse impact on the Company's operations and the trading price of the Company's shares.

Price Compression in the Cannabis Industry

The cannabis industry has experienced, and continues to experience, price compression, which may adversely impact the Company's profitability both domestically and internationally. In addition, such price compression, as well as, or together with, the oversupply of certain types of products in the industry, may result in the Company incurring additional impairment losses on inventory in the event the cost of our inventory exceeds its net realizable value. The continuing evolution of these market conditions represent ongoing uncertainties that may affect the Company's future financial results and its ability to continue as a going concern.

We are and may become party to litigation, mediation, and/or arbitration from time to time.

We are and may in the future become party to regulatory proceedings, litigation, mediation, and/or arbitration from time to time in the ordinary course of business, which could adversely affect our business, financial condition, operations and our ability to continue as a going concern. Monitoring and defending against legal actions, with or without merit, can be time-consuming, divert management's attention and resources and can cause us to incur significant expenses. In addition, legal fees and costs incurred in connection with such activities may be significant and we could, in the future, be subject to judgments or enter into settlements of claims for significant monetary damages. While we have insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards. Substantial litigation costs or an adverse result in any litigation may adversely impact our business, financial condition, or operations. Litigation, and any decision resulting therefrom, may also create a negative perception of our company.

We have expanded and intend to further expand our business and operations into jurisdictions outside of Canada and Israel, and there are risks associated with doing so.

As stated above, we intend to expand our operations and business into jurisdictions outside of Canada and Israel, some of which are emerging markets, but there can be no assurance that any market for our products will develop in any such foreign jurisdiction. The continuation or expansion of our operations internationally will depend on our ability to renew or secure the necessary permits, licenses, or other approvals in those jurisdictions. An agency's denial of or delay in issuing or renewing a permit, license, or other approval, or revocation or substantial modification of an existing permit or approval, could prevent us from continuing our operations in or exports to other countries.

Operations in non-Canadian or Israeli markets may expose us to new or unexpected risks or significantly increase our exposure to one or more existing risk factors. Some governmental regulations may require us to award contracts in, employ citizens of, and/or purchase supplies from the jurisdiction. These factors may limit our capability to successfully expand our operations and may have a material adverse effect on our business, financial condition and operations.

In addition, we are further subject to a wide variety of laws and regulations domestically and internationally with respect to the flow of funds and product across international borders and the amount of medical cannabis we export may be limited by the various drug control conventions to which Canada is a signatory.

While we continue to monitor developments and policies in the emerging markets in which we operate and assess the impact thereof on our operations, such developments cannot be accurately predicted and could have an adverse effect on our business, operations or profitability.

Our business may be affected by a period of sustained inflation across the markets in which we operate could result in higher operating costs.

In the past year, the worldwide economy has experienced significant inflation and inflationary pressures. Inflation may negatively impact our business, raise cost and reduce profitability. While we have and will continue to take actions, wherever possible, to reduce the impact of the effects of inflation, in the case of sustained inflation across several of the markets in which we operate, it could become increasingly difficult to effectively mitigate the increases to our costs. In addition, the effects of inflation on consumers' budgets could result in the reduction of our customers' spending habits. If we are unable to take actions to effectively mitigate the effect of the resulting higher costs, our profitability and financial position could be negatively impacted.

Future execution efforts may not be successful.

There is no guarantee that our current execution strategy will be completed in the currently proposed form, if at all, nor is there any guarantee that we will be able to expand into additional jurisdictions. There is also no guarantee that expansions to our marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licenses and permits (such as additional licenses from Health Canada under the Cannabis Act, and approvals by the Israeli Ministry Of Health) and there is no guarantee that all required approvals, licenses and permits will be obtained in a timely fashion or at all. There is also no guarantee that we will be able to complete any of the foregoing activities as anticipated or at all. Our failure to successfully execute our strategy could adversely affect our business, financial condition and operations and may result in our failing to meet anticipated or future demand for products, when and if it arises.

In addition, the construction (or remaining construction) of any current or future facilities, including the Chatham Expansion, is subject to various potential problems and uncertainties, and may be delayed or adversely affected by a number of factors beyond our control, including the failure to obtain regulatory approvals, permits, delays in the delivery or installation of equipment by our suppliers, difficulties in integrating new equipment with its existing facilities, shortages in materials or labor, defects in design or construction, diversion of management resources, or insufficient funding or other resource constraints. Moreover, actual costs for construction may exceed our budgets. As a result of construction delays, cost overruns, changes in market circumstances or other factors, we may not be able to achieve the intended economic benefits, which in turn may materially and adversely affect our business, prospects, financial condition and operations.

Our business is reliant on the good standing of our licenses.

Our ability to continue our business of cannabis cultivation, production, storage, and distribution is dependent on the good standing of all of our licenses, authorizations, and permits and adherence to all regulatory requirements related to such activities, in Canada, Israel and other jurisdictions. We will incur ongoing costs and obligations related to regulatory compliance. Any failure to comply with the terms of the licenses, or to renew the licenses after their expiry dates, would have a material adverse impact on the financial conditions and operations of the business. Although we believe that we will meet the requirements of the *Cannabis Act* (Canada), and the relevant Israeli regulations, for future extensions or renewals of the licenses, there can be no assurance that Health Canada or the Israeli Ministry of Health will extend or renew the licenses, or if extended or renewed, that they will be extended or renewed on the same or similar terms. Should Health Canada or the Canada Revenue Agency ("**CRA**") or the Israeli Ministry of Health not extend or renew the licenses, or should they renew the licenses on different terms, our business, financial condition and operations would be materially adversely affected. The same risks may arise when expanding our operations to other jurisdictions.

We are committed to regulatory compliance, including but not limited to the maintenance of good production practices and physical security measures required by Health Canada and the Israeli Ministry of Health. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or restrictions on our operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require changes to our operations, increased compliance costs or give rise to material liabilities, which could have an adverse effect on our business, financial condition and operations.

Our Canadian licenses are reliant on our established sites.

The Canadian licenses we hold are specific to individual facilities. Any adverse changes or disruptions to the functionality, security and sanitation of our sites or any other form of non-compliance may put our licenses at risk, and ultimately adversely impact our business, financial condition and operations. As our operations and financial performance may be adversely affected if we are unable to keep up with such requirements, we are committed to the maintenance of our sites and intend to comply with Health Canada and their inspectors as required.

As our business continues to grow, any expansion to or update of our current operating sites, may require the approval of Health Canada. There is no guarantee that Health Canada will approve any such expansions and/or renovations, which could adversely affect our business, financial condition and operations.

The continued trading of our shares depends on our ability to compile and file financial statements on a timely basis.

As a publicly traded company, we are subject to various reporting requirements with deadlines associated with them. Failure to compile and file our financial statements, and any other required reports or documents, with the appropriate securities regulator on a timely basis, may result in suspension of trading in our shares, and if trading in our shares is suspended, there can be no assurance that trading would resume. Trading in our shares is currently suspended, as a result of our failure to compile and file our financial statements on a timely basis. While we are planning to apply to the securities regulator with a request to allow resumed trading in our shares shortly after the filing of these financial statements, there can be no assurance that trading would resume, or that similar incidents would not occur in the future.

Risks related to the Company's business in Israel.

Laws and regulations, applied generally, grant Israeli government agencies, such as the Medical Cannabis Unit of the Ministry of Health ("MCU"), and self-regulatory bodies, broad administrative discretion over the activities of the Company's Israeli units, which can include the power to limit, terminate or restrict business activities, the import and export of cannabis products and the imposition of additional quality criteria and disclosure requirements on the products and services provided. Achievement of the business objectives of the Israeli units is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities such as the MCU, and obtaining and maintaining all regulatory approvals, where necessary, for the production and sale of their products.

The Company cannot predict the time required to secure all appropriate regulatory approvals for its products and activity, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations, financial condition and prospects of the Company.

Failure to comply with the laws and regulations applicable to its operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate Cambrosia or the Cambrosia Purchased Entities, the suspension or expulsion from a particular market or jurisdiction or of its key personnel, and the imposition of fines and censures. To the extent that there are changes to the existing laws and regulations or the enactment of future laws and regulations that affect the sale or offering of products or services in any way, this could have a material adverse effect on the business, results of operations, financial condition, and prospects of the Company.

Certain Israeli subsidiaries' ability to produce, store, import, distribute and sell cannabis in Israel is dependent on such Entities maintaining a license with the MCU. Failure to comply with the requirements or any failure to maintain such license could have a material adverse impact on the business, financial condition, and operating results of the Company. There can be no guarantees that the MCU will extend or renew any of the Company's Israeli units' licenses as necessary or, if a license is extended or renewed, that any of such licenses will be extended or renewed on the same or similar terms. Should the MCU not extend or renew any of the Company's Israeli units' licences or should it renew any of such licenses on different terms, the business, financial condition and results of the operations of the Company could be materially adversely affected.

We operate in a highly regulated business and any failure or significant delay in obtaining applicable regulatory approvals could adversely affect our ability to conduct our business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Achievement of our business objectives is contingent, in part, upon compliance with the regulatory requirements enacted by applicable government authorities, including those imposed by Health Canada and or the Israeli Ministry of Health, and obtaining all applicable regulatory approvals, where necessary. We cannot predict the time required to secure all appropriate regulatory approvals for our products, or with respect to any activities or our facilities, or the extent of testing and documentation that may be required by government authorities on an ongoing basis. The impact of regulatory compliance regimes and any delays in obtaining, maintaining or renewing, or failure to obtain, maintain or renew, regulatory approvals may significantly delay or impact the development of our business and operations. Non-compliance could also have a material adverse effect on our business, financial condition and operations.

Change in the laws, regulations, and guidelines that impact our business may cause adverse effects on our operations.

Our business is subject to a variety of laws, regulations, and guidelines relating to the marketing, manufacturing, management, transportation, storage, sale, packaging and labeling, disposal and, if necessary, acquisition of cannabis. We are also subject to laws, regulations, and guidelines relating to health and safety, the conduct of operations, taxation of products and the protection of the environment. As the laws, regulations and guidelines pertaining to the cannabis industry are relatively new, it is possible that significant legislative amendments may still be enacted – either provincially, federally or in Israel – that address current or future regulatory issues or perceived inadequacies in the regulatory framework. It is also possible that laws that impact our business may not develop as we expect or on the timeline we expect, including the federal legalization of cannabis use in the U.S. if and when it occurs. Changes to such laws, regulations, and guidelines, may cause material adverse effects on our business, financial condition and operations.

The legislative framework pertaining to the Canadian non-medical cannabis market is subject to significant provincial and territorial regulation. The legal framework varies across provinces and territories and results in asymmetric regulatory and market environments. Different competitive pressures, additional compliance requirements, and other costs may limit our ability to participate in such markets.

Failure to comply with anti-money laundering laws and regulation could subject us to penalties and other adverse consequences.

We are subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the Proceeds of Crime (Money Laundering) and *Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of our operations or investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenue accruing from such operations or investments were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation, and any persons, including such U.S. based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures. This could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We compete for market share with many competitors, and many of our competitors may have longer operating histories, more financial resources, and lower costs than us.

As the cannabis market continues to mature, both domestically and internationally, the overall demand for products and the number of competitors is expected to increase.

Consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption or preferences away from medical cannabis and towards consumer cannabis. The Cannabis Act also permits patients to produce a limited amount of cannabis for their own purposes or to designate a person to produce a limited amount of cannabis on their behalf. Such shifts in market demand, and other factors that we cannot currently anticipate, could potentially reduce the market for our products, which could ultimately have a material adverse effect on our business, financial condition and operations.

The cannabis industry is undergoing substantial change, which has resulted in an increase in new and existing competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm our business in a number of ways, including losing patients and/or customers, revenue and market share, or forcing us to expend greater resources to meet new or additional competitive threats. There is potential that we will face intense competition from not only existing companies but from new entrants including those resulting from the federal legalization of cannabis use in the U.S. if and when it occurs, all of which could harm our operating results. Changes in the number of licenses granted and the number of licensed producers ultimately authorized by Health Canada, as well as other regulatory changes in Canada, the U.S., Israel and other markets that have the effect of increasing competition, could have an adverse impact on our ability to compete for market share in Canada's, Israel's and other cannabis markets.

Some competitors may have significantly greater financial, technical, marketing, and other resources compared to us. Such companies may be able to devote greater resources to the development, promotion, sale and support of their products and services, and may have more extensive customer bases and broader customer relationships. Such competition may make it difficult to enter into supply agreements, negotiate favourable prices, recruit or retain qualified employees, and acquire the capital necessary to fund our capital investments.

We also face competition from illegal cannabis dispensaries and 'black market' operations and participants, who do not have a valid license, that are selling cannabis to individuals, including products with higher concentrations of active ingredients, using flavours or other additives or engaging in advertising and promotion activities that are not permitted by law. Because they do not comply with the regulations governing the cannabis industry, illegal market participants' operations may also have significantly lower costs.

In order for us to be competitive, we will need to invest significantly in research and development, market development, marketing, new client identification, distribution channels, and client support. If we are not successful in obtaining sufficient resources to invest in these areas, our ability to compete in the market may be adversely affected, which could materially and adversely affect our business, financial conditions and operations.

Our future success depends upon our ability to maintain competitive production costs through economies of scale and our ability to recognize higher margins through the sale of higher margin products. To the extent that we are not able to continue to produce our products at competitive prices or consumers prioritize established low margin products over innovative, higher margin products, our business, financial conditions and operations could be materially adversely affected.

We may not be able to realize our growth targets.

Our ability to continue the production of cannabis products at the same pace as we are currently producing, or at all, and our ability to continue to increase both our production capacity and our production volumes, may be affected by a number of factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs, construction performance falling below expected levels of output or efficiency, contractor or operator errors, breakdowns, aging or failure of equipment or processes, and labour disputes. Factors specifically related to indoor agricultural and processing practices, such as reliance on provision of energy and utilities to our facilities, those specifically related to outdoor cultivation practices, such as droughts, environmental pollution and inadvertent contamination, and any major incidents or catastrophic events affecting the premises, such as fires, explosions, earthquakes or storms, may all materially and adversely impact the growth of our business.

In addition, the Company may be subject to other growth-related risks, including pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. If the Company is unable to deal with this growth, it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The continuance of our contractual relations with provincial and territorial governments cannot be guaranteed.

Part of our current revenue depend upon our supply contracts with the various Canadian provinces and territories. There are many factors which could impact our contractual agreements and alterations to, or the termination or renewal of, such contracts may adversely impact our business, financial condition and operations.

In addition, not all of the Company's supply arrangements with the various Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from the Company. The amount of cannabis that the provincial and territorial wholesalers may purchase under the supply arrangements may therefore vary from what the Company expects or has planned for. As a result, the Company's revenue could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial and territorial wholesalers. If any of the provincial or territorial wholesalers decide to purchase lower volumes of products from the Company than the Company expects, alters its purchasing patterns at any time with limited notice, decides to return product or decides not to continue to purchase the Company's cannabis products at all, the Company's revenue could be materially adversely affected, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Obtaining new strains and developing new product offerings may not be successful or aligned to consumer demands

While the Company has proven to be successful at acquiring and growing new strains, there is no guarantee the Company will continue to be able to acquire and cultivate new strains in the future. The prevailing challenges in obtaining new strains are compounded by the intricate legal processes involved. These regulatory constraints not only present hurdles for legitimate enterprises like ours but also inadvertently confer a competitive advantage to the illicit market, which operates outside the bounds of such restrictions. Furthermore, there is no certainty that the selected strains and new products offerings will have sufficient consumer demand to be sold for a profit, if at all. An inability to access new strains or innovate new products, which delight consumers may results in depressed sales, product returns, inventory write-offs, and other adverse impacts on the Company's operations.

Restrictions on branding and advertising may negatively impact our ability to attract and retain customers.

Our success depends on our ability to attract and retain customers. In Canada, the Cannabis Act strictly regulates the way cannabis is packaged, labelled, and displayed. The associated provisions are quite broad and are subject to change. It is currently prohibited to use testimonials and endorsements, depict people, characters and animals and produce any packaging that may be appealing to young people. The restrictions on packaging, labelling, and the display of our cannabis products may adversely impact our ability to establish brand presence, acquire new customers, retain existing customers and maintain a loyal customer base. This may ultimately have a material adverse effect on our business, financial conditions and operations.

The Company is subject to similar risk should proposed restrictions on packaging and branding go into effect in Israel and other countries.

The cannabis business may be subject to unfavorable publicity or consumer perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. Cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. Consumer perception of our products can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for our products and our business, financial condition, results of operations and prospects. Our dependence upon consumer perception means that adverse scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity, whether or not accurate or with merit, could have a material adverse effect on us, the demand for products, and our business, financial condition, results of operations and prospects.

Adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products legally, appropriately, or as directed. Although we believe that we operate in a manner that is respectful to all stakeholders and that we take care in protecting our image and reputation, we do not ultimately have direct control over how we are perceived by others. There is also a risk that the actions of other companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and, thereby, negatively impact our reputation. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in Canada and elsewhere in regard to our activities and the cannabis industry in general, whether true or not. The legal restrictions with respect to labelling and marketing cannabis may exacerbate these risks by increasing the influence of social media users and prohibiting us from effectively responding to negative publicity.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk by virtue of their relationship with us and may ultimately elect to discontinue their relationships with us.

The parties with which we do business may perceive that they are exposed to reputational risk as a result of our cannabis business activities. In particular, while we attempt to conduct our cannabis-related business activities in compliance with all laws, negative perception of cannabis- related activities could cause the parties with whom we do business to discontinue their relationships with us and may cause potential counterparties to decline to do business with us. These risks may increase during periods in jurisdictions where cannabis-related activities are illegal and where jurisdictions focus their enforcement efforts on eliminating such activities. Failure to establish or maintain business relationships could have a material adverse effect on our business, financial condition and operations.

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products.

There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using our cannabis and cannabis derivative products, including unexpected side effects or safety concerns, the discovery of which could lead to civil litigation, regulatory actions and even possibly criminal enforcement actions.

Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

We may enter into strategic alliances or expand the scope of currently existing relationships with third parties that we believe complement our business, financial condition and results of operation and there are risks associated with such activities.

We have entered into, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete and develop strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen regulatory issues, integration obstacles or costs, may not enhance our business, and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from current operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all. Any of the foregoing could have a material adverse effect on our business, financial condition and operations.

Our success will depend on attracting and retaining key personnel.

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel.

Our future success will depend on our directors' and officers' ability to develop and execute our business strategies and manage our ongoing operations, as well as our ability to attract and retain key personnel. Competition for qualified professionals, technical, sales and marketing staff, as well as officers and directors can be intense, and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations. While employment and consulting agreements are customary, these agreements cannot assure the continued services of such individuals.

Further, as a Licensed Producer under the Cannabis Act, certain key personnel, as well as directors, are required to obtain a security clearance by Health Canada. Licenses will not be granted until all key personnel have been granted security clearance. Under the Cannabis Act, a security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing or future key personnel will be able to obtain or renew such clearances. A failure by key personnel to maintain or renew their security clearance could result in a material adverse effect on our business, financial condition and operations. There is also a risk that if key personnel leave the Company, we may not be able to find a suitable replacement that can obtain a security clearance in a timely manner, or at all.

Dependence on Senior Management

The success of the Company and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel could adversely affect the Company's business. As well, the implementation of employee compensation packages, composed of monetary short-term compensation and long-term equity-based compensation, has been designed for the retention of key employees.

Certain of our directors and officers may have conflicts of interests due to other business relationships.

We may be subject to potential conflicts of interest as some of our directors and officers may be engaged in a range of other business activities. Our directors and officers are permitted to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. However, in some cases these outside business interests can require significant time and attention which may interfere with their ability to devote the necessary time to our business, and there is no assurance that such occurrences would not adversely affect our operations.

We may also become involved in other transactions which conflict with the interests of its directors and officers who may, from time to time, deal with persons, institutions or corporations with which we may be dealing, or which may be seeking investments similar to those the Company desires. The interests of these persons could conflict with our interests. In addition, from time to time, these persons may be competing with us for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval thereof in accordance with applicable laws. In accordance with applicable laws, our directors are required to act honestly, in good faith and in the Company's best interests.

Necessary security clearances take time to obtain and may impact the Company's ability to attract and retain board members and officers

The Cannabis Act and Cannabis Regulations require several individuals to obtain and maintain a valid security clearance, including directors, officers, and large shareholders of the Company. A security clearance cannot be valid for more than five years and must be renewed before the expiry of a current security clearance. There is no assurance that any of the Company's existing directors and officers who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. Prospective qualified directors or officers may be deterred from accepting appointments to positions in the cannabis industry that require security clearances due to the onus of the lengthy application process and uncertainty that a security clearance will be granted at all. Inability to attract and retain such qualified directors and officers may result in a material adverse effect on the Company's business, operating results, financial condition, or prospects.

Failure to develop and maintain an effective system of internal controls increases the risk that we may not be able to accurately and reliably report our financial results or prevent fraud, which may harm our business, the trading price of our Common Shares and market value of other securities

The Company maintains a system of internal controls over financial reporting ("ICFR") to ensure the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well controls are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. Effective internal controls are required for us to provide reasonable assurance that our financial results and other financial information are accurate and reliable. Any failure to design, develop or maintain effective controls, or difficulties encountered in implementing, improving or remediation lapses in internal controls may affect our ability to prevent fraud, detect material misstatements, and fulfill our reporting obligations. As a result, investors may lose confidence in our ability to report timely, accurate and reliable financial and other information, which may expose us to certain legal or regulatory actions, thus negatively impacting our business, the trading process of our Common Shares and market value of other securities.

We rely on international advisors and consultants in foreign jurisdictions.

The legal and regulatory requirements in the foreign countries in which we currently or intend to operate are different from those in Canada and Israel. Our officers and directors must rely, to a great extent, on local legal counsel and consultants in order to ensure our compliance with material legal, regulatory and governmental developments as they pertain to and affect our business operations, to assist with governmental relations and enhance our understanding of and appreciation for the local business culture and practices. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond our control. The impact of any such changes may adversely affect our business, financial condition and operations. Failure to comply with the Corruption of Foreign Public Officials Act (Canada) (“CFPOA”) and the Foreign Corrupt Practices Act (U.S.) (“FCPA”), as well as the anti-bribery laws of the other nations in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the CFPOA and the FCPA, which generally prohibit companies and their employees from engaging in bribery, kickbacks or making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. The CFPOA and the FCPA also require companies to maintain accurate books and records and internal controls, including at foreign controlled subsidiaries. In addition, we are subject to other anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions as the CFPOA and FCPA (e.g. the Organization for Economic Co-operation and Development Anti-Bribery Convention). Our employees or other agents may, without our knowledge and despite our efforts, engage in prohibited conduct under our policies and procedures and the CFPOA, the FCPA, or other anti-bribery laws to which we may be subject for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We may be subject to uninsured or uninsurable risks.

While we may have insurance to protect our assets, operations, and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which we are exposed. No assurance can be given that such insurance will be adequate to cover our liabilities or that it will be available in the future or at all, and that it will be commercially justifiable. We may be subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our normal business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our business, financial condition and operations.

We may be subject to product liability claims.

As a manufacturer and distributor of products designed to be topically applied, inhaled and ingested or otherwise consumed by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We may in the future have to recall certain of our cannabis products as a result of potential contamination and quality assurance concerns. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that the products produced by us caused or contributed to injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against us could result in increased costs, adversely affect our reputation and goodwill with our customers, and could have a material adverse effect on our business, financial condition and operations. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of such products.

Our cannabis products may be subject to recalls for a variety of reasons.

Manufacturers and distributors of consumer goods and products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. Additionally, if any of the products produced by us were subject to recall, the reputation and goodwill of that product and/or us could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on our business, financial condition and results of operations. Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Furthermore, any product recall affecting the cannabis industry more broadly could lead consumers to lose confidence in the safety and security of the products sold by participants in the industry generally, which could have a material adverse effect on our business, financial condition and operations.

The transportation of our products is subject to security risks and disruptions.

We depend on fast, cost-effective, and efficient third-party courier services to distribute our product to both wholesale and retail customers. Any prolonged disruption of these courier services could have an adverse effect on our business, financial condition and operations. Rising costs associated with the courier service we use to ship our products may also adversely impact our business and our ability to operate profitably.

Due to the nature of our products, security during transportation is of the utmost concern. Any breach of the security measures during the transport or delivery of our products, including any failure to comply with recommendations or requirements of government regulators, whether intentional or not, could have a materially adverse impact on our ability to continue operating under our current licenses and may potentially impact our ability to renew such licenses.

Our business is subject to the risks inherent in agricultural operations.

Since our business revolves mainly around the growth and processing of cannabis, an agricultural product, the risks inherent with agricultural businesses apply to our business. Such risks may include disease and insect pests, among others. Cannabis growing operations consume considerable energy and any rise in energy costs may have a material adverse effect on our ability to produce cannabis, and therefore, our business, financial condition and results of operations.

Although we currently grow, and expect to grow, most of our cannabis in climate-controlled, monitored, indoor locations, some of our production takes place outdoors and there is no guarantee that changes in outside weather and climate will not adversely affect such production. Like other agricultural products, the quality of cannabis grown outdoors is affected by weather and the environment, which can change the quality or size of the harvest. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that results in lost revenues. In addition, other items may affect the marketability of cannabis grown outdoors, including, among other things, the presence of non-cannabis related material, genetically modified organisms and excess residues of pesticides, fungicides, and herbicides. High degrees of quality variance can affect processing velocity and capacity utilization, as the process required to potentially upgrade lower quality product requires significant time and resources. There can be no assurance that natural elements will not have a material adverse effect on the production of our products and ultimately our business, financial condition and operations.

We have in the past, and may in the future, record significant impairments or write-downs of our assets.

Our cannabis inventory in our cannabis operations and cannabis retail segments has a finite shelf life and is subject to obsolescence, expiration, spoilage, shrinkage, unacceptable quality, contamination or other declines in value prior to wholesale or retail sale. We have in the past, and may in the future, be required to record substantial write-downs or impairments related to loss of value in our cannabis inventory.

In addition, our facilities may be subject to obsolescence, damage, loss of fair market value or other declines in value.

Our operations are subject to various environmental and employee health and safety regulations.

Our operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air, and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. We incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to obtain an environmental compliance approval under applicable regulations or otherwise comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties, or restrictions on our manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to our operations or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, and operations.

Climate change may have an adverse effect on demand for our products or on our operations.

Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of extreme weather events such as severe weather, heat waves, wildfires, flooding, hailstorms, snowstorms, and the spread of disease and insect infestations. These events could damage, destroy or hinder the operations at our physical facilities, or the facilities of our suppliers or customers, and adversely affect our financial results as a result of decreased production output, increased operating costs or reduced availability of transportation.

Government action to address climate change, greenhouse gas (GHG) emissions, water and land use may result in the enactment of additional or more stringent laws and regulations that may require us to incur additional capital expenditures, pay higher taxes, increased transportation costs, or could otherwise adversely affect our financial conditions.

In addition, increasingly our employees, customers and investors expect that we minimize the negative environmental impacts of our operations Although we make efforts to create positive impacts where possible and anticipate potential costs associated with climate change, failure to mitigate the risks of climate change and adequately respond to their changing expectations as well as those of governments on environmental matters, could result in missed opportunities, additional regulatory scrutiny, loss of team members, customers and investors, and adverse impact on our brand and reputation.

We may not be able to protect our intellectual property.

Our success depends in part on our ability to own and protect our trademarks, patents, trade secrets and other intellectual property rights.

We rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors.

Even if we move to protect our intellectual property with trademarks, patents, copyrights or by other means, we are not assured that competitors will not develop similar technology and business methods or that we will be able to exercise our legal rights.

Other countries may not protect intellectual property rights to the same standards as does Canada, particularly in the U.S. where cannabis remains federally illegal. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming, and unpredictable, as may be enforcing these rights against unauthorized use by others.

Actions taken to protect or preserve intellectual property rights may require significant financial and other resources such that said actions may have a materially adverse impact our ability to successfully grow our business. An adverse result in any litigation or defense proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect our business, financial condition and operations.

We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.

Given the nature of our product and its lack of legal availability outside of channels approved by the Government of Canada, Israel and other jurisdictions, as well as the concentration of inventory in our facilities, despite meeting or exceeding Health Canada’s and Israel’s security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of our facilities could expose us to additional liability, potentially costly litigation, increased expenses relating to the resolution and future prevention of these breaches and may deter potential customers from choosing our products.

In addition, we collect and store personal information about our customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Data theft for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence, or through a deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on our business, reputation, financial condition, and results of operations.

Furthermore, there are several federal, provincial, and Israeli laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada) (“PIPEDA”), protect medical records and other personal health information by limiting their use and disclosure of health information to the minimum level reasonably necessary to accomplish the intended purpose. If we were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, we could be subject to sanctions and civil or criminal penalties, which could increase our liabilities, harm our reputation, and have a material adverse effect on our business, financial condition, and operations.

We may be subject to risks related to our information technology systems, including cyber-attacks.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with our operations. Our operations depend, in part, on how well we and our suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems, depending on the nature of any such failure, could adversely impact our business, financial condition, and operations.

Cyber-attacks could result in important remediation costs, increased cybersecurity costs, lost revenues due to a disruption of activities, litigation, and reputational harm affecting customer and investor confidence, which ultimately could materially adversely affect our business, financial condition, and operations.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Globally, cybersecurity incidents have increased in number and severity, and it is expected that these external trends will continue. In response to any potential incident, we may incur substantial costs which may include:

remediation costs, such as liability for stolen information, repairs to system or data damage, or implementation of new security measures in response to the evolving security landscape; and legal expenses, including costs related to litigation, regulatory actions or penalties.

We may not be able to successfully identify and execute future acquisitions or dispositions, or to successfully manage the impacts of such transactions on our operations.

We have in the past, and may in the future, seek strategic and other acquisitions. Our ability to identify and consummate any future potential acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms, if at all.

Material acquisitions, dispositions, and other strategic transactions involve a number of risks, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully, or at all, or may take longer to realize than expected; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

The presence of one or more material liabilities and/or commitments of an acquired company that are unknown to us at the time of acquisition could have a material adverse effect on our business, financial condition and operations. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our existing operations.

As a holding company, Atlas Global Brands Inc is dependent on its operating subsidiaries to pay dividends and other obligations.

Atlas Global Brands Inc.is a holding company. Essentially all of our operating assets are the capital stock of our subsidiaries and substantially all of our business is conducted through subsidiaries which are separate legal entities. Consequently, our cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us.

The price of our Common Shares has historically been volatile. This volatility may affect the value of your investment in Atlas, the price at which you could sell our Common Shares and the sale of substantial amounts of our Common Shares could adversely affect the price of our Common Shares.

The market price for Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: actual or anticipated fluctuations in our results of operations; recommendations by securities research analysts; changes in the economic performance or market valuations of companies in the same industry in which we operate; addition or departure of our executive officers and other key personnel; release or expiration of transfer restrictions on outstanding Common Shares; sales or perceived sales of additional Common Shares; operating and financial performance that varies significantly from the expectations of management, securities analysts and investors; regulatory changes affecting the Company’s industry, business and operations; announcements of developments and other material events by us or our competitors; fluctuations in the costs of vital production inputs, materials and services; changes in global financial markets, global economies and general market conditions, such as interest rates and product price volatility; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; operating and share price performance of other companies that investors deem comparable to us; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company’s industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values, or prospects of such companies. Such volatility has been particularly evident with regards to the share prices of medical cannabis companies that are public issuers in Canada. Accordingly, the market price of Common Shares may decline even if our operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of Common Shares may be materially adversely affected.

It is not anticipated that any dividend will be paid to holders of our Common Shares for the foreseeable future.

No dividends on our Common Shares have been paid to date. We currently intend to retain future earnings, if any, for future operation and expansion. Our board of directors has the discretion to declare dividends and to prescribe the timing, amount and payment of such dividends. Such decision will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, and other relevant factors that our board of directors may deem relevant.

Future sales or issuances of equity securities could decrease the value of our Common Shares, dilute investors' voting power, and reduce our earnings per share.

We may sell or issue additional equity securities in subsequent offerings (including through the sale of securities convertible into equity securities and the issuance of equity securities in connection with acquisitions). We cannot predict the size of future issuances of equity securities or the size and terms of future issuances of debt instruments or other securities convertible into equity securities or the effect, if any, that future issuances and sales of our securities will have on the market price of our Common Shares.

Additional issuances of our securities may involve the issuance of a significant number of Common Shares at prices less than the previous market prices or market prices prevailing at the time. Issuances of a substantial number of Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of our Common Shares. Any transaction involving the issuance of previously authorized but unissued Common Shares, or securities convertible into Common Shares, may result in significant dilution to security holders.

Sales of substantial amounts of our securities by us or our existing shareholders, or the availability of such securities for sale, could adversely affect the prevailing market prices for our securities and dilute investors' earnings per share. Exercises of presently outstanding share options or warrants may also result in dilution to security holders. A decline in the market prices of our securities could impair our ability to raise additional or sufficient capital through the sale of securities should we desire to do so.

Our management will have substantial discretion concerning the use of proceeds from future share sales and financing transactions.

Our management will have substantial discretion concerning the use of proceeds from any future share sales and financing transactions, as well as the timing of the expenditure of the proceeds thereof. As a result, investors will be relying on the judgment of management as to the specific application of the proceeds of any future sales. Management may use the net proceeds in ways that an investor may not consider desirable. The results and effectiveness of the application of the net proceeds are uncertain.

The regulated nature of our business may impede or discourage a takeover, which could reduce the market price of our Common Shares and the value of any outstanding.

We require and hold various government licenses to operate our business, which would not necessarily continue to apply to an acquirer of our business following a change of control. These licensing requirements could impede a merger, amalgamation, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our Common Shares, which, under certain circumstances, could reduce the market price of our Common Shares.

There is no assurance we will continue to meet the listing standards of the Canadian Securities Exchange.

We must meet continuing listing standards to maintain the listing of our Common Shares on the Canadian Securities Exchange. Failure to submit financial statements on time has resulted in the cease-trading of our shares. If we fail to comply with listing standards and the Canadian Securities Exchange delists our Common Shares again, we and our shareholders could face significant material adverse consequences, including: a limited availability of market quotations for our Common Shares; reduced liquidity for our Common Shares; a determination that our Common Shares are "penny stock", which would require brokers trading in our Common Shares to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our Common Shares; a limited amount of news and analyst coverage of us; and a decreased ability for us to issue additional equity securities or obtain additional equity or debt financing in the future.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both our compliance costs and the risk of non-compliance, which could adversely impact the price of the Common Shares.

The financial reporting obligations of being a public company requires significant company resources and management attention.

We are subject to the public company reporting obligations under the Canada Business Corporations Act ("CBCA"), the British Columbia Business Corporations Act ("BCBCA"), and the Ontario Business Corporations Act ("OBCA") and the rules and regulations regarding corporate governance practices, and the listing requirements of the Canadian Securities Exchange. We incur significant legal, accounting, reporting and other expenses in order to meet such requirements. Moreover, our listing may increase price volatility due to various factors, including the ability to buy or sell Common Shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of our Common Shares.

We are a Canadian company and shareholder protections may differ from shareholder protections elsewhere.

We are organized and exist under the laws of British Columbia, Canada and, accordingly, are governed by the BCBCA. The BCBCA differs in certain material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

Our employees and counterparties may be subject to potential U.S. entry restrictions as a result of their relationship with us.

A foreign visitor who is involved either directly or indirectly in the cannabis industry may be subject to increased border scrutiny when attempting to enter the U.S. Multiple states have legalized aspects of cannabis production, sale and consumption; however, cannabis remains illegal federally in the U.S. The U.S. Customs and Border Protection previously advised that border agents may deem a foreign visitor who is involved, either directly or indirectly, in a state-legal cannabis industry as inadmissible. While unassociated trips to the U.S. may not result in problems entering the U.S., a foreign visitor attempting to enter the U.S. to proliferate cannabis-associated business may be deemed inadmissible, at the discretion of the border agents. As a company with operations in both the U.S. and Canada, inability of our employees or counterparties to enter the U.S. could harm our ability to conduct our business.

Participants in the cannabis industry may have difficulty accessing the service of banks and financial institutions, which may make it difficult for us to operate.

Because cannabis remains illegal federally in the U.S., U.S. banks and financial institutions remain wary of accepting funds from businesses in the cannabis industry, as such funds may technically be considered proceeds of crime. Consequently, businesses involved in the cannabis industry continue to have trouble establishing banking infrastructure and relationships. The inability or limitation on our ability to open or maintain a bank account in the U.S. or other foreign jurisdictions, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct business in the U.S. or other foreign jurisdictions.

The Company's employees, independent contractors and consultants may engage in fraudulent or other illegal activities.

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete, and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Our business has and may continue to be subject to disruptions as a result of the COVID-19 pandemic and other infectious diseases.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID-19, a global pandemic.

The COVID-19 pandemic resulted in extended government-ordered measures affecting significant portions of the global economy, including in Canada, Israel, Australia and Germany, where we conduct business. Although many preventative or protective actions have been eased or lifted in varying degrees, the potential for new and more-transmissible variants means that the situation remains dynamic and subject to rapid and possibly material changes. The public health crisis caused by COVID-19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and may continue to adversely affect, our business, financial condition, and results of operations. In connection with the COVID-19 pandemic and to comply with mandates and guidance from governmental authorities, we have updated our operational procedures and safety protocols at our facilities. If governmental authorities implement further restrictions in connection with COVID-19 or other infectious diseases, we may be required to take further action, which could include a short or long-term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and/or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult-use cannabis.

The controversy surrounding vaporizers and vaporizer products may materially and adversely affect the market for vaporizer products and expose us to litigation and additional regulation.

There have been a number of highly publicized cases involving lung and other illnesses and deaths that appear to be related to vaporizer devices and/or products used in such devices (such as vaporizer liquids). The focus is currently on the vaporizer devices, the manner in which the devices were used and the related vaporizer device products - THC, nicotine, other substances in vaporizer liquids, possibly adulterated products and other illegal unlicensed cannabis vaporizer products. Some states, provinces, territories and cities in Canada and the U.S. have already taken steps to prohibit the sale or distribution of vaporizers, restrict the sale and distribution of such products or impose restrictions on flavors or use of such vaporizers. This trend may continue, accelerate and expand.

Cannabis vaporizers in Canada are regulated under the *Cannabis Act* and *Cannabis Regulations*. Negative public sentiment may prompt regulators to decide to further limit or defer the industry’s ability to sell cannabis vaporizer products and may also diminish consumer demand for such products. For instance, Health Canada has proposed new regulations that would place stricter limits on the advertising and promotion of vaping products and make health warnings on vaping products mandatory, although such regulations explicitly exclude cannabis and cannabis accessories. The provincial governments in Quebec, Alberta and Newfoundland and Labrador have imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public’s perception of cannabis containing vaping liquids, may result in a reduced market for our vaping products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions or remain competitive in face of unexpected changes in market conditions.

This controversy could well extend to non-nicotine vaporizer devices and other product formats. Any such extension could materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance. Litigation pertaining to vaporizer products is accelerating and that litigation could potentially expand to include our products, which would materially and adversely affect our business, financial condition, operating results, liquidity, cash flow and operational performance.

Vaporizers, electronic cigarettes, and related products were recently developed and therefore the scientific or medical communities have had a limited period of time to study the long-term health effects of their use. Currently, there is limited scientific or medical data on the safety of such products for their intended use and the medical community is still studying the health effects of the use of such products, including the long- term health effects. If the scientific or medical community were to determine conclusively that use of any or all of these products pose long- term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation, reputational harm and significant regulation. Loss of demand for our product, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaporizer products could have a material adverse effect on our business, results of operations and financial condition.

We must rely largely on our own market research and internal data to forecast sales and market demand and market prices which may differ from our forecasts.

Given the early stage of the cannabis industry, we rely largely on our own market research and internal data to forecast industry trends and statistics as detailed forecasts are, with certain exceptions, not generally available from other sources. A failure in the demand for our products to materialize as a result of competition, technological change, change in the regulatory or legal landscape or other factors could have a material adverse effect on our business, financial condition and results of operations.

The Canadian excise duty framework affects profitability.

Canada's excise duty framework imposes an excise duty and various regulatory-like restrictions on certain cannabis products sold in Canada. We currently hold licenses issued by the CRA required to comply with this excise framework. Any change in the rates or application of excise duty to cannabis products sold by us in Canada, and any restrictive interpretations by the CRA or the courts of the provisions of the Excise Act, 2001 (which may be different than those contained in the Cannabis Act) may affect our profitability and ability to compete in the market.

We may hedge or enter into forward sales, which involves inherent risks.

We may hedge or enter into forward sales of our forecasted right to purchase cannabis. Hedging involves certain inherent risks including: (i) credit risk (the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with us or adversely affect the financial and other terms the counterparty is able to offer us); (ii) market liquidity risk (the risk that we have entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position); and (iii) unrealized fair value adjustment risk (the risk that, in respect of certain hedging products, an adverse change in market prices for cannabis will result in us incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates).

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect us from adverse changes in price fluctuations, it may also prevent us from fully benefitting from positive changes in price fluctuations.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's business operations, results of operations and financial condition.

Events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. Most recently, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the U.S. Federal Deposit Insurance Corporation ("FDIC") as receiver. Similarly, on March 12, 2023, Signature Bank was also placed into receivership, and, on May 1, 2023, First Republic Bank ("First Republic"), was also placed into receivership, with the FDIC accepting a bid from JPMorgan Chase Bank to assume all deposits, including all uninsured deposits, and substantially all assets of First Republic. Although the Company does not currently have any deposits at or credit facilities with such banks, some of our current vendors and/or customers might be affected. If the failure of any bank causes any of our vendors and/or customers to face financial difficulties, it could lead to a delay or inability to deliver goods and services to us or a delay or inability for our customers to pay for our products and services. On March 20, 2023, UBS Group AG agreed to buy Credit Suisse Group AG in a Swiss government-brokered deal. Despite the steps taken by central banks and other regulators to contain the effects of events affecting these financial institutions on the broader global financial system, it is not possible to predict whether other financial institutions will suffer similar problems. In the event of bankruptcy of any of the financial institutions in which the Company has deposits or investment assets, the Company may not be able to recover any such deposits or investment assets in full. Any further developments that might adversely impact financial institutions to which we have exposure could materially and adversely affect our business, results of operations, and overall financial condition.

The Company is subject to risks inherent in foreign operations.

The Company selectively pursues international market growth opportunities, which could result in those international sales accounting for a more significant portion of the Company's revenue. The Company has committed, and may continue to commit, significant resources to its international operations and sales and marketing activities. While the Company will have experience conducting business outside of Canada, it may not be aware of all the factors that may affect its business in foreign jurisdictions.

Further, with respect to the Company's intention to further develop into jurisdictions where the sale of cannabis or hemp for medical and/or adult-use purposes are permitted, some of these jurisdictions may be considered to have an increased degree of political and sovereign risk. Any material adverse changes in government policies, legislation or protectionism of any country that the Company has economic interests in may affect the viability and profitability of the Company.

The Company Shares may experience high level of price and volume volatility and if an active market does not develop for the Company Shares, the liquidity may be limited.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. An active public market for the Company Shares might not develop or be sustained upon completion of the Fundamental Change Transactions. If an active public market for the Company Shares does not develop, the liquidity of a shareholder's investment may be limited.

The senior management team of the Company has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of our business.

Not all of the senior management team of the Company has experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of the Company's business. Most the individuals who will constitute the Company's senior management team have limited experience managing a publicly traded company and complying with the increasingly complex laws pertaining to public companies. The Company's senior management team may not successfully or efficiently manage the Company's reporting obligations under Canadian securities laws. In particular, these obligations will require substantial attention from the Company's senior management and could divert their attention away from the day-to-day management of its business.

The Company has a substantial number of authorized but unissued shares which, if issued, could cause dilution.

The Company has an unlimited number of authorized Company Shares which may be issued by the board of the Company without further action or approval of the Company's shareholders. While the board is required to fulfil its fiduciary obligations in connection with the issuance of such Company Shares, Company Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Company Shares will cause dilution to the ownership interests of shareholders.

Risks related to Company's tax remittances

The Company is subject to the provisions of the Income Tax Act ("ITA") and to review by the Canadian Revenue Agency ("CRA"). The Company files its annual tax compliance based on its interpretation of the ITA and CRA's guidance. There is no certainty that the returns and tax position of the Company will be accepted by CRA as filed. Any difference between the Company's tax filings and CRA's final assessment could impact the Company's results and financial position.

There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which the Company operates will not be changed or interpreted or administered in a manner which adversely affects the Company and its shareholders. In addition, there is no assurance that CRA will agree with the manner in which the Company calculates taxes payable or that any of the other tax agencies will not change their administrative practices to the detriment of the Company or its shareholders.

The Company may inadvertently undertake business in the United States of America.

The Company and, to the Company's knowledge, its subsidiaries, do not currently engage in any U.S. cannabis related activities as defined in CSA Staff Notice 51-352. To date, the Company has caused its investees to only conduct business and invest in entities in federally legal jurisdictions by including appropriate representations, warranties and covenants in its agreements with investees. However, an investee may breach such obligations. Any such violation of such obligation would result in a breach of the applicable agreement and, accordingly, may have a material adverse effect on the business, operations, and financial condition of the

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at sedarplus.ca.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking information" within the meaning of applicable securities legislation, that relate to our current expectations and views of future events. Statements or information which are not purely historical are forward-looking statements and include any statements or information regarding beliefs, plans, outlook, expectations or intentions regarding the future including words or phrases such as “anticipate”, “objective”, “may”, “will”, “should”, “expect”, “believe”, “estimate”, “potential”, “plan”, “project” or similar expressions suggest future outcomes or the negative thereof or similar variations. Forward-looking statements and information may include, among other things, statements or information relating to the business strategy (including expected growth rate) of Atlas, potential sources of capital, any estimate of potential earnings and margins, the completion of any transaction including additional acquisitions, financings and re-financings, expected market growth and market penetration, timing of product development (both for future products and enhancements of existing products), expectations regarding expenses, sales, operations, our estimates regarding our capital requirements and our ability to obtain additional financing, our expectations for the cost and timing of achieving our business objectives, our competitive position, and anticipated trends and challenges in the markets in which we operate including the regulatory environment.

Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Atlas will operate in the future, including: general business and economic conditions; the regulatory environment, the demand for our products; anticipated costs and ability to achieve goals, business plan and growth strategy; the availability of financing on reasonable terms as needed; our ability to attract and retain skilled staff; our ability to complete any contemplated transactions; and that there will be no regulation or law that will prevent us from operating our business or render it more costly to do so. Although Atlas believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect.

Forward-looking statements and information are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking statements or information, including but not limited to: the risk that short term financing is not secured, the CRA commences garnishment proceedings to collect excise tax is arrears, the secured lender in respect of the Chatham Facility does not waive the breach of covenant and commences enforcement proceedings against the Chatham Facility, that the FFCTO is not revoked in part or in whole and the Lender enforces its security interest, , our ability to access capital on reasonable terms in the medium term; demand for our products, business, economic and capital market conditions; the ability to expand our business internationally; the ability of the Company to make payments of principal and interest on its outstanding debt; the ability to refinance outstanding debt if required; the ability to manage our operating expenses which will increase significantly through business expansion and may adversely affect our financial condition; our ability to manage working capital; our ability to obtain additional financing, continued hostilities in the Middle East, potential dilution of the Company’s share capital from future financing; our ability to successfully define, design and release new products in a timely manner that meet our customers’ needs; our ability to remain competitive as competitors develop and release products; the ability to find and finance suitable acquisitions; legal and regulatory uncertainties; the uncertainty of the outcome of current ongoing litigation; risks inherent in foreign operations in the countries in which the Company or its subsidiaries operates, including political, economic, legal, military and sovereign risk; market volatility in response to heightened inflation and the impact on demand and pricing for our products; exchange rate fluctuation; price and volume volatility of the Company’s shares; our relationships with our customers, distributors, suppliers and business partners; volatility in cannabis supply and demand; logistics issues, delays or delivery costs; ability to meet target production; alteration of supply contracts; conflicts of interest; quality control; our ability to attract, retain and motivate qualified personnel; our dependence on key personnel and the sufficiency of their expertise in managing a public company; our failure to develop new products; our ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; product liability and recall; the risk that consumer interest in and sentiment towards Atlas products adversely changes; the impact of

COVID-19 or other viruses and diseases on Atlas' ability to operate; equipment failures; unanticipated increases in operating costs; security threats; government regulations and laws regulating cannabis production and distribution and changes thereto; the availability and validity of licenses and permits required to operate the Company's business; changes or developments affecting the Company's production facilities; and failure of counterparties to perform their contractual obligations.

Further, Atlas is a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. Given these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements or information.

The forward looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. The Company cautions that the foregoing lists of assumptions, risks and uncertainties is not exhaustive.

TAB F

This is Exhibit "F" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Federal Corporation Information - 1463693-7

⚠ Beware of scams and other suspicious activities. See Corporations Canada's alerts.

Note

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

Order copies of corporate documents

Corporation Number
1463693-7

Business Number (BN)
Not Available

Corporate Name
AgMedica Bioscience Inc.

Status
Active

Governing Legislation
Canada Business Corporations Act - 2022-12-30

Order a Corporate Profile PDF Readers

-->
Find existing extra-provincial registrations of this corporation on Canada's Business registries

Registered Office Address

104-566 Riverview Drive
Chatham ON N7M 0M2
Canada

Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1
Maximum 3

Jason Cervi
104-566 Riverview Drive
Chatham ON N7M 5W7
Canada

Bernard Yeung
104-566 Riverview Drive
Chatham ON N7M 5W7
Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Individuals with significant control

No information has been filed.

Learn more about when this information must be filed.

Note

Active CBCA corporations are required to update this information annually (with their annual return) and within 15 days of a change in their ISC register via the Online Filing Centre. A corporation key is required. If you are not authorized to update this information, you can contact either the corporation or Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)
12-30

Date of Last Annual Meeting
Not available

Annual Filing Period (MM-DD)
12-30 to 02-28

Type of Corporation
Not available

Status of Annual Filings
2024 - Not due
2023 - Overdue

Corporate History

Corporate Name History

2022-12-30 to Present	AgMedica Bioscience Inc.

Certificates and Filings

Certificate of Amalgamation
2022-12-30
Corporations amalgamated:

- 14060407 14060407 CANADA INC.
- 8705127 AgMedica Bioscience Inc.

Order copies of corporate documents

Start New Search

Date Modified:

2024-05-24

TAB G

This is Exhibit "G" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Health Canada Santé Canada

PROTECTED B / PROTÉGÉ B

Licence No. - N° de licence
LIC-DYYUPRUYDP-2024

LICENCE

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

LICENCE

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

Licence Holder / Titulaire de la licence :
AgMedica Bioscience Inc.

Licensed Site / Lieu autorisé :
566 RIVERVIEW DRIVE
CHATHAM, ON, CANADA, N7M 0N2

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

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

Standard Cultivation — Culture standard

Activities	Activités
• To possess cannabis • To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis • For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means • To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations	• Avoir du cannabis en sa possession • Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis • Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques • Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "*Mandatory cannabis testing for pesticide active ingredients - Requirements*".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé *« Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».*

Standard Processing — Transformation standard

Activities	Activités
• To possess cannabis • To produce cannabis, other than obtain it by cultivating, propagating or harvesting it • To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations	• Avoir du cannabis en sa possession • Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte • Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "*Mandatory cannabis testing for pesticide active ingredients - Requirements*".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé *« Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».*
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d 'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d 'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis

Canada

Conditions	Conditions
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) dune personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes — Vente à des fins médicales

Activities	Activités
• To possess cannabis • To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations	• Avoir du cannabis en sa possession • Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis

Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) intérieure(s)
The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1

Effective date of the licence:

This licence is effective as of **April 4, 2024**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **4 avril 2024**

Expiry date of the licence:

This licence expires on **April 4, 2025**

Date d'expiration de la licence:

La présente licence expire le **4 avril 2025**

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis

TAB H

This is Exhibit "H" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Canada Revenue Agency / Agence du revenu du Canada

June 6, 2024

AgMedica Bioscience Inc.
104-566 Riverview Drive
Chatham, ON N7M 0N2
Attention: Jason Cervi

RECEIVED
JUN 12 2024

Dear Jason Cervi:

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

We have reviewed your cannabis licence renewal application, and your cannabis licence under the Excise Act, 2001 has been renewed effective June 9, 2024 and will expire on July 8, 2024.

Cannabis licence number

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

83782 7179 RD0001

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

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	104-566 Riverview Drive, Chatham, ON, N7M 0N2

Sufficient Financial Resources

A holder of a licence issued under the Act who wishes to maintain or renew their excise licence must continue to meet certain conditions imposed under the Act. Pursuant to paragraph 2(2)(e) of the Regulations Respecting Excise Licences and Registrations a licensee must maintain sufficient financial resources to conduct their business in a responsible manner.

As of June 04, 2024, you have **arrears balance** for the following account maintained with the CRA:

RD0001 - $3,851,110.00

In order to demonstrate that you have sufficient financial resources to conduct business in a responsible manner in accordance with section 2 of the Regulations, we require that the following payment requirements are met before June 30, 2024:

1. Comply fully with all terms and conditions of the payment arrangement agreed with our Collections branch on April 05, 2024. An agreement was made to pay $50,000 in June and July and followed by a payment of approximately $400,000 in August.

2. Monthly excise duty payable is paid by the due date (last day of the calendar month following your reporting period).

Failure to meet the eligibility criteria for a licence will render your licence ineligible for renewal on July 9,2024, and can be grounds for the CRA to suspend or cancel an excise licence pursuant to the Regulations. If your licence is not renewed, suspended or cancelled, you will no longer be authorized to conduct any activities, including production or possession of the goods, for which the licence was issued.

In order to renew your licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office.

Acknowledgement of Security

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

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

Obligations of a Cannabis Licensee

<u>Changes to Information</u>

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

Canada Revenue Agency / Agence du revenu du Canada

PROTECTED B

Books and Records

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

Filing of Returns

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

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

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

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

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

PROTECTED B

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Poon Balakrishnan at 365-323-7532. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise or call 1-866-330-3304 to make an enquiry. To request a ruling or technical interpretation on cannabis excise duty, please email cannabis@cra-arc.gc.ca.

Sincerely,

CARDWELL KATHERINE

Digitally signed by CARDWELL KATHERINE
DN: C=ca, O=gc, OU=ccra-adrc, OU=PERSONNEL, SERIALNUMBER=2012061231136131 + CN=CARDWELL KATHERINE
Reason:
Location:
Date: 2024.06.06 16:02:33-04'00'
Foxit PDF Editor Version: 13.0.1

Katherine Cardwell, CPA, CGA
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay Street North, Hamilton, ON, L8R 3P7
Fax: 1-905-572-4608

TAB I

This is Exhibit "I" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

PROTECTED B

LETTER AGREEMENT

BETWEEN:

AGMEDICA BIOSCIENCE INC.

(hereinafter, "**AgMedica**")

- and -

CANADA REVENUE AGENCY

(hereinafter, "**CRA**")

WHEREAS:

A. All terms not expressly defined herein have the meanings ascribed to them in the Plan of Compromise and Arrangement pursuant to the *Companies Creditors' Arrangement Act* (Canada) ("**CCAA**") affecting and involving the Applicants dated July 29, 2020 (as amended on August 22, 2020 and October 2, 2020 and as it may be further amended in accordance with its terms, the "**Plan**");

B. All terms and conditions of the Plan apply to this letter agreement and the parties hereto, and remain in full force and effect, unamended hereby;

C. The Applicants sought and obtained creditor protection under the CCAA pursuant to the Initial Order of Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 2, 2019;

D. A claims procedure order was issued by Mr. Justice McEwen of the Court dated February 4, 2020 (the "**Claims Procedure Order**"), and the CRA filed certain claims against the Applicants that have been accepted as Proven Claims in accordance with the Claims Procedure Order (the "**CRA Claims**").

E. As part of the CCAA proceeding, the Applicants, with the assistance and oversight of the Monitor, developed the Plan in order to, among other things, complete the restructuring and recapitalization of the Applicants and compromise all Affected Claims;

F. The Plan was approved by the Required Majority of Affected Creditors at the Meeting on August 25, 2020 and sanctioned by the Court pursuant to the CCAA on September 11, 2020;

G. Pursuant to the Plan, Affected Creditors with Proven Claims exceeding $1,000 may select one of the following three distribution options in full and final satisfaction of their Claims: (i) the Convenience Amount Option; (ii) the Class B Preferred Share Conversion Option; or (iii) the Common Share Conversion Option (collectively, the "**Distribution Options**");

H. CRA has advised that the foregoing Distribution Options are not acceptable in the circumstances as a result of, among other things, the application of Section 90(1)(b) of the *Financial Administration Act* (Canada) (the "**FAA**");

I. As such, in order to comply with the FAA, AgMedica and CRA have agreed that CRA's distribution under the Plan in respect of its Proven Claim will mirror the distribution it would otherwise have been entitled to under the Class B Preferred Share Conversion Option, however, such distribution shall be made strictly in accordance with the terms and conditions of this letter agreement as a promise to pay and CRA shall not hold or be deemed to hold any Class B Preferred Shares, directly or indirectly.

FOR GOOD AND VALUABLE consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. In full and final satisfaction of the CRA Claims, AgMedica shall (in accordance with the payment schedule set out in the following section) distribute to CRA an amount that is equal to CRA's *pro rata* portion of $5,000,000 (the aggregate face value of the Class B Preferred Shares to be issued pursuant to the Plan), which portion shall be determined by dividing the amount of the CRA Claims by the aggregate Proven Claim amount of all Affected Creditors that will be issued Class B Preferred Shares under the Plan, as determined by AgMedica and the Monitor (the "**CRA Distribution**").

2. Until the CRA Distribution is satisfied in full, AgMedica shall make payments to CRA in respect thereof on an annual basis (each, an "**Annual Payment**"), starting with the first full fiscal year after the Plan Implementation Date, in an amount that is equal to CRA's *pro rata* portion of 10% of AgMedica's Free Cash Flow during the preceding fiscal year, which portion shall be determined by dividing the amount of the CRA Claims by the aggregate Proven Claim amount of all Affected Creditors that will be issued Class B Preferred Shares under the Plan, as determined by AgMedica and the Monitor.

3. AgMedica's Free Cash Flow amount shall be derived from its annual financial statements and each Annual Payment shall be paid to CRA within sixty (60) days after AgMedica issues such annual financial statements. For greater certainty, the first such Annual Payment will be in respect of the first full fiscal year after the Plan Implementation Date.

4. AgMedica may, at any time, in its sole discretion, pay the CRA Distribution less any Annual Payments previously made, in whole or in part and shall only do so in conjunction with the redemption, in whole or in part, of the Class B Preferred Shares issued under the Plan.

5. In the event of a liquidation or winding up of AgMedica prior to the date on which the CRA Distribution is satisfied in full, the claim of CRA in respect any remaining amounts owing under the CRA Distribution shall rank: (i) in priority to the claims of the holders of Common Shares; (ii) *pari passu* to the claims of the holders of Class B Preferred Shares; (iii) subordinate to the holders of Class A Preferred Shares; and (iv) subordinate to the claims of all other creditors of AgMedica; in each case for the purposes of distributing the proceeds derived from the assets of AgMedica.

6. The entitlement of the CRA to payment of the CRA Distribution is intended to be, and shall be given the priority of, an "equity claim" in any subsequent proceedings pursuant to the CCAA, *Bankruptcy and Insolvency Act* (Canada), or any other bankruptcy, insolvency, receivership, dissolution or other proceedings that may be commenced with respect to AgMedica.

7. This letter agreement shall not be assigned without the prior written consent of both AgMedica and CRA.

8. This Agreement shall be governed by and construed in accordance with the laws of the Province of

Ontario and the laws of Canada applicable to agreements made to be performed within such province, and the parties hereto irrevocably attorn to the jurisdiction of the courts of Ontario.

9. This letter agreement may be signed by original, facsimile or email PDF in one or more counterparts and upon execution in counterparts by each party to this letter agreement; such counterparts together will constitute an original of this letter agreement, and execution and delivery by facsimile or email PDF will be legally binding upon the parties.

[remainder of page intentionally left blank]

DATED at Province of Ontario this 8th day of October 2020.

AGMEDICA BIOSCIENCE INC.

Per: ______________________

Name: TREVOR HENRY

Title: CEO

CANADA REVENUE AGENCY

Per: ______________________

Name: Giancarlo Di Tullio

Title: Manager, Revenue Collections

TAB J

This is Exhibit "J" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Health Canada / Santé Canada

Licence No. - N° de licence
LIC-70ALYHNZQ7-2023

LICENCE

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

LICENCE

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

Licence Holder / Titulaire de la licence :
GREENSEAL CANNABIS COMPANY, LTD.

Licensed Site / Lieu autorisé :
530 WRIGHT BOULEVARD
STRATFORD, ON, CANADA, N4Z 1H3

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

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

Standard Cultivation — Culture standard

Activities	Activités
• To possess cannabis • To obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis • For the purposes of testing, to obtain cannabis by altering its chemical or physical properties by any means • To sell cannabis in accordance with subsection 11(5) of the Cannabis Regulations	• Avoir du cannabis en sa possession • Obtenir du cannabis séché, du cannabis frais, des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis • Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques • Vendre du cannabis en vertu du paragraphe 11(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "*Mandatory cannabis testing for pesticide active ingredients - Requirements*".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé *« Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».*

Standard Processing — Transformation standard

Activities	Activités
• To possess cannabis • To produce cannabis, other than obtain it by cultivating, propagating or harvesting it • To sell cannabis in accordance with subsection 17(5) of the Cannabis Regulations	• Avoir du cannabis en sa possession • Produire du cannabis, sauf en l'obtenant par la culture, la multiplication et la récolte • Vendre du cannabis en vertu du paragraphe 17(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled "*Mandatory cannabis testing for pesticide active ingredients - Requirements*".	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé *« Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides-Exigences ».*
The only cannabis products that the licence holder may sell or distribute to (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut vendre ou distribuer (i) à un titulaire d 'une licence de vente et (ii) à une personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d 'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis

Canada

Health Canada Santé Canada

Conditions	Conditions
The only cannabis products that the licence holder may send or deliver to the purchaser at the request of (i) a holder of a licence for sale, and (ii) a person that is authorized under a provincial Act referred to in subsection 69(1) of the Act to sell cannabis, are as follows: cannabis plants; cannabis plant seeds; dried cannabis; fresh cannabis; cannabis topicals; cannabis extracts; and edible cannabis.	Les seuls produits du cannabis que le titulaire de la licence peut expédier ou livrer à l'acheteur à la demande (i) d'un titulaire d'une licence de vente et (ii) dune personne autorisée sous le régime d'une loi provinciale visée au paragraphe 69(1) de la Loi à vendre du cannabis sont les suivants : plantes de cannabis; graines provenant d'une plante de cannabis; cannabis séché; cannabis frais; cannabis pour usage topique; extrait de cannabis; et cannabis comestible.

Sale for Medical Purposes — Vente à des fins médicales

Activities	Activités
• To possess cannabis • To sell cannabis products in accordance with section 27 and Part 14, Division 1 of the Cannabis Regulations	• Avoir du cannabis en sa possession • Vendre des produits du cannabis en vertu de l'article 27 et la section 1 de la partie 14 du Règlement sur le cannabis

Conditions	Conditions
N/A	nd

Indoor Area(s) / Zone(s) intérieure(s)
The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

GreenSeal Main Production Facility

Effective date of the licence:

This licence is effective as of **November 8, 2023**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **8 novembre 2023**

Expiry date of the licence:

This licence expires on **November 15, 2028**

Date d'expiration de la licence:

La présente licence expire le **15 novembre 2028**

Manager, Controlled Substances and Cannabis Branch

Gestionnaire, Direction générale des substances contrôlées et du cannabis

Canada

TAB K

This is Exhibit "K" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Canada Revenue Agency / Agence du revenu du Canada

PROTECTED A

October 7, 2022

Corey Hamilton
GreenSeal Cannabis Company, Ltd.
530 Wright Boulevard
Stratford ON N4Z1H3

Dear Corey Hamilton:

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

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective **October 17, 2022**.

Cannabis licence number

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

83451 3798 RD0001

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

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	530 Wright Boulevard, Stratford, On N4Z 1H3

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid and is sufficient to ensure payment of the total amount of duty payable for each reporting period as required in paragraph 160(b) of the Act. If you have questions regarding the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be **October 16, 2024**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

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

Books and Records

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

Filing of Returns

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

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

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

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

Canada Revenue Agency | Agence du revenu du Canada

PROTECTED A

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

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Amy Gunter at (289) 237-4439. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please email cannabis@cra-arc.gc.ca.

Sincerely,

Dan Reggio Digitally signed by Dan Reggio
Date: 2022.10.07 15:29:24 -04'00'

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

Canada

R350 E (08)

TAB L

This is Exhibit "L" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

Health Canada / Santé Canada

Licence No. - Nº de licence
LIC-UI0HK6C7KC-2022

LICENCE

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

LICENCE

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

Licence Holder / Titulaire de la licence :
GREENSEAL NURSERY, LTD.

Licensed Site / Lieu autorisé :
8 HAHN COURT
STRATFORD, ON, CANADA, N5A 6S4

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

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

Nursery

Culture en pépinière

Activities	Activités
• To possess cannabis • To obtain cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting cannabis • For the purpose of testing, to obtain cannabis by altering its chemical or physical properties by any means • To sell cannabis in accordance with subsection 14(5) of the Cannabis Regulations	• Avoir du cannabis en sa possession • Obtenir des plantes de cannabis ou des graines provenant de telles plantes par la culture, la multiplication et la récolte de cannabis • Afin d'effectuer des essais sur du cannabis, obtenir du cannabis par l'altération, par tout moyen, de ses propriétés physiques ou chimiques • Vendre du cannabis en vertu du paragraphe 14(5) du Règlement sur le cannabis

Conditions	Conditions
The licence holder must meet the requirements set out in the Health Canada document entitled *"Mandatory cannabis testing for pesticide active ingredients - Requirements"*.	Le titulaire de la licence doit respecter les exigences énoncées dans le document de Santé Canada intitulé *« Analyse obligatoire du cannabis pour les résidus de principes actifs de pesticides- Exigences »*.

Indoor Area(s) / Zone(s) intérieure(s)
The possession of cannabis and the other activities mentioned above are authorized in the following building(s) / La possession de cannabis et les autre activités mentionnées ci-haut sont autorisées dans les bâtiment(s) suivant(s) :

Building 1

Effective date of the licence:

This licence is effective as of **February 4, 2022**

Date d'entrée en vigueur de la licence:

Cette licence entre en vigueur à compter du **4 février 2022**

Expiry date of the licence:

This licence expires on **February 4, 2027**

Date d'expiration de la licence:

La présente licence expire le **4 février 2027**

Director, Licensing and Security, Controlled Substances and Cannabis Branch

Directeur, Licences et sécurité, Direction générale des substances contrôlées et du cannabis

TAB M

This is Exhibit "M" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

PROTECTED B

August 25, 2022

Corey Hamilton
GreenSeal Nursery, Ltd.
8 Hahn Court
Stratford, Ontario, N5A 6S4

Dear Corey Hamilton:

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

We have reviewed your cannabis licence renewal application, and are pleased to inform you that your cannabis licence under the Excise Act, 2001 has been renewed effective **September 1, 2022**.

Cannabis licence number

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

78552 7938 RD0001

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

Location	Account Identifier	Account Type	Premises Address
1	RD0001	Filing	8 Hahn Court, Stratford, Ontario, N5A 6S4

Acknowledgement of Security

A person renewing a cannabis licence under the Act is required to maintain security in a form satisfactory to the CRA and in an amount determined by the Regulations Respecting Excise Licences and Registrations. Please ensure your posted security remains valid and is sufficient to ensure payment of the total amount of duty payable for each reporting period as required in paragraph 160(b) of the Act. If you have questions regarding the security requirement, please contact our office.

Renewal of Cannabis Licence

Information related to renewing a cannabis licence is provided in Excise Duty Notice EDN52, Obtaining and Renewing a Cannabis Licence. Subject to meeting the requirements for maintaining a cannabis licence, the licence will remain in effect for the period specified in the licence.

The expiry date for your licence will be **August 31, 2024**. In order to renew the cannabis licence, a completed Form L300, Cannabis Licence Application must be submitted to your regional office not later than 30 days before the expiry date.

Obligations of a Cannabis Licensee

Changes to Information

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

Books and Records

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

Filing of Returns

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

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

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

Methods of Destruction and Analysis

As a reminder, methods for destruction and analysis of cannabis products must be approved by the Minister. Any changes to the previously approved methods must be submitted in writing to the Regional Manager for Excise Duty for approval, prior to implementation of the revised procedures.

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

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact Jobert Bermudez at 289-834-1781. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please email cannabis@cra-arc.gc.ca.

Sincerely,

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

TAB N

This is Exhibit "N" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

HILLMOUNT CAPITAL

September 30, 2020

Secured Exit Facility Agreement (the "Commitment")

AgMedica Bioscience Inc.
111 Heritage Road, Suite 200
Chatham, ON N7M 5W7

Attention: Peter Van Mol and Trevor Henry

Dear Sirs:

RE: 1st Mortgage/Charge against 566 Riverview Drive, Chatham-Kent, ON, N7M 5J5 and all present and after acquired assets and property (the "Property")

We understand that AgMedica Bioscience Inc., 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., World Wide Beverage Innovations Inc., Unique Beverages (USA) Inc. and Eseela Inc. (collectively, (the "**Borrower**")) sought and were granted protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to an initial order dated December 2, 2019 and a subsequent amended and restated initial order dated December 12, 2019 (the "**CCAA Proceedings**") from the Ontario Superior Court of Justice (Commercial List), which, among other things, appointed Ernst & Young Inc. as the court-appointed monitor (in such capacity, the "**Monitor**").

The Borrower filed a plan of compromise and arrangement (the "**Plan**") which provides, among other things, for the coordinated restructuring and recapitalization of the Borrower and a stronger financial foundation and sufficient working capital to emerge from the CCAA Proceedings as a going concern business. We wish to confirm that, based upon and subject to the accuracy of information furnished to us with respect to the Plan and the Borrower's CCAA Proceedings exit strategy, the mortgage financing on the subject security has been approved subject to the following terms and conditions set out below:

MORTGAGEE:	Hillmount Capital Inc. and/or its investors or assignees (the "**Lender**")
BORROWER(S):	AgMedica Bioscience Inc., 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., World Wide Beverage Innovations Inc., Unique Beverages (USA) Inc. and Eseela Inc. (the "**Borrower**")
LOAN AMOUNT:	$3,000,000.00
PROPERTY DESCRIPTION:	1. 566 Riverview Drive is comprised of 12.59 acres of industrial land owned by 2472602 Ontario Inc. and currently improved with a 242,706 SF multi-tenant industrial building with 102,462 SF being occupied by AgMedica Bioscience Inc. (a related company). 2. Current assets and property of the Borrower including, but not limited to, all equipment and machinery, accounts receivable, vehicles, fixtures, inventory, etc.

FEES:	Lender Commitment Fee – 2.00% Lender Legal Fees, Disbursements and HST – To be determined by Lender's solicitor Appraisal Fee – Borrower to pay and deal with directly (Your acceptance of this Commitment will be your undertaking to pay these costs whether or not this mortgage is advanced).
INTEREST RATE & PAYMENT:	Interest shall be compounded and calculated monthly at **11.50% per annum** and will be repayable monthly, in arrears, by direct withdrawal in the amount **$28,750.00**, to be provided on or before closing. Interest adjustment date to the 1st of the following month. Principal shall be partially paid down by way of monthly instalments, by direct withdrawal in the amount of $50,000 during the term.
AMORTIZATION:	0, Interest Only
CLOSING DATE:	The funding date is to be no later than **October 2, 2020** and not sooner than 3 full business days from receipt of fully executed commitment, receipt of non-refundable work fee, and satisfactory receipt of material requested by the Lender. It is further conditional upon the Lender's solicitor receiving all requisitioned material on a timely basis. The closing date may be advanced as agreed to by the Lender's and Borrowers' solicitors. [In the event the funds have not been advanced pursuant to the terms of this commitment by **October 9, 2020** the obligations of the Lender hereunder, including the obligation to make any advance of funds, shall cease and the Borrower shall remain liable for all amounts set out herein.] The Borrower acknowledges that this is a rush transaction and that there are matters that are beyond the Lender's control or matters that could arise which the Lender is not even aware of as of the date hereof, which may impede or prevent the Lender from advancing funds on October 2, 2020. The Borrower hereby releases the Lender and its assignees from all claims, costs, damages, suits, actions, moneys, etc. which the Borrower may incur or sustain as a result of the Lender's not advancing the funds hereunder by October 2, 2020.
LENDER'S SOLICITOR:	Joseph Fried - Fogler Rubinoff LLP Tel: (416) 941-8836 Fax: (416) 941-8852 Email: jfried@foglers.com
TERMS OF LOAN & PREPAYMENT PRIVILEGE:	This loan will mature in 12 months. When not in default the Borrower shall have the right to prepay the loan upon payment of 1 month's interest as a bonus in the 1st 6 months and thereafter upon providing 30 days written notice.
VALUE OF SECURITY:	566 Riverview Drive - $6,000,000.00 Forced Liquidation Value of Equipment - $2,000,000.00
ADVANCES:	The proceeds of this Loan shall be advanced less the following: a) Lender fees (including processing fee); b) Legal fees and disbursements plus HST thereon; c) Interest adjustment payment to the 1st of the month; d) Insurance consultant fees (if applicable); and e) Other amounts, if applicable, to be determined prior to closing.
PURPOSE OF LOAN:	The Loan has been requested by the Borrower to: (i) facilitate the Plan (including repayment of secured and unsecured claims under the CCAA Proceedings); and, (ii) fund

Borrower(s)/Guarantor(s) Initials: ___

the Borrower's working capital requirements and certain capital expenditures following the Plan implementation.

SECURITY:

1. 1st Mortgage on 566 Riverview Drive.
2. General Security Agreement from the Borrower granting a 1st priority over any and all present and after acquired assets and property of the Borrower used in connection with or arising from or out of the Property (including without limitation, a General Security Agreement (PPSA) creating a security interest in and over all personal property and assets including all equipment and machinery, vehicles, fixtures, furniture used in connection with the Property) and all after-acquired assets and property of the Borrower in a form to be determined by the Lender's solicitor.
3. Title insurance with coverages acceptable to the Lender.
4. Fire and building "All Risk" insurance as determined and verified by the Lender's insurance consultant (the cost of the insurance review is the responsibility of the Borrower). The Lender will be noted on the policy as mortgagee and loss payee. Insurance coverage of replacement cost on Property (and to be not less than the full 100% "Replacement Cost") and $2 million in liability.
5. General Assignment of Rents and Leases and Tenant Acknowledgments in a form to be determined by the Lender's solicitor as well as a postponement and subordination from the related tenant, Agmedica Bioscience Inc.
6. Assignment of all insurance policies.
7. Priority Agreement with 2nd mortgage Lender in form satisfactory to the Lender's solicitor.
8. Such other security, documentation or assurance, as may be required by the Lender or the Lender's solicitor.

ADDITIONAL CONDITIONS AND REPRESENTATIONS:

This commitment is subject to the following conditions to be satisfied at the time of advance of funds under this commitment which conditions the Lender in its sole discretion may waive in full or in part:

1. Satisfactory review by the Lender's solicitor of a court order approving the Plan and terminating the CCAA Proceedings including the granting of the security to the Lender as contemplated hereunder and an amended order if required.
2. Written acceptance of the Commitment by the Borrower.
3. The Borrower will attend to the lawful execution and delivery of such documents as the solicitors for the Lender may deem necessary or advisable to fulfill the terms and conditions of the agreement (including a copy of an up-to-date survey of the Property (may not apply with Title insurance)).
4. We are to receive the favourable opinion Lender's solicitors with respect to the priority, validity and enforceability of the mortgage and all other requirements usual to a transaction of this nature (including any documents deemed necessary to close the transaction by Lender's solicitor).
5. Satisfactory inspection of the Property by the Lender and its agent, if so required by Lender.
6. Satisfactory due diligence review of the following:
   a. The pro-forma financials of the Borrower which are to indicate that the Borrower can afford the monthly interest payments. If the Lender is not satisfied, an interest reserve may be set up as part of the Loan. (Satisfied)
   b. The exit strategy. (Satisfied)
   c. Confirmation that the Borrower is current on all its filings and all its deemed trust payments (i.e. WSIB, source deductions, HST). Borrower shall provide the Lender with status updates on all its filings at the request of the Lender during the term.

Borrower(s)/Guarantor(s) Initials: ______

d. Confirmation that the Borrower is compliant with all applicable material federal, provincial and municipal laws, regulations and policies in relation to their activities.

e. Confirmation of the names of the shareholders, directors and owners of the Borrower and confirmation that they will not sell their shares while the Loan is still outstanding, save for transfers of shares for tax planning purposes to non-arms length parties.

7. All property taxes to be current at the time of closing. Any arrears in property taxes must be paid in full prior to closing or from the proceeds of this Loan. Borrower(s) to pay property taxes directly and provide confirmation to the Lender, on a quarterly basis, that the property taxes are up to date.
8. Satisfactory review of the (a) rent roll indicating the tenant names, details of leases (lease start date, lease expiry, lease amount (on a net basis), TMI collected, SF of tenanted space, etc.), (b) operating statements and (c) leases.
9. Satisfactory review of the leases in place by Lender's solicitor and tenant acknowledgements to be addressed to the Lender in a form satisfactory to the Lender's solicitor.
   a. Any related party leases will agree in writing to postpone and subordinate its interests under its tenancy to the interests of the Lender.
10. Satisfactory review of all property related documents that may be required by the Lender including realty tax bills, insurance, utility bills, structure of property ownership and survey.
11. A copy of an up-to-date survey of the Property (may not apply with Title insurance) and the site layout (if one exists).
12. Please see Schedule "A" for additional terms of the mortgage which are not necessarily preconditions to the closing.
13. Borrower consents that they have the power, capacity and authority to enter into this commitment and to complete this transaction, which has been duly authorized, where required, by all necessary corporate action and that no consents are necessary for this transaction to be completed.
14. The Borrower hereby represents and warrants that they have the ability to service the mortgage debt.
15. The Borrower hereby represents and warrants that they have, or will have, good and marketable title to the Property to be mortgaged as security for the Loan in this Commitment and that the agreements herein, on the part of the Borrower to grant a mortgage to the Lender, constitutes an equitable charge on the Property pursuant to this Commitment.
16. No subsequent encumbrances, debt or other mortgages with respect to the Property without the Lender's written consent.
17. Satisfactory review of adequate fire and building "all risk" insurance by Lender or its independent insurance advisor. The Lender is to be added mortgagee and as loss payee (as applicable). The cost of the insurance review by the advisor is the responsibility of the Borrower.
18. Notwithstanding anything contained in the mortgage, it is hereby agreed by and between the Lender and the Borrower that any monies tendered in respect of the mortgage payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e. for computing interest), the monies will be deemed to be received the next business day.
19. Mortgage is non-transferable and non-assumable except at the option of the Lender.
20. The Borrower represents and warrants that the lands and all activities comply with all environmental laws and that the lands contain no hazardous substances, have not been subject to previous remediation or clean-up of hazardous substances and there

Borrower(s)/Guarantor(s) Initials: ______

are no investigations or other actions arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the lands within the knowledge of the Borrower has been delivered to the Lender.

21. In the event the Borrower sells, conveys, transfers their interest into any agreement of sale or otherwise encumbers the Title to the mortgaged premises, or defaults in the payment of any prior encumbrances or mortgages, or defaults in the payment of any taxes against the mortgaged premises, then all monies then outstanding, together with accrued interest, default fees and other prepayment penalties shall forthwith become due and payable.
22. If at any time or from time to time, any default or breach of covenant occurs under any other encumbrance registered against the Property, it shall constitute a default hereunder and under the Mortgage/Charge granted pursuant hereto and any other obligation owing to the Lender. At the Lender's option, the entire principal sum owing hereunder together with interest and all costs and fees shall become immediately due and payable.
23. The Borrower shall execute an irrevocable authorization that permits the utility companies, insurance companies, taxing authorities, and mortgage companies directly involved in the secured Property to discuss matters relevant to the Lender's interest in the event of a default in the mortgage.
24. The Borrower shall execute and deliver whatever consents are required by the Lender and its solicitors concerning the release and disclosure of information by the Lender to third parties and by third parties to the Lender in accordance with provisions of the *Personal Information Protection and Electronic Documentation Act* (Canada).
25. Satisfactory confirmation by the Borrower that there are no outstanding work orders, notices of violations or other municipal or governmental authorities affecting the Property.
26. Satisfactory evidence (as determined by Lender's solicitor) that prior discharged mortgages have been paid and properly discharged.
27. Such other security, assurances and / or documents as may be required by our solicitors.
28. The Borrower shall make payments of $50,000 monthly to be applied to principal during the term.
29. Prior to maturity, satisfactory review of the Phase 1 environmental reports and / or Phase 2 environmental reports on the Property by a Lender approved environmental consultant. The environmental reviews are to be addressed to the Lender. Borrower will be responsible for consultant fees. Should the Phase 2 indicate any contamination, the report should include the cost to remedy.
30. At the Lender's sole discretion, the Lender will agree to renew the mortgage for an additional 12-month term under the following conditions:
    a. The mortgage is current and has not been in default during the term of the mortgage including payment of interest and principal monthly.
    b. Receipt of the environmental reports pursuant to section 29 above.
    c. There will be a renewal fee of 1.00% of the Loan Amount.

GENERAL: The provisions of this letter and commitment agreement resulting from your acceptance thereof shall remain binding and effective notwithstanding the closing of the mortgage transaction.

SCHEDULES ATTACHED: The following attached schedule(s) form a part of this Term Sheet:
SCHEDULE A – Conditions
SCHEDULE B – Insurance Requirements

Borrower(s)/Guarantor(s) Initials: ____

EXPIRY OF COMMITMENT: This commitment shall be open for acceptance until **5:00pm** on **October 1, 2020** after which the commitment shall be deemed revoked.

OTHER: The Borrower hereby consents to Hillmount Capital Inc. and/or the Lender (and its authorized agents or other representatives) obtaining, using and disclosing of credit and/or any and all personal information on the Borrower from any source as may be necessary for Hillmount Capital Inc. and/or the Lender to complete its due diligence and to proceed with the transactions contemplated herein and such other collection, use and disclosure of any and all personal information about the undersigned as may be required or permitted by law. Each source is hereby authorized to provide such information to Hillmount Capital Inc. and / or the Lender. The Lender's lawyer is authorized by the Borrower to forward all information and documentation regarding this transaction to Hillmount Capital Inc. and / or the Lender.

In the event you are in agreement with the terms and conditions herein, please sign and return this letter as proof of acceptance to us by **5:00pm** on **October 1, 2020**. The Borrower acknowledges having received and/or executed a "Disclosure to Borrower" at least 48 hours prior to signing this commitment and a copy has been retained by the Borrower. In case of any discrepancy or conflict between any provision of this commitment letter and any provision of the Mortgage or other security provided, the Lender may, in its sole discretion, determine which provisions shall prevail.

Yours truly,

Hillmount Capital
416-849-0322
Lic. #10453 and #11925

Borrower(s)/Guarantor(s) Initials: ____________

ACCEPTED

The Borrower / Guarantor hereby accept this Commitment and confirm their agreement with all of the terms and conditions thereof, having either obtained independent legal advice or having been satisfied that legal advice is not required. The Lender's Commitment Fee is fully earned by the Lender upon acceptance of the terms of this Commitment (the "**Commitment Fee**"). The Commitment Fee is due and payable with a deposit of **$15,000.00** (the "**Deposit**") by certified cheque or etransfer payable to the Lender upon acceptance hereof and the balance of the Commitment Fee is due on the earlier of the advance of funds hereunder or the date of termination of the Commitment (unless such termination of the Commitment results from a default of the Lender). The Borrower / Guarantor agree that if the Loan is not advanced by the closing date, the Deposit is forfeited to the Lender as liquidated damages, and not as a penalty, without prejudice to the Lender's right to be paid the Commitment Fee, all costs incurred by the Lender in connection with this Commitment and Loan, including Broker fees, insurance consultant fees, and legal costs and to claim such further and other damages the Lender may sustain (collectively the "Lender's Costs"). Providing the Loan is advanced fully on or before the closing date, the Deposit will be applied towards the Commitment Fee. Regardless of whether the above conditions are met, or the Loan is advanced, upon signing this Commitment, the Borrower / Guarantor agree that they are liable, save if the Lender is in default, for the balance of the Commitment Fee and all the Lender's costs.

Accepted this 1st day of October 2020.

Borrowers

Name: AgMedica Bioscience Inc.
A.S.O.
I have authority to bind the corporation.

Name: 2472602 Ontario Inc.
A.S.O.
I have authority to bind the corporation.

Name: AgMedica Bioscience Inc.
A.S.O.
I have authority to bind the corporation.

Name: Wellworth Health Corp.
A.S.O.
I have authority to bind the corporation.

Name: 2472602 Ontario Inc.
A.S.O.
I have authority to bind the corporation.

8050678 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Name: 2642466 Ontario Inc.
A.S.O.
I have authority to bind the corporation.

Name: 8326851 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Name: 8895309 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Name: Tavivat Naturals Inc.
A.S.O.
I have authority to bind the corporation.

Borrower(s)/Guarantor(s) Initials:

Name: World Wide Beverage Innovations Inc.
A.S.O.
I have authority to bind the corporation

Name: Unique Beverages (USA) Inc.
A.S.O.
I have authority to bind the corporation.

Name: Eseela Inc.
A.S.O.
I have authority to bind the corporation

Borrower's Solicitor

Name: Rebecca Kennedy

Firm: TGF

Phone: 416-304-0603

Email: rkennedy@tgf.ca

Borrower(s)/Guarantor(s) Initials:

SCHEDULE A – CONDITIONS

ACCRUED AND EARNED INTEREST	Accrued interest calculated from the date that this mortgage is advanced to the Interest Adjustment Date will be deducted from the gross funds advanced. The Interest Adjustment Date is set at the Mortgagee's option. The Borrower shall not be entitled to receive interest, if any, on any funds held in trust by the Lender. Any interest earned shall accrue to the Lender.
ASSIGNMENT OF COMMITMENT & ROLE OF BROKERAGE	Neither this Commitment nor the Mortgage/Charge loan is assignable by the Borrower(s) without the Lender's consent. The Lender is a licenced brokerage and for the purposes of this transaction, is acting as a representative of the Lender but not the Borrower (unless otherwise noted by way of a Borrower Disclosure between the Lender and Borrower).
FIRE INSURANCE	Fire and extended insurance coverage in a form and for an amount acceptable to the Lender is to be taken out with an insurance company or insurance companies approved by us for the full insurable value of the Mortgage/Charge property and assigned to Lender. Co-insurance is not acceptable.
LEGAL AND OTHER COSTS AND FEES	All legal, appraisal, survey, title insurance premiums, environmental audits, and other costs and fees incurred in connection with this Mortgage/Charge loan are payable by the Borrower(s) whether or not the loan is ultimately completed and the funds advanced.
PREPAYMENT RESTRICTIONS	It is intended and agreed that the Mortgage/Charge loan may not be prepaid prior to the maturity date unless provided herein.
REGULATIONS	The Charged/Mortgaged property must comply with all municipal, provincial and federal statues, regulations and requirements.
SURVEY REQUIREMENTS	Prior to any advance of funds under the mortgage loan, Lender will require a survey acceptable to it, showing the lands and the location of the buildings to be secured by this Mortgage/Charge. This survey is to be prepared, dated, signed and sealed by a duly qualified Provincial Land Surveyor and is to indicate the land area of the property and the location of all improvements and easements or rights-of-way. At the sole discretion of the Lender's lawyer, the survey requirement may not apply with title insurance.
TAXES	Any tax bills issued and unpaid at the interest adjustment date are to be paid in full from the proceeds of this mortgage loan. At closing, and at the Lender's option, the Borrower shall establish with the Lender a property tax escrow account (and undertakes to provide funds to establish the subject account satisfactory to the Lender), and the Borrower agrees to pay the Lender 1/12 of the annual taxes on a monthly basis, and the Lender will remit same to the local municipality as taxes are due. No interest will be paid to the Borrower on funds held in the property tax escrow account. If a tax escrow account is not established, the Lender can request evidence from the Borrower that all realty taxes due and owing to the municipality within which the mortgaged lands are situated have been fully paid or are current for the calendar year.
PURCHASER APPROVAL	The Charge/Mortgage will be due on sale of the property with bonus and may not be assigned by the borrower without prior written consent and approval of the Lender, which consent may be reasonably withheld.
ASSIGNMENT AND SYNDICATION BY LENDER	The Lender shall have 7 normal business days following the acceptance of this Mortgage Commitment, and upon receipt of all requested underwriting information to assign all or part of the of the loan in an amount to be determined by the Lender at its discretion and subject to terms satisfactory to the Lender. The Commitment is conditional upon the Lender being able to syndicate the Loan, failing which, the Lender may terminate this Commitment.
TITLE INSURANCE	At the Lender's sole option, the Borrower may be required to provide title insurance for the mortgaged property. The cost of the title insurance shall be at the Borrower's expense.
ADDITIONAL PROVISIONS	Our current schedule of administration and servicing fees include (but not limited to) the following charges:
$500.00	Missed payment fee: Payable for each missed or late installment payment and for replacing and processing each NSF cheque or returned payment for any charge on this property (ie 1st and / or 2nd mortgagee) or any other creditor (ie utility company, property taxes, etc).
$300.00	Insurance: Payable for dealing with each cancellation, premium payment or other non-compliance with insurance requirements.
$2,000.00	Default: Payable for each act or proceeding instituted.
$100.00	Mortgage Statements: For preparation of each statement.
$300.00	Lenders administration fee for renewal or discharge of this mortgage.
$5,000.00	Possession: For attending to take possession following default.
$300.00	Administration: For administering maintenance and security of the property in our possession, per day.
$300.00	Mortgage Discharge & Statement Fee: For discharge on one property. $100.00 for each additional property.
$250.00	Tax Default Fee: For failure by the Borrower to provide satisfactory confirmation of tax payments.
$200.00	Annual Tax Account Administration Fee: For administering and maintaining the tax account
$300.00	For each written request necessitated by the mortgagor not replacing dishonoured cheques forthwith
$250.00	Failure to notify mortgagee of registration of lien by the Condominium Corporation for common maintenance arrears
$395.00	For each hour of administrative time spent by the Mortgagee or its agent in dealing with issues of default related to these mortgages. This rate does not apply to solicitor services
$395.00	Mortgage Insurance Admin Fee
$300.00	Inspection Fee (per property)
$90.00	Bank Wire Transfer Fee
	The Lender reserves the right to charge reasonable fees for other administrative services. Renewal and renewal fee to be at the discretion of the Mortgagee. In the event of a further occurrence of the administrative fees as set out herein, the administrative fees shall increase by a further sum of $50.00 and this shall be on a cumulative basis.

Borrower(s)/Guarantor(s) Initials: A

TAB O

This is Exhibit "O" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

HILLMOUNT CAPITAL

Mortgage Renewal

November 1, 2021

5047346 Ontario Inc., Tavivat Naturals Inc.,
Wellworth Health Corp, 8050678 Canada Inc.
and Unique Beverages (USA) Inc.
111 Heritage Road
Chatham, ON N7M 5W7

Dear Trevor:

RE: Hillmount Capital Inc. (the "Mortgagee") loan of $3,000,000.00 (the "Loan") secured by *inter alia* a 1st Mortgage (the "Mortgage") against 566 Riverview Drive, Chatham, ON (the "Property")

WHEREAS AgMedica Bioscience Inc, 2472602 Ontario Inc., 2642466 Ontario Inc., 8895309 Canada Inc., Wellworth Health Corp., 8050678 Canada Inc., 8326851 Canada Inc., Tavivat Naturals Inc., World Wide Beverage Innovations Inc., Unique Beverages (USA) Inc. and Eseela Inc. were the borrowers (collectively, the "**Borrowers**") in the Mortgage (as defined below).

AND WHEREAS the Borrowers completed an amalgamation in order to clean up the corporate structure on April 1, 2021 and the following changes occurred:

- 5047346 Ontario Inc. was incorporated as a successor corporation in the amalgamation of 2472602 Ontario Inc, 2642466 Ontario Inc. and Eseela Inc.
- Tavivat Naturals Inc., a federally incorporated, is a successor corporation in the amalgamation of Tavivat Naturals Inc., 8895309 Canada Inc., 8326851 Canada Inc. and World Wide Beverage Innovations Inc.

AND WHEREAS the Property was transferred into the name of 5047346 Ontario Inc. as a result of the aforementioned amalgamations.

AND WHEREAS 5047346 Ontario Inc., Tavivat Naturals Inc., Wellworth Health Corp., 8050678 Canada Inc. and Unique Beverages (USA) Inc. now wish to renew the mortgage financing and charge on the Property.

The Lender, based upon and subject to the accuracy of information furnished to us, has agreed to renew the Loan and the Mortgage under the following terms and conditions: All the terms of the mortgage commitment dated September 30, 2020 (the "**Commitment**"), and the Mortgage and the Security Documents, as such term is defined in the Mortgage, will remain in full force and effect save as amended herein.

MORTGAGE BALANCE:	$3,000,000.00
INTEREST RATE & PAYMENT:	Interest shall be compounded and calculated monthly at a rate of **9.50% per annum** and will be repayable monthly in the amount of **$23,750.00** which will be automatically deducted from your account via the preauthorized debit plan.

Borrower(s)/Guarantor(s) Initials: ______

RENEWAL FEES:	Hillmount Capital Renewal Fee – $45,000.00 (1.5%) (Your acceptance of this renewal will be your undertaking to pay these costs whether or not this mortgage is renewed).
TERMS OF LOAN:	Mortgage will be renewed as of November 1, 2021. Renewal period shall be for a period of 12 months. For greater clarity, the mortgage will mature on November 1, 2022.

This Mortgage Renewal will be subject to the following conditions, which must be satisfied within five (5) business days of the date hereof:

1. Receipt and satisfactory review of the following:

a) A copy of the property insurance policy indicating that it has been renewed and listing the Mortgagee as loss payee;

b) A property tax bill or certificate indicating that the property's realty taxes are current;

c) The signed Rent Roll and copies of current leases, any renewals or amendments; and

d) Payment of our solicitor's legal fees.

2. Receipt of the Renewal Fee. Please provide a cheque made out to Hillmount Capital Inc. You may also make payment via wire. Please contact us for more information.

All the terms of the mortgage commitment dated September 30, 2020 (the "Commitment"), the Mortgage and the Security Documents as such term is defined in the Mortgage will remain in full force and effect save as amended herein. The Security Documents are hereby re-confirmed, and all statements, representations and warranties in the Security Documents are hereby deemed to have been up-dated, repeated and confirmed by the parties who provided same as of the date hereof. The provisions of this renewal shall enure to and be binding upon the successors and assigns of each party and all covenants, liabilities and obligations shall be joint and several.

You may return your acceptance of this renewal package in one of the following ways:

1. Mail to:
   Hillmount Capital Inc.
   89 Tycos Drive, Suite 208
   Toronto, ON M6B 1W3

2. Fax: 416-849-0321

3. Email: sharon@hillmount.ca

This Mortgage Renewal must be executed by the Borrower, and all terms and conditions must be satisfied, on or before **November 8, 2021,** failing which the Mortgage Renewal will be cancelled and the Mortgage shall become due and payable immediately.

This renewal may be executed by the parties in separate counterparts and delivered by fax or email each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Yours truly,

Lender / Hillmount Capital
416-849-0322
Lic. #11925 / 10453

ACCEPTED

The Borrower(s) / Guarantor(s) hereby accept this Renewal and confirm their agreement with all of the terms and conditions thereof, having either obtained independent legal advice or having been satisfied that legal advice is not required. The Lender's Renewal Fee is fully earned by the Lender upon acceptance of the terms of this Renewal. The Borrower(s) / Guarantor(s) agree that upon signing this Renewal agreement, the Renewal Fee and any legal costs and fees incurred in connection with this Renewal are payable by the Borrower(s).

ACCEPTED this ____ day of _____________, 20______.

BORROWERS

Name: 5047346 Ontario Inc.
A.S.O.
I have authority to bind the corporation.

Name: AgMedica Bioscience Inc.
A.S.O.
I have authority to bind the corporation.

Name: 8050678 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Name: Tavivat Naturals Inc.
A.S.O.
I have authority to bind the corporation.

Name: Unique Beverages (USA) Inc.
A.S.O.
I have authority to bind the corporation.

Name: Wellworth Health Corp.
A.S.O.
I have authority to bind the corporation.

TAB P

This is Exhibit "P" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

HILLMOUNT CAPITAL

Mortgage Renewal

November 7, 2022

5047346 Ontario Inc.
111 Heritage Road
Chatham, ON N7M 5W7

Dear Trevor:

RE: Hillmount Capital Inc. (the "Mortgagee") loan of $3,000,000.00 (the "Loan") secured by *inter alia* a 1st Mortgage (the "Mortgage") against 566 Riverview Drive, Chatham, ON (the "Property")

The Lender, based upon and subject to the accuracy of information furnished to us, has agreed to renew the Loan and the Mortgage under the following terms and conditions: All the terms of the mortgage commitment dated September 30, 2020 (the "**Commitment**"), and the Mortgage and the Security Documents, as such term is defined in the Mortgage, and the Mortgage Renewal dated November 1, 2021 (the "**Renewal**") will remain in full force and effect save as amended herein.

MORTGAGE BALANCE: $3,226,779.10 – comprised of the following:

1. $3,000,000 (Principal Balance as at October 31, 2022)
2. $226,779.10 (Property tax arrears)

INTEREST RATE & PAYMENT: Interest shall be compounded and calculated monthly **at the greater of 9.50% per annum or the RBC Prime Lending Rate plus 4.25% per annum** and will be repayable in interest only monthly payments which will be automatically deducted from your account via the preauthorized debit plan.

RENEWAL FEES: Hillmount Capital Renewal Fee – $60,000.00 (2.0%)

i. Renewal fee will be paid over 12 months in the amount of **$5,000.00 per month.**

(Your acceptance of this renewal will be your undertaking to pay these costs whether or not this mortgage is renewed).

TERMS OF LOAN: Mortgage will be renewed as of November 1, 2022. Renewal period shall be for a period of 24 months. For greater clarity, the mortgage will mature on November 1, 2024.

PROPERTY TAX ARREARS: Mortgage balance has been increased by $226,779.10 representing payment of outstanding property taxes by the Mortgagee.

Borrower(s)/Guarantor(s) Initials: _______

This Mortgage Renewal is subject to such other security, assurances and/or documents as may be required by the Lender or its solicitors (Borrower to be responsible for any applicable legal fees) as well as the following conditions, which must be satisfied by November 14, 2022:

1. **Receipt and satisfactory review of the following:**
   a) **A copy of the property insurance policy indicating that it has been renewed and listing the Mortgagee as loss payee;**
   b) **The signed Rent Roll and copies of current leases, any renewals or amendments; and**
   c) **Payment of our solicitor's legal fees - TBD.**

All the terms of the mortgage commitment dated September 30, 2020 (the "Commitment"), the Renewal and the Mortgage and the Security Documents as such term is defined in the Mortgage will remain in full force and effect save as amended herein. The Security Documents are hereby re-confirmed, and all statements, representations and warranties in the Security Documents are hereby deemed to have been updated, repeated and confirmed by the parties who provided same as of the date hereof. The provisions of this renewal shall enure to and be binding upon the successors and assigns of each party and all covenants, liabilities and obligations shall be joint and several.

You may return your acceptance of this renewal package in one of the following ways:

1. Mail to:
   Hillmount Capital Inc.
   89 Tycos Drive, Suite 208
   Toronto, ON M6B 1W3

2. Fax: 416-849-0321

3. Email: sharon@hillmount.ca

This Mortgage Renewal must be executed by the Borrower, and all terms and conditions must be satisfied, on or before **November 14, 2022,** failing which the Mortgage Renewal will be cancelled and the Mortgage shall become due and payable immediately.

This renewal may be executed by the parties in separate counterparts and delivered by fax or email each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

Yours truly,

Lender / Hillmount Capital
416-849-0322
Lic. #11925 / 10453

ACCEPTED

The Borrower(s) / Guarantor(s) hereby accept this Renewal and confirm their agreement with all of the terms and conditions thereof, having either obtained independent legal advice or having been satisfied that legal advice is not required. The Lender's Renewal Fee is fully earned by the Lender upon acceptance of the terms of this Renewal. The Borrower(s) / Guarantor(s) agree that upon signing this Renewal agreement, the Renewal Fee and any legal costs and fees incurred in connection with this Renewal are payable by the Borrower(s).

ACCEPTED this 10 day of November, 2022.

BORROWERS

Name: 5047346 Ontario Inc.
A.S.O.
I have authority to bind the corporation.

Name: AgMedica Bioscience Inc.
A.S.O.
I have authority to bind the corporation.

Name: 8050678 Canada Inc.
A.S.O.
I have authority to bind the corporation.

Name: Tavivat Naturals Inc.
A.S.O.
I have authority to bind the corporation.

Name: Unique Beverages (USA) Inc.
A.S.O.
I have authority to bind the corporation.

Name: Wellworth Health Corp.
A.S.O.
I have authority to bind the corporation.

TAB Q

This is Exhibit "Q" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

MORTGAGE COMMITMENT

TO:	Borrower(s) Current Address:	TELEPHONE:
AgMedica Bioscience Inc	111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633

Further to your mortgage application and subject to the accuracy of the information provided to us, your mortgage application has been approved, subject to the following terms and conditions, set out below and contained in Schedule(s), of which Schedule(s) forms part of this Mortgage Commitment, or as the Lender's Solicitor may provide, and is also subject to any subsequent findings that the Lender deems to be not in its best interest. In all matters time shall be of the essence.

NAME:	ADDRESS FOR SERVICE:	TELEPHONE:
BORROWER (S):		
AgMedica Bioscience Inc	111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
GUARANTOR(S):		
2472602 Ontario Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
2642466 Ontario Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
8895309 Canada Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
Wellworth Health Corp.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
8050678 Canada Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
8326851 Canada Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
Unique Beverages (USA) Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
Worldwide Beverages Innovations Inc.	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
Tavivat Naturals Inc	c/o 111 Heritage Road, Suite 200, Chatham, ON N7M 5W7	844-247-4633
LENDER:		
2596690 Ontario Inc	c/o 136 St. Clair St., Chatham, ON N7L 3J3	519-351-5650

SECURITY ITEM(S):	MUNICIPAL ADDRESS:	PROPERTY TYPE:	LEGAL DESCRIPTION:
Item No. 1	510 Riverview Drive, Chatham, ON N7M 0N2		PIN 00528-0224
Item No. 2	Promissory Note, executed by borrower	Promissory Note	Promissory Note to run concurrent with subject mortgage
Item No. 3	Promissory Note, executed by the guarantors	Promissory Note	Promissory Note to run concurrent with subject mortgage

Item No. 4	General Security Agreement – AgMedica Bioscience Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 5	Assignment of Rents	PPSA	Registered under PPSA with 1st priority
Item No. 6	General Security Agreement – 2472602 Ontario Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 7	General Security Agreement – 2642466 Ontario Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 8	General Security Agreement – 8895309 Canada Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 9	General Security Agreement – Wellworth Health Corp.	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 10	General Security Agreement – 8050678 Canada Inc.	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 11	General Security Agreement – 8326851 Canada Inc.	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 12	General Security Agreement – Unique Beverages (USA) Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 13	General Security Agreement – Worldwide Beverages Innovations Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories
Item No. 14	General Security Agreement – Tavivat Naturals Inc	PPSA	Registered under PPSA with 1st priority; value of $12,000,000.00, all categories

MORTGAGE DETAILS:	
Purpose of Mortgage:	Refinance
Amount of Mortgage:	$7,000,000.00

Priority:	Item No 1. Is a 1st collateral mortgage, subject to prior encumbrance to Hillmount Capital Inc of $3,000,000.00. Item No 2. Is a Promissory Note, executed by the borrower Item No. 3 is Promissory Note, executed by the guarantor(s) Item No. 4 is a General Security Agreement, registered under PPSA, 1st priority Item No. 5 is an Assignment of Rents, registered under PPSA Item No. 6 to Item No. 14 are General Security Agreements, registered under PPSA, 1st priority The Lender agrees to postpone Items No. 1 and No. 4 to 14 to security granted pursuant to a Mortgage Loan Commitment dated September 23, 2020, issued by Hillmount Capital, provided that the loan is completed on the terms and conditions provided therein.
Interest Rate:	15.00% per annum, calculated semi-annually, not in advance.
Frequency:	Monthly, on the 1st day of each month
Payment Amount:	$84,884.65 (Interest Only)
CLOSING DATE:	**OCTOBER 2, 2020**
Interest Adjustment Date:	November 1, 2020
First Payment Date:	December 1, 2020
Maturity Date:	November 1, 2021
Term:	One (1) Year
Amortization:	n/a. This is an interest only mortgage for the term.
Pre-payment privileges:	Open with a three (3) month interest penalty
Schedule(s) to Mortgage:	Schedule (A)
Solicitor for Borrower(s) & Solicitor for Guarantor(s)	To be determined
Solicitor for Lender:	Siskinds LLP, Matthew Wilson, Barrister and Solicitor 680 Waterloo Street, London, ON N6A 3V8 P: 519-660-2061 F: 519-660-2071 E: matthew.wilson@siskinds.com CJ Lombardi, Clerk P: 226-213-7107 E: cj.lombardi@siskinds.com
Lender Fee:	$285,000.00 (To be paid to AgriRoots Capital Management Inc). Lender acknowledges receipt of $10,000.00 from borrower. At closing, net fee of $275,000.00 will be deducted from mortgage advance.
Other fees, costs, and payouts as a requirement of this mortgage:	See Disbursement Schedule
SPECIAL CONDITIONS OF COMMITMENT:	**Non-refundable deposit of Ten thousand dollars ($10,000.00) has been paid to AgriRoots Capital Management Inc. Upon closing, this deposit will be applied against the lender fee.** **In the event of a delayed closing due to borrower/borrower's lawyer, interest will accrue from the closing date of October 2, 2020** **Funds are advanced by Lender's Solicitor, and are not advanced until terms, conditions and special conditions of the mortgage have been satisfied.**

	Renewal at the discretion of the lender(s). Fees may apply. Financial Statements for the preceding month to be provided no later than the 25th of the following month, to AgriRoots Capital Management Inc, Attention: Shawn Bustin. Capital Expenditures in excess of $25,000.00 subject to prior approval by Lender. Shawn Bustin, Lender Representative to be appointed to Board of Directors of AgMedica Bioscience Inc for the term of the debt facility, such corporate documents to be provided prior to funding. Should loan be considered in default, a monthly loan administration fee of $5,000.00 will be paid to AgriRoots Capital Management Inc Lender may, at any time for any reason and without notice, cancel any unfunded portion of this loan. This commitment is subject to the following conditions to be satisfied prior to funding to the Lender's sole satisfaction: 1. Satisfactory review of court documentation terminating proceedings under the *Companies' Creditors Arrangement Act*, and delivery of satisfactory evidence that the Borrower and Guarantors can enter into the loan and grant the required security; 2. Such corporate and other opinions to be issued by the Borrower's lawyer as the Lender's lawyer may require; 3. Confirmation that the Borrower is current on all filings and all its deemed trust payments (including but not limited to HST); 4. Confirmation that property taxes are not in arrears; 5. Copies of all title and off-title searches required for the issuance of title insurance, to be ordered by the Borrower's lawyer in accordance with the requirements of the Lender's lawyer; 6. Registration and filing of all security by the Borrower's lawyer, in forms and manners directed by, and acceptable to, the Lender's lawyer; 7. Satisfactory review of adequate fire and building insurance; and 8. Such other security, assurances and/or documents as may be required by the Lender's lawyer.

	This commitment from AgriRoots Diversified Lending Fund LP supersedes all previous commitments from AgriRoots Diversified Lending Fund LP. **Borrower is responsible for all Lender costs and expenses. Expenses include but are not limited to the fees/expenses of all counsel, travel, advisors, consultants and auditors in connection with: (i) preparation, negotiation, execution, delivery, performance of the loan agreement and other loan documentation whether or not the contemplated transaction is completed; (ii) the Lender's due diligence expenses, whether or not the contemplated transaction is completed; and (iii) all expenses resulting from subsequent amendments, waivers, modifications and enforcement proceed**
Inspection/Valuation/Property Appraisal:	Appraisal report has been received and approved by Lender(s).
Title Insurance:	Required
Promissory Note:	Required
Pre-authorized Debit of Property Taxes:	Required
Mortgage Payments to Lender:	Borrower(s) to provide pre-authorized debit for payment from account bearing name of borrower(s).
Fire Insurance:	Required; Lender to be added as Loss Payee
Corporate Borrower:	See schedule
Existing Mortgage(s) and Balances:	Solicitor to confirm
Tax Account Status:	Solicitor to confirm no arrears
Schedule(s) to Mortgage:	Schedule "A" forms part of this Commitment; shall survive closing; and will be registered on title.
Mortgage Proceeds:	Refer to Statement (estimated); Solicitor to disburse
Income:	Subject to approval by Lender
Identification of Borrower(s):	Solicitor to confirm
Standard Charge Terms:	Refer to Standard Charge Terms 201922
Mortgage Brokerage:	**FamilyLending.ca Inc.** 136 St. Clair Street, Chatham, ON N7L 3J3
Other Documents:	The lender from time to time may request additional documents and/or services to be provided;

ACCEPTANCE: If the terms and conditions contained herein and in Schedule A are satisfactory to you, please indicate your acceptance thereof by signing below. The Borrower(s)/Guarantor(s) agree that the above services are rendered at the time the Commitment is accepted by the Borrower(s)/Guarantor(s); The Borrower(s) acknowledge having received and/or executed a Disclosure to Borrower at least 2 business days prior to signing this Commitment or had otherwise opted to waive the two (2) business day period and entered into the Commitment immediately.; The Borrower(s)/Guarantor(s)/Lender(s) acknowledge having reviewed the Disclosure of Material Risks section on Schedule A;

The Borrower(s)/Guarantor(s) hereby consent to the lender by its agent, FamilyLending.ca Inc. to obtaining a credit investigation and/or any personal information on the Borrower(s)/Guarantor(s) from any source, during the term of the mortgage or during the maturity/renewal lapse period, and each source is hereby authorized to provide such information to AgriRoots Diversified Lending Fund LP. Borrower(s) acknowledge that if the subject mortgage is not advanced by the closing date, this commitment offer may, at the option of the Lender, be cancelled, at the Borrower(s) expense;

The Borrower(s)/Guarantor(s) further acknowledge the following; having carefully considered the risks involved in private borrowing; having the opportunity to seek Independent Legal and/or Accounting advice; understanding that the terms and the rate herein may be higher and more onerous than institutional conditions; having understood the maturity/renewal provisions; by signing this document waives any claim; and that he/she has been informed of the risks regarding the subject private mortgage financing;

The Borrower(s) and Guarantor(s) agree that they will be liable to pay all of the Lenders fees and expenses, including but not limited to legal fees on a full indemnify (solicitor and his or her own client) basis, even if the mortgage fails to close;

This Commitment replaces any preceding verbal and/or written agreement between the parties, if any, concerning the loan transaction stipulated herein. By signing this Commitment you warrant that all information which you furnish is true and correct. The Lender may at any time for any reason and without notice, cancel any unadvanced portion of the loan. The Lender shall have no obligation to advance funds unless and until all of the Lender's terms and conditions have been deemed by the Lender to be complete, true and otherwise in all respects satisfactory, in the Lender's sole discretion. Time is of the essence in this Commitment.

NAME	SIGNATURE	ACCEPTED DATE
BORROWER(S)/GUARANTOR(S):		
AgMedica Bioscience Inc Per: Dr. Trevor Henry "I have authority to bind the corporation."	x	SEPTEMBER 28, 2020
GUARANTORS:		
2472602 Ontario Inc. Per: Dr. Trevor Henry "I have authority to bind the corporation	x	SEPTEMBER 28, 2020
2642466 Ontario Inc. Per: Dr. Trevory Henry "I have authority to bind the corporation."	x	SEPTEMBER 28, 2020
8895309 Canada Inc. Per: Dr. Trevor Henry "I have authority to bind the corporation	x	SEPTEMBER 28, 2020
Wellworth Health Corp. Per: Dr. Trevor Henry "I have authority to bind the corporation	x	SEPTEMBER 28, 2020
8050678 Canada Inc. Per: Dr. Trevor Henry	x	SEPTEMBER 28, 2020

"I have authority to bind the corporation		
8326851 Canada Inc. Per: Dr. Trevor Henry "I have authority to bind the corporation	x	SEPTEMBER 28, 2020
Unique Beverages (USA) Inc. Per: Dr. Trevor Henry "I have authority to bind the corporation."	x	SEPTEMBER 28, 2020
Worldwide Beverages Innovations Inc. Per: Dr. Trevor Henry "I have authority to bind the corporation."	x	SEPTEMBER 28, 2020
Tavivat Naturals Inc Per: Dr. Trevor Henry "I have authority to bind the corporation."	x	SEPTEMBER 28, 2020
LENDER:		
2596690 Ontario Inc Per: Robb Nelson, President "I have authority to bind the corporation	x DocuSigned by: 1ECEF31132D0419...	September 28, 2020

TAB R

This is Exhibit "R" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

AgriRoots CAPITAL MANAGEMENT INC.

Loan Commitment

Date: November 21, 2022

To: AgMedica Bioscience Inc.
566 Riverview Drive
Chatham, ON

Attention: Dr. Trevor Henry

Dear Sir(s):

RE: 2nd Mortgage/Charge over 566 Riverview Drive, Chatham, ON -- and all present and after acquired assets and property (the" Property")

We wish to confirm that, based upon and subject to the accuracy of information furnished to us, the mortgage financing on the subject security has been approved subject to the following terms and conditions set up below:

MORTGAGEE: 2596690 Ontario Inc and its investors or assignees (the "Lender")

BORROWER: AgMedica Bioscience Inc. (the "Borrower")

GUARANTOR(S): 5047346 Ontario Inc.
Wellworth Health Corp.
8050678 Canada Inc.
Unique Beverages (USA) Inc.
Tavivat Naturals Inc.

Existing Loan Amounts:

Tranche 1

Loan Amount:	$7,000,000
Maturity:	September 1, 2024
Interest Rate:	15%
Monthly Payment:	Interest Only

Tranche 2

Loan Amount:	$3,000,000
Maturity:	September 1, 2024
Interest Rate:	15%
Monthly Payment:	Interest Only

Tranche 3

Loan Amount:	$1,050,000
Maturity:	September 1, 2024
Interest Rate:	15%
Monthly Payment:	Interest Only

Tranche 4

Loan Amount:	$300,000*
Maturity:	September 1, 2024
Interest Rate:	15%
Monthly Payment:	Interest Only

*(Fees from 2022 extension totaled $600,000 - $300,000 noted here, plus $25,000 monthly for 12 months).

PRIORITY/SECURITY: 1. 2nd Mortgage charge in the amount of $16,000,000 against 566 Riverview Drive, Chatham, ON (owned by 2472602 Ontario Inc.). **Existing** Sub searches to be performed to confirm no subsequent encumbrances and further acknowledged by the borrower that this existing charge additionally supports all subsequent advances made.

2. GSA Charge against all present and after acquired assets and property of the Borrower. **Existing**

3. Existing Encumbrances of $3,000,000 in favor of Hillmount Capital registered in 1st position and existing obligations of $7,000,000, $ 3,000,000, $300,000, and $1,050,000, in favor of 2596690 Ontario Inc, currently supported by 2nd mortgage charge in the amount of $16,000,000.

NEW LOAN AMOUNT: $ 750,000 (Tranche 5)

FEES:
Lender Commitment Fee - $7,500
Broker Fee - $7,500
Lender Legal Fees, Disbursements and HST – Estimated at $1,000.

INTEREST RATE & PAYMENT: Interest shall be compounded and calculated monthly at 15.0% per annum and will be calculated and payable monthly, in arrears, by direct withdrawal. Interest adjustment date to the 1st of the following month.

In the event of a delayed closing to events outside the control of the lender, interest will accrue at the rate of 15.0% from the anticipated closing date, December 1, 2022.

AMORTIZATION: N/A, Interest Only.

CLOSING DATE: The funding date is to be no later than December 1, 2022, and not sooner than 3 full business days from receipt of fully executed commitment and satisfactory receipt of material requested by the Lender. It is further conditional upon the Lender's solicitor receiving all requisitioned material on a timely basis. The closing date may be advanced as agreed to by the Lender's and Borrowers' solicitors. (In the event the funds have not been advanced pursuant to the terms of this commitment by December 1, 2022, the obligations of the Lender hereunder, including the obligation to make any advance of funds, shall cease and the Borrower shall remain liable for all amounts set herein)

LENDER'S SOLICITOR: Matthew Wilson, Siskinds LLP, 680 Waterloo Street, London, ON N6A 3V8
P: 519.660.2061 F: 519.660.2071 E: matthew.wilson@siskinds.com
CJ Lombardi, Clerk P: 226.213.7107 E: cj.lombardi@siskinds.com

TERMS OF LOAN & PREPAYMENT PRIVILEGE: This loan will mature on September 1, 2024 and is open for repayment with 30 days notice.

VALUE OF SECURITY: 566 Riverview Drive, Chatham, ON, - $29,500,000.00

ADVANCES: The proceeds of this Loan shall be advanced less the following:

a) Lender Fees (including Broker Fee); $15,000.
b) Legal fees and disbursements plus HST thereon.
c) Interest adjustment payment to the first of the month.
d) Insurance consultant fees (if applicable); and
e) Other amounts, if applicable, to be determined prior to closing.

PURPOSE OF LOAN: The Loan has been requested by the Borrower to: (i) Assist in CAPEX to build out new growing rooms and, (ii) future working capital.

SECURITY:

1. 2nd Collateral Mortgage registered in the amount of $16,000,000.00 on 566 Riverview Drive, Chatham, ON, registered at 19.9%. Sub searches to be performed to confirm no subsequent encumbrances have been registered and further, acknowledged by the borrower that existing collateral charge supports/includes this $750,000 advance.
2. Promissory Note, executed by the borrower and guarantors - $750,000 at 15%.
3. PPSA Charge on all present and after acquired assets and property of the Borrower. **Existing.**
4. General Security Agreement over any and all unencumbered personal property used in connection with or arising from or out of the Property (including without limitation, a charge (PPSA) over all equipment and machinery, vehicles, fixtures, furniture used in connection with the

Property) and all after-acquired assets and property of the borrower in a form to be determined by the Lender's solicitor. **Existing**

5. Title Insurance **Existing**
6. Fire and building "All Risk" insurance as determined and verified by the Lender's insurance consultant (the cost of the insurance review is the responsibility of the Borrower). The Lender will be noted on the property as mortgagee and loss payable. Insurance coverage of replace cost on Property (and to be not less than the full 100% "Replacement Cost") and $2 million in liability. **Existing**
7. General Assignment of Rents and Leases and Tenant Acknowledgments in a form to be determined by the Lender's solicitor. **Existing**
8. Such other security, documentation or assurance, as may be required by the Lender or the lender's solicitor.

All terms and conditions of existing debt facility remain in effect.

ADDITIONAL CONDITIONS AND REPRESENTATIONS: This commitment is subject to the following conditions to be satisfied at the time of advance of funds under this commitment which conditions the Lender in its sole discretion may waive in full or in part:

1. Written acceptance of the Commitment by the Borrower.
2. The Borrower will attend to the lawful execution and delivery of such documents as the solicitors for the Lender may deem necessary or advisable to the fulfill the terms and conditions of the agreement (including a copy of an up-to-date survey of the Property (may not apply with Title Insurance)
3. We are to receive the favorable opinion Lender's solicitors with respect to the priority, validity and enforceability of the mortgage and all other requirements usual to a transaction by Lender's solicitor).
4. Satisfactory inspection of the Property by the Lender and its agent, if so, required by the Lender.
5. Satisfactory due diligence review of the following:
    a. The pro-forma financials of the Borrower which are to indicate that the Borrower can afford the monthly interest payments. If the Lender is not satisfied, an interest reserve may be set up as part of the Loan.
    b. The agreed upon exit strategy.
    c. Confirmation that the borrower is current on all its filings and all its deemed trust payments (i.e., WSIB, source deductions, HST). Borrower shall provide the Lender with status updates on all its filings at the request of the Lender during the term.
    d. Confirmation that the Borrower is compliant with all applicable material federal, provincial and municipal laws, regulations and policies in relation to their activities.

   e. Confirmation of the names of the shareholders, directors and owners of the Borrower and confirmation that they will not sell their shares while the Loan is still outstanding.
6. All property taxes to be current at the time of closing. Any arrears in property taxes must be paid in full prior to closing or from the proceeds of this Loan. Borrower(s) to pay property taxes directly and provide confirmation to the Lender, on a quarterly basis, that the property taxes are up to date.
7. Satisfactory review of the (a) rent roll indicating the tenant's names, details of leases, lease start date, lease expiry date, lease amount (on a net basis), TMI collected, SF of Tenanted space, etc. (b) operating statements and (c) leases.
8. Satisfactory review of the leases in place by Lender's solicitor and tenant acknowledgements to be addressed to the Lender in a form satisfactory to the Lenders solicitor.
   a. Any related leases will agree in writing to postpone and subordinate its interest under its tenancy to lease interests of the Lender.
9. Satisfactory review of all property related documents that may be required by the Lender including realty tax bills, insurance, utility bills, structure of property ownership and survey.
10. A copy of an up-to-date survey of the Property (may not apply with Title Insurance) and the site layout (if one exists).
11. Please see schedule "A" for additional terms of the mortgage which are not necessarily preconditions to the closing.
12. Borrower consents that they have the power, capacity and authority to enter into this commitment and to complete this transaction, which has been duly authorized, where required, by all necessary corporate action and that no consents are necessary for this transaction to be completed.
13. The Borrower hereby represents and warrants that they the ability to service the mortgage debt.
14. The borrower hereby represents and warrants that they have, or will have, good marketable title to the Property to be mortgaged as security for the Loan in this Commitment and that these agreements herein, on the part of the Borrower to grant a mortgage to the Lender, constitutes and equitable charge on the Property pursuant to this Commitment.
15. No subsequent encumbrances, debt or other mortgages with respect to the Property without the Lender's written consent.
16. Satisfactory review of adequate fire and building "All Risks" insurance by Lender or its independent insurance advisor. The Lender is to be added mortgagee and as loss payee (as applicable). The cost of the insurance review by the advisor is the responsibility of the Borrower.
17. Notwithstanding anything contained in the mortgage, it is hereby agreed by and between the Lender on the Borrower that any monies tendered in respect of the mortgage payments or other payments due shall be paid by 1 p.m. on the business day upon which they are due. If received after that time (i.e., for computing interest), the monies will be deemed to be received the next business day.

18. Mortgage is non-transferable and non-assumable except at the option of the Lender.
19. The Borrower represents and warrants that the land and all activities comply with all environmental laws and that the lands contain no hazardous substances, have not been subject to previous remediation or clean-up of hazardous substances and there are no investigations or other actions arising under or relating to environmental laws. All existing environmental assessments, audits, tests and reports relating to the lands within the knowledge of the Borrower had been delivered to the Lender.
20. In the event the Borrower sells, conveys, transfers their interest into any agreement of sale or otherwise encumbers the Title to the mortgaged premises, or defaults in the payment or of any prior encumbrances or mortgages, or defaults in the payment of any taxes against the mortgaged premises, then all monies then outstanding, together with accrued interest, default fees and other prepayment penalties shall forthwith become due and payable.
21. If at any time or from time to time, any default or breach of covenant occurs under any other encumbrance registered against the Property, it shall constitute a default hereunder and under the Mortgage/Charge granted pursuant hereto and any other obligation owing to the Lender. At the Lender's option, the entire principal sum owing hereunder together with interest and all costs and fees shall become immediately due and payable.
22. The Borrower shall execute an irrevocable authorization that permits the utility companies, insurance companies, taxing authorities, and mortgage companies directly involved in the secured Property to discuss matters relevant to the Lender's interest in the event of a default in the mortgage.
23. The Borrower shall execute and deliver whatever consents are required by the Lender and its solicitors concerning the release and disclosure of information by the Lender to third parties and by third parties to the lender in accordance with provisions of the Personal Information *Protection and Electronic Documentation Act* (Canada).
24. Satisfactory confirmation by the Borrower that there are no outstanding work orders, notices of violations or other municipal or governmental authorities affecting the Property.
25. Satisfactory evidence (as determined by Lender's solicitor) that prior discharged mortgages have been paid and properly discharged.
26. Such other security, assurances and / or documents as may be required by our solicitors.
27. At the Lender's sole discretion, the Lender will agree to renew the mortgage for an additional 12-month term under the following conditions:
    a. The mortgage is current and has not been in default during the term of the mortgage including payment of interest and principal monthly.
    b. Satisfactory review of the Phase 1 environmental reports and / or Phase 2 environmental reports on the Property by a Lender approved environmental consultant. The environmental reviews are to be addressed to the Lender. Borrower will be responsible for

consultant fees. Should the Phase 2 indicate any contamination, the report should include the cost to remedy.

c. If the mortgage is renewed, there will be a lender fee of 2.0% of the Loan Amount.

d. Mortgage not renewed or paid off within 15 days after the date matured, servicing fees will apply, and the interest rate will be amended to 18% calculated and compounded monthly, until date of renewal or payout. The Mortgage will be considered in default during this period.

GENERAL: The provisions of this letter and commitment agreement resulting from your acceptance thereof shall remain binding and effective notwithstanding the closing of the mortgage transaction.

SCHEDULES ATTACHED: The following attached schedule(s) form a part of this Term Sheet:SCHEDULE A – Conditions
SCHEDULE B – Insurance Requirements

Yours truly,
AgriRoots Capital Management Inc., as agent and authorized representative of the Lender

____
Shawn Bustin
President

519-351-5650
877-455-1478
(Brokerage, FamilyLending.ca Inc. Lic. #12114)

ACCEPTED

The Borrower / Guarantor hereby accept this Commitment and confirm their agreement with all of the terms and conditions thereof, having either obtained independent legal advice or having been satisfied that legal advice is not required. The Lender's Commitment Fee is fully earned by the Lender upon acceptance of the terms of this Commitment (the "Commitment Fee").

Accepted this _________ day of November 2022.

BORROWER(S):
AGMEDICA BIOSCIENCE INC.

DocuSigned by:
C986DEC1266C40B...
November 25, 2022 | 11:46 AM PST
____
Name: Dr. Trevor Henry
A.S.O.
I have authority to bind the corporation.

GUARANTOR(S):

5047346 Ontario Inc.

DocuSigned by:
C986DEC1266C40B...
November 25, 2022 | 11:46 AM PST
____
Name: Dr. Trevor Henry
A.S.O.
I have authority to bind the corporation.

Wellworth Health Corp.

DocuSigned by:
C986DEC1266C40B...
November 25, 2022 | 11:46 AM PST
____
Name: Dr. Trevor Henry
A.S.O.
I have the authority to bind the corporation.

8050678 Canada Inc.

DocuSigned by:
C986DEC1266C40B...
November 25, 2022 | 11:46 AM PST
____
Name: Dr. Trevor Henry
A.S.O.
I have authority to bind the corporation.

Unique Beverages (USA) Inc.

DocuSigned by:
C986DEC1266C40B...
November 25, 2022 | 11:46 AM PST
____
Name: Dr. Trevor Henry
A.S.O.
I have authority to bind the corporation.

Tavivat Naturals Inc.

DocuSigned by:

C986DEC1266C40B...

November 25, 2022 | 11:46 AM PST

Name: Dr. Trevor Henry
A.S.O.
I have authority to bind the corporation.

Borrower's Solicitor

Name: F. John Durdan

Firm: Gowling WLG (Canada) LLP

Phone: (519) 574-3448

Email: john.durdan@gowlingwlg.com

SCHEDULE A – CONDITIONS

ACCRUED AND EARNED INTEREST: Accrued interest calculated from the date that this mortgage is advanced to the Interest Adjustment Date will be deducted from the gross funds advanced. The Interest Adjustment Date is set at the Mortgagee's option. The Borrower shall not be entitled to receive interest, if any, on any funds held in trust by the Lender. Any interest earned shall accrue to the Lender.

ASSIGNMENT OF COMMITMENT & ROLE OF BROKERAGE: Neither this Commitment nor the Mortgage/Charge loan is assignable by the Borrower(s) without the Lender's consent. The Lender is a licensed brokerage and for the purposes of this transaction, is acting as a representative of the Lender but not the Borrower (unless otherwise noted by way of a Borrower Disclosure between the Lender and Borrower).

FIRE INSURANCE: Fire and extended insurance coverage in a form and for an amount acceptable to the Lender is to be taken out with an insurance company or insurance companies approved by us for the full insurable value of the Mortgage/Charge property and assigned to Lender. Co-insurance is not acceptable.

LEGAL AND OTHER COSTS AND FEES: All legal, appraisal, survey, title insurance premiums, environmental audits, and other costs and fees incurred in connection with this Mortgage/Charge loan are payable by the Borrower(s) whether or not the loan is ultimately completed, and the funds advanced

PREPAYMENT RESTRICTIONS: It is intended and agreed that the Mortgage/Charge loan may not be prepaid prior to the maturity date unless provided herein.

REGULATIONS: The Charged/Mortgaged property must comply with all municipal, provincial and federal statues, regulations and requirements.

SURVEY REQUIREMENTS: Prior to any advance of funds under the mortgage loan, Lender will require a survey acceptable to it, showing the lands and the location of the buildings to be secured by this Mortgage/Charge. This survey is to be prepared, dated, signed and sealed by a duly qualified Provincial Land Surveyor and is to indicate the land area of the property and the location of all improvements and easements or rights-of-way. At the sole discretion of the Lender's lawyer, the survey requirement may not apply with title insurance.

TAXES: Any tax bills issued and unpaid at the interest adjustment date are to be paid in full, from the proceeds of this mortgage loan. The Lender can request evidence from the Borrower that all realty taxes due and owing to the municipality within which the mortgaged lands are situated have been fully paid or are current for the calendar year.

PURCHASER APPROVAL: The Charge/Mortgage will be due on sale of the property with bonus and may not be assigned by the borrower without prior written consent and approval of the Lender, which consent may be reasonably withheld.

ASSIGNMENT AND SYNDICATION BY LENDER: The Lender shall have 7 normal business days following the acceptance of this Mortgage Commitment, and upon receipt of all requested underwriting information to assign all or part of the of the loan in an amount to be determined by the Lender at its discretion and subject to terms satisfactory to the Lender. The Commitment is conditional upon the Lender being able to syndicate the Loan, failing which, the Lender may terminate this Commitment and if so, terminated the Lender shall return the Deposit to the Borrower.

TITLE INSURANCE: At the Lender's sole option, the Borrower may be required to provide title insurance for the mortgaged property. The cost of the title insurance shall be at the Borrower's expense.

ADDITIONAL PROVISIONS: Our current schedule of administration and servicing fees include (but not limited to) the following charges:

ADDITIONAL PROVISIONS & SERVICING FEES

$ 300.00	Missed payment fee: Payable for each missed or late installment payment and for replacing and processing each NSF cheque or returned payment for any charge on this property (i.e., 1st and / or 2nd mortgagee) or any other creditor (i.e., utility company, property taxes, etc.).
$ 500.00	Insurance: Payable for dealing with each cancellation, premium payment, or other non-compliance with insurance requirements.
$2,500.00	Default: Payable for each act or proceeding instituted.
$ 175.00	Mortgage Statements: For preparation of each statement.
$2,000.00	Minimum Lenders administration fee for renewal or discharge of this mortgage.
$ 500.00	Possession: For attending to take possession following default.
$ 50.00	Administration: For administering maintenance and security of the property in our possession, per day.
$ 175.00	Mortgage Discharge & Statement Fee: For discharge on one property. $100.00 for each additional property.
$ 250.00	Tax Default Fee: For failure by the Borrower to provide satisfactory confirmation of tax payments.
$ 300.00	For each written request necessitated by the mortgagor not replacing dishonored cheques forthwith.
$ 250.00	For each hour of administrative time spent by the Mortgagee or its agent in dealing with issues of default related to these mortgages. This rate does not apply to solicitor services.
$ 395.00	Mortgage Insurance Admin Fee.
$ 250.00	Inspection Fee (per property).
$ 90.00	Bank Wire Transfer Fee

0.5% Monthly Minimum of $50 daily	Admin fee for each day mortgage maturity remains outstanding.
	The Lender reserves the right to charge reasonable fees for other administrative services. Renewal and renewal fee to be at the discretion of the Mortgagee. In the event of a further occurrence of the administrative fees as set out herein, the administrative fees shall increase by a further sum of $50.00 and this shall be on a cumulative basis.

TAB S

This is Exhibit "S" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

July 4, 2022

COMMITMENT LETTER

Greenseal Cannabis Company, Ltd.
530 Wright Blvd
Stratford, ON
N4Z 1H3

Attn: Phil Niles

Re: Financing of 530 Wright Boulevard, Stratford, ON

We are pleased to provide the following Commitment Letter for your review and acceptance. The following Commitment Letter outlines the terms and conditions under which Your Neighbourhood Credit Union (YNCU) will consider providing financing for the Property described herein.

1. **LOAN DETAILS**

(A) **Borrower:** Greenseal Cannabis Company, Ltd.

(B) **Guarantor(s):** Peter Reeves, Corey Hamilton, Chad Morphy & RCL Venture Holdings, Inc.

(C) **Lender:** Your Neighbourhood Credit Union Limited

(D) **Credit Facility:** The Lender agrees to provide and the Borrower agrees to borrow the following credit facilities up to the aggregate amounts not exceeding the limits stipulated:

	Facility	Amount
Facility 1	Commercial Mortgage	$4,371,485
Facility 2	Line of Credit	$300,000
Facility 3	Commercial Mortgage	$675,000
	TOTAL:	$5,346,485

(E) **Real Property:** The Security Documents, where required (as hereinafter defined), shall be registered against lands and premises municipally known as *530 Wright Boulevard, Stratford, ON* (legal description to be obtained), in first priority and all other prior encumbrances (except for the Permitted Encumbrances as hereinafter defined) shall be discharged unless otherwise provided for herein.

(F) **Purpose:** To provide financing for the property located at *530 Wright Boulevard, Stratford, ON* with the overall mortgage not to exceed a maximum loan to AACI acceptable appraised value of 60% to a maximum loan(s) of $5,346,485.

(G) **Draw Down:** Upon completion of the security documentation required pursuant to Section 2 herein and compliance with the conditions precedent to funding provided for in Section 3 and special conditions provided for in Section 5 herein.

(H) **Repayment:** Facility 1: In blended monthly payments of principal and interest sufficient to repay the indebtedness within the specified amortization period.

Facility 2: To fluctuate from operations. Wide fluctuations expected on Line of Credit.

Facility 3: In blended monthly payments of principal and interest sufficient to repay the indebtedness within the specified amortization period.

(I) **Prepayment:** Facility 1 and Facility 3:

a. The Borrower may prepay on the yearly anniversary date an additional amount on account of principal up to 10% of the original principal amount of the Credit Facility without notice, bonus or penalty. This right of prepayment is not cumulative, the Borrower cannot carry forward this right of prepayment for that calendar year to any following calendar year. This right of prepayment shall not apply if the Borrower prepays the principal amount of the Credit Facility in full.

b. The Borrower may prepay at any time, the whole of the principal amount then outstanding, upon payment of the greater of:

   (i) 4 months interest on the interest rate chargeable hereunder, upon the principal amount prepaid; or

(ii) the amount, if any, by which interest at the interest rate chargeable under the Credit Facility exceeds interest at the prevailing rate as defined below calculated on the principal amount prepaid, for a term commencing on the date of prepayment and expiring on the balance due date of the Credit Facility. The "prevailing rate" at the time of prepayment means the rate at which the Lender would then lend to the Borrower on the security of the Real Property, for a term commencing on the date of prepaying and expiring on the balance due date of the Credit Facility.

Facility 2: Open to prepayment without penalty

(J) **Term:**

Facility 1: 5 years from the initial advance date of March 9, 2021
Facility 2: 1 year
Facility 3: 5 years

(K) **Amortization Period:**

Facility 1: 25 years from the initial advance date of March 9, 2021
Facility 2: N/A
Facility 3: 25 years

(L) **Interest Rate:**

Facility 1: 4.36% p.a.
Facility 2: Prime + 2.50% p.a.
Facility 3: 5.75% p.a.

(M) **Costs and Expenses:**

All costs and expenses in connection with the matters contemplated by this Commitment Letter are to be paid by the Borrower, whether or not funds are advanced, the Security Documents are completed or the Commitment Letter is cancelled.

(N) **Fees:**

The Borrower shall pay the following fees to the Lender:

a. Application Fee of $4,000, which is payable upon advance of Facility 3.

b. Late Reporting Fee of $250 per month for each month the required reporting is not provided, subject to escalation should a material breach (as determined by the Lender, in its sole discretion) occur.

c. Annual Administration Fee of $500 for review and monitoring of the account on an ongoing basis.

2. SECURITY

The present and future indebtedness and liability of the Borrower to the Lender shall be secured by the following security (the "**Security Documents**"), evidenced by documents in form satisfactory to the Lender and its legal counsel and registered or recorded as required by the Lender, to be provided prior to any advances or avail being made under the Credit Facility:

(A) First position collateral charge on the property located at *530 Wright Boulevard, Stratford, ON* in the amount of $5,400,000. Notwithstanding the face amount of the mortgage being registered as security, the Borrower acknowledges that the Lender has made no commitment to provide additional funding.

(B) General Assignment of Rents and Leases.

(C) Promissory Note.

(D) General Security Agreement representing a first position fixed and floating charge over the Real Property & its associated assets and a subordinate fixed and floating charge over all of the assets and undertakings of the Borrowers subsequent only to presently existing charges.

(E) Commitment Letter.

(F) Line of Credit Agreement.

(G) Assignment of material contracts.

(H) Personal guarantee and postponement of claim from Peter Reeves in the amount of $375,000.

(I) Personal guarantee and postponement of claim from Corey Hamilton in the amount of $481,200.

(J) Personal guarantee and postponement of claim from Chad Morphy in the amount of $535,000.

(K) Corporate guarantee and postponement of claim from RCL Venture Holdings, Inc. in the amount of $5,346,485.

(L) Any other documentation necessary in the opinion of the Lender and its legal counsel, to complete this transaction. Including but not limited to environmental indemnities as required.

3. CONDITIONS PRECEDENT TO FUNDING

Those customarily found in the Lender's Security Documents and any additional conditions appropriate in the context of the proposed transaction, and in any event, to include without limitation, the following:

(A) Satisfactory review of AACI appraisal report containing a current market value of the Real Property located at *530 Wright Boulevard, Stratford, ON* of $8,900,000 to be addressed to the Lender.

(B) Satisfactory review of credit bureaus for all guarantors.

(C) Satisfactory review of the insurance policy covering the property. Insurance to be payable and to cover full amount of the loan payable to YNCU.

(D) Completion of a site meeting and discussion, including a tour of the parcel to be charged, prior to funding.

4. GENERAL CONDITIONS/COVENANTS

Until all debts and liabilities due and owing under the Credit Facility have been discharged in full and the commitment to provide the Credit Facility has been withdrawn by the Lender, the following terms and conditions, together with all terms and conditions contained in Schedule B attached hereto, will apply in respect of the Credit Facility:

(A) All guarantors to provide updated net worth statements as reasonably requested.

(B) The Borrower to maintain Debt Service Coverage [defined as net operating income before depreciation and interest divided by total principal plus interest payments due under all long term debt] at not less than 1.50:1 (tested annually).

(C) Borrower to provide the lenders with minimum Review Engagement year-end financial statements prepared by a Chartered Professional Accountant (CPA) within 120 days of each fiscal year end date.

(D) RCL Venture Holdings, Inc. to provide the lenders with minimum Compilation Engagement (CSRS 4200) year-end financial statements prepared by a Chartered Professional Accountant (CPA) within 120 days of each fiscal year end date.

(E) Confirmation of Health Canada Licence in good standing.

(F) A copy/proof of property tax paid to be provided annually.

(G) The Borrower to provide the Lender with copies of any reporting/documentation required pursuant to the first mortgage.

(H) In the event of non-compliance with terms and conditions contained in Schedule B.24 Payment of Property Taxes, attached hereto, the Lender will be entitled to obtain a Tax Certificate at the Borrower's expense.

5. SPECIAL CONDITIONS/COVENANTS

(A) The occurrence of an event of default under the Borrower's and/or Guarantor(s)' credit facilities with the lender constitute a concurrent default under the Credit Facility.

(B) Any Guarantor(s), if applicable hereby undertake to inject funds into the operations of the Borrower as required to ensure sufficient funds are available to meet all of the Borrower's obligations to the Lender, including, without limitation, the monthly payment obligations and the Debt Service Coverage requirement as provided for in Section 4. General Conditions herein.

(C) Upon the expiry date of the Term at a time (1) when an amount remains owing under the Credit Facility on account of principal; (2) the Borrower is not in default under this Commitment Letter; and (3) the Borrower has not agreed to a renewal or extension on terms satisfactory to the Lender, the Credit Facility shall automatically renew for a period of thirty (30) days from the expiry date of the Term at an interest rate equal to the existing Interest Rate on the expiry date of the Term plus 3% per annum, and the monthly payment for principal and interest shall be adjusted accordingly. The Credit Facility shall automatically renew for additional thirty (30) day periods unless the Lender provides at least fifteen (15) days' notice to the Borrower of the Lender's intent not to renew prior to the end of any renewal period.

(D) At the sole option of the Lender, this Commitment Letter may be cancelled and there shall be no obligation to disburse the Credit Facility if:

(i) due to the failure, for any reason, of the Borrower or any Guarantor to satisfy any of the provisions or requirements hereof, the Lender has not been willing or able to disburse the Credit Facility on or before August 12, 2022 (the "Close Out Date);

(ii) the Borrower or any Guarantor is in breach of any provision, representation or warranty herein;

(iii) in the opinion of the Lender, in its sole discretion, there is a material adverse change in the position, financial or otherwise, of the Borrower or any Guarantor from that represented to the Lender as at the date hereof;

(iv) in the opinion of the Lender, in its sole discretion, there has been a material adverse change in the condition of the Property or in the actual or anticipated revenues therefrom from that existing at the date hereof;

(v) the Borrower is acquiring the Property coincident with the making of this Credit Facility and the purchase price represented to the Lender for the acquisition is higher than the actual purchase price to be paid by the Borrower on closing of the acquisition;

(vi) the results of the Lender's due diligence investigations regarding the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the "PCTF Act") are not wholly satisfactory to the Lender, in its sole discretion, or the Borrower or any Guarantor fails to provide all information required by the Lender pursuant to the PCTF Act; or

(vii) any situation exists which would constitute a default hereunder or under any of the Security Documents.

If the whole Credit Facility has not been disbursed on or before the Close Out Date, the Lender may, at its sole option, close out the Credit Facility at the amount then disbursed, if any.

(E) Notwithstanding the foregoing Close Out Date, the parties acknowledge that the anticipated funding date is July 22, 2022.

6. PERMITTED ENCUMBRANCES

The title to the Real Property shall be subject only to Real Property taxes not yet due and payable, utility easements and other similar rights which, in the Lender's opinion, will not, in the aggregate materially and adversely impair the marketability of the Real Property or the use of the Real Property for the purpose for which it is held and minor irregularities and defects in title approved by the Lender (the "**Permitted Encumbrances**").

7. NO MERGER

It is understood and agreed that the execution and delivery of the Security Documents shall in no way merge or extinguish this commitment letter or the terms or conditions hereof which shall continue in full force and effect while any or all of the Security Documents remain outstanding. In the event of any inconsistency or conflict between any provision or provisions of this commitment letter and the provision or provisions of the Security Documents or any other documentation, such provision or provisions of the commitment letter shall prevail. A provision or provisions contained in the Security Documents which is not contained in the commitment letter shall not be considered to be inconsistent or in conflict with the commitment letter.

8. CREDIT REPORTING & PERSONAL INFORMATION

If a corporation, the Borrower(s) and/or Guarantor(s) hereby consent to the Lender obtaining from any credit reporting agency or from any person such information as the Lender may require at any time, and consents to the disclosure at any time of any information concerning the undersigned to any credit grantor with whom the undersigned has financial relations or to any direct reporting agency.

If an individual, the Borrower(s) and/or Guarantor(s) hereby,

(A) Authorize and consent to the disclosure of any Personal Information (as defined herein) to the Lender by any holder of such information requested to provide it to the Lender for the purposes of the Lender's possible or actual provision of credit to Borrower(s) and/or Guarantor(s);

(B) Consent to the collection, use and disclosure of Personal Information by the Lender for the purpose of credit risk assessment and management, included but not limited to: credit scoring, portfolio analysis, reporting fraud prevention and claim recovery; the provision of credit to the Borrower; the management of the Lender's on-going relationship with the Borrower(s); and to comply with any legal and regulatory requirements;

(C) Acknowledge that the Lender may disclose information about the undersigned, regardless of when or how the information was collected, to related companies; its service providers; its agents, contractors, lawyers and external advisors; payment system operators; credit reporting agencies; rating agencies; other financial institutions and credit providers; government and other regulatory bodies; and any individuals or organizations that (i) the Borrower(s) and/or Guarantor(s) provide as references, (ii) who act on behalf of the Borrower(s) and/or Guarantor(s), or (iii) who have been engaged to provide services to the Borrower(s) and/or Guarantor(s).

(D) All Personal Information disclosed to the Lender has been done in accordance with all applicable laws pertaining to the Personal Information in question, and specifically, where applicable, consent by the individual(s) whose Personal Information is provided has been obtained for the collection, use and disclosure by the Lender for purposes associated with the possible or actual provision of credit to the Borrower(s) and/or Guarantor(s).

"**Personal Information**" is any information that relates to an individual or allows an individual to be identified but does not include information about an individual that has been aggregated with other information and from which the individual cannot be identified.

9. SCHEDULES

The Borrower and the Guarantor(s) acknowledge that the following schedules attached hereto form part of the commitment letter and agree to be bound by all terms and conditions contained therein:

(A) Schedule A – Representations and Warranties
(B) Schedule B – Terms and Conditions – General
(C) Schedule C – Events of Default and Remedies

The Borrower and any/all guarantors agree to be bound by all terms and conditions contained in any of the Schedules.

This letter is delivered to you with the understanding that neither it nor its substance shall be disclosed except to members of the Board of Directors, Advisors, Employees, Counsel and Accountants of the Borrower who are involved in consideration of this matter or as may be compelled to be disclosed in a judicial or administrative proceeding or as otherwise required by law.

Yours truly,

Ryan Latour

Ryan Latour
Director, Commercial & Business Services

Per YOUR NEIGHBOURHOOD CREDIT UNION LIMITED

Acknowledgement & Acceptance

If the terms and conditions of this Commitment Letter are acceptable, please indicate by signing below and returning this letter together with any materials currently in your possession covered under Section #3 (Conditions Precedent to Funding) outlined herein by the close of business July 8, 2022, latest, following which date this Commitment Letter will be considered null and void.

Accepted on the terms and conditions herein provided and authorize the Lender to proceed this 11th day of July, 2022.

Borrower: *Greenseal Cannabis Company, Ltd.*

Per: ____________ Per: ____________
Name: Corey Hamilton Name:

(I/we have the authority to bind the Corporation.)

Corporate Guarantor: *RCL Venture Holdings Inc.*

Per: ____________ Per: ____________
Name: Qin Chen Name:

(I/we have the authority to bind the Corporation.)

Personal Guarantor(s):

Per: ____________ Per: ____________
Corey Hamilton *Peter Reeves*

Per: Chad Morphy
Chad Morphy

TAB T

This is Exhibit "T" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

RECEIVABLE PURCHASE AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made as of 06 / 07 / 2023, between **GREENSEAL CANNABIS COMPANY LTD.**, a corporation governed by the laws of the Province of Ontario (the "**Seller**") having its principal place of business at 530 Wright Blvd, Stratford, ON N4Z 1H3, and **STOKE CANADA FINANCE CORP**., a corporation governed by the laws of the Province of British Columbia (the "**Purchaser**"), having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7.

WHEREAS, in the regular course of its business the Seller generates receivables arising from the sale of certain Cannabis Products (as defined below) to Account Debtors (as defined below) across Canada pursuant to the terms of a contractual supply arrangement between the Seller, as producer, and the applicable Account Debtor, as purchaser and wholesaler.

AND WHEREAS, the Seller wishes to sell, and the Purchaser wishes to purchase, from time to time, Eligible Receivables (as defined below) pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows,

1. DEFINITIONS.

When used herein, the following terms shall have the following meanings:

“**Account Debtor**” means, in respect of a Receivable, a Crown Wholesaler (as defined below) or a private wholesaler licenced under the Cannabis Act, SC 2018, c 16, (a “**Private Wholesaler**”) who has an obligation to pay such receivable, including any co-debtor, guarantor or other Person who owes or is responsible for making payments under such Receivable.

“**Advance Rate**” means, with respect to an Eligible Receivable, a percentage equal to 75% of the Purchase Price (as set forth in **Schedule "B"**) or as otherwise determined by the Purchaser in its sole discretion at which the Purchaser will calculate the amount of funds to be advanced to the Seller.

"**Authorized Person**” has the meaning specified in Section 4.1(b).

“**Business Day**” means any day other than a Saturday, a Sunday, a statutory holiday or a day on which banks in Vancouver, British Columbia and/or Toronto, Ontario, are authorized or obligated by law, regulation or executive order to close.

“**Cannabis Products**” means, with respect to a Receivable, the underlying cannabis or cannabis-derivative products produced by the Seller.

“**Change of Control**” means a change in the effective control of the Seller without the Purchaser’s consent.

“**Closing Date**” means 06 / 07 / 2023.

“**Closing Fee**” means the fee payable on the Closing Date in the amount of 1.00% of the Purchase Limit. The Closing Fee is payable to the Purchaser on the Closing Date pursuant to Section 2(g) hereof.

“**Collateral**” has the meaning specified in Section 5.1(a).

“**Collection**” has the meaning specified in Section 4.3.

"**Collection Period**" means the period beginning on the Purchase Date and ending on the date that all amounts outstanding are paid in full by the Account Debtor or any person liable for any Purchased Receivable.

"**Crown Wholesalers**" means a provincially or territorially owned and operated cannabis wholesaler located in any province or territory of Canada, as the case may be.

"**Default Fee**" means, with respect to an Event of Termination that is continuing, the percentage rate per annum (as set forth in **Schedule "B"**) at which default fees shall accrue on the outstanding Obligations for the period commencing on the date of the Event of Termination until the same is paid in full or all Events of Termination are cured or waived.

"**Dilution Risk**" has the meaning specified in Section 5.3.

"**Eligible Receivables**" means a Receivable, which meets all of the criteria set out in **Schedule "A"** hereto.

"**Event of Termination**" has the meaning specified in Section 7.2.

"**Financing Fee**" means 1.80% per 30 days, charged (uncompounded) daily on amounts up to CAD$1,000,000.00 and 1.67% on amounts outstanding in excess of CAD$1,000,000.00.

"**Indemnified Party**" has the meaning specified in Section 8(b).

"**Indemnifying Party**" has the meaning specified in Section 8(b).

"**Insolvency Event**" means, for any Person:

(a) the making of a general assignment for the benefit of creditors;

(b) the filing of a voluntary petition in bankruptcy;

(c) being adjudged as bankrupt or insolvent, or having had entered against such Person an order for relief in any bankruptcy or insolvency proceeding;

(d) the filing by such Person of a notice of intention, petition or answer seeking reorganization, arrangement, composition, readjustment, bankruptcy, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) seeking, consenting to or acquiescing in the appointment of a Receiver of such Person or of all or any substantial part of such Person's assets;

(f) the failure to obtain dismissal or stay within 30 days of the commencement of, or the filing by such Person of an answer or other pleading admitting or failing to contest the material allegations of, a petition filed against such Person in any proceeding against such Person seeking (i) reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, or (ii) the appointment of a Receiver of such Person or of all or any substantial part of such Person's assets; or

(g) the failure by such Person generally to pay its debts as such debts become due.

"**GAAP**" shall mean generally accepted accounting principles in Canada as in effect from time to time and for the period as to which such accounting principles are to apply, provided that in the event the Seller modifies its accounting principles and procedures as applied as of the Closing Date, the Seller shall provide such statements of reconciliation as shall be in form and substance acceptable to the Purchaser.

"**Lien**" means a security interest, lien, charge, pledge, hypothec, encumbrance, reservation of ownership right or other similar right intended to secure an interest in personal or movable property.

"**Obligations**" means any and all obligations and liabilities of the Seller to the Purchaser pursuant to the Transaction Documents.

"**Person**" means any individual, partnership, limited partnership, joint venture, sole proprietorship, company or corporation with or without share capital, limited liability company, unlimited liability company, unincorporated association, trust, regulatory body or agency, government or Governmental Authority however designated or constituted.

"**PPSA**" means, for any province or territory of Canada, the Personal Property Security Act applicable therein, or for the Province of Quebec, the Civil Code, in each case in force in such province and territory, as the context dictates.

"**Prospective Financing**" has the meaning specified in Section 5.4(j).

"**Purchase Date**" means the Business Day specified in the related Purchase Summary.

"**Purchase Limit**" means **CAD$2,000,000.00** as such amount may be reduced or increased at any time, upon mutual agreement by both Purchaser and Seller. The Purchaser shall not have any obligation to purchase Eligible Receivables if the aggregate amount outstanding of Purchased Receivables exceeds the Purchase Limit at any time. The Purchaser may decrease the Purchase Limit, with 30 days' prior written notice to the Seller, based on non-usage or certain covenant breaches; *provided*, that such reduction will not be less than the outstanding amount of the Obligations at the time of the reduction.

"**Purchase Price**" means, on the related Purchase Date, the amount specified as such in the related Purchase Summary.

"**Purchased Receivables**" means, for any day, any Eligible Receivable purchased on the applicable Purchase Date, excluding any such Receivables re-conveyed to the Seller in accordance with this Agreement prior to such day.

"**Purchaser**" has the meaning set forth in the preamble.

"**Purchaser's Bank Account**" means the bank account specified in Appendix "C" to **Schedule "B"** hereto established and maintained by the Purchaser, or such other bank account that the Purchaser may determine and designate from time to time, into which the Seller shall transfer or wire the funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder.

"**Purchase Summary**" has the meaning specified in Section 3.1.

"**Receivable**" means an account receivable originated by the Seller in connection with the sale and delivery of Cannabis Products to an Account Debtor and all the proceeds relating thereto.

"**Receivable Files**" means, for each Receivable, the following documents and instruments, each of which may be in photocopy or electronic format: (i) the Receivable, including an assigned invoice number, (ii) the purchase order delivered in connection with the Receivable, (iii) a copy of the written confirmation or evidence of delivery and acceptance of the Cannabis Product by the Account Debtor, (iv) a detailed listing of any credits in favour of the Account Debtor in respect of such Receivable, and (v) all other documents, notices and correspondence that the Seller generates relating to such Receivable or the related Account Debtor.

"**Refund**" shall have the meaning specified in Section 4.5.

"**Reserve**" and "**Dilution Reserve**" shall have the meaning specified in Section 3.5.

"**Request**" shall have the meaning specified in Section 3.2.

"**ROFR Notice**" has the meaning specified in Section 5.4(j).

"**Seller**" has the meaning set forth in the preamble.

"**Seller's Bank Account**" means the bank account specified in Appendix "B" to **Schedule "B"** hereto established and maintained by the Seller, or such other bank account that the Seller may determine and designate from time to time, into which (i) the Account Debtor shall direct the deposit of all proceeds or funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder in accordance with the Assignment Documents, and (ii) an Authorized Person (defined below) of the Purchaser will be added as a signing authority as described in Section 4.1(b).

"**Taxes**" has the meaning specified in Section 4.2.

"**Termination Date**" has the meaning specified in Section 7.1.

"**Transaction Documents**" means this Agreement, the Purchase Summaries, the Receivable Files and the Bills of Sale.

2. CONDITIONS PRECEDENT TO CLOSING.

The effectiveness of this Agreement is conditional upon the satisfaction of the following conditions for the benefit of the Purchaser, subject to the temporary waiver outlined at Schedule "C" (if applicable):

(a) the Seller has delivered an application form and all legal and financial documentation and other information reasonably required by the Purchaser to complete its internal due diligence process including all KYC/AML security/background checks;

(b) an Officer's Certificate of the Seller attaching copies of its constating documents and a resolution of its directors authorizing this Agreement and the delivery of all ancillary documents;

(c) counterparts of this Agreement have been executed and delivered by the Seller;

(d) delivery of the Corporate Guarantee granted by Atlas Global Brands Inc. in favor of the Purchaser;

(e) a certificate of good standing issued by the applicable governing jurisdiction along with evidence that the Seller is qualified or licensed to carry on business in the jurisdiction in which it operates;

(f) evidence or written confirmation satisfactory to the Purchaser, in its sole discretion, that: (i) all security interests, liens and other rights of any Person in the Purchased Receivables have been discharged, released, or postponed prior to the Purchase Date and all Security have been properly registered, recorded and filed in all places where, all searches have been conducted in all places where, and deliveries of all documents, instruments, acknowledgments, consents, and approvals to the Purchaser have been made which, in the reasonable opinion of the Purchaser's counsel, are desirable or required to make effective the security created or intended to be created by the Seller pursuant to the Security, and to ensure the perfection of the first priority of the security granted under the Security;

(g) no Event of Termination or any event or condition that with notice, lapse of time or otherwise would constitute an Event of Termination shall have occurred and be continuing;

(h) the payment of the Closing Fee and all reasonable out-of-pocket costs and expenses (including legal fees) incurred by the Purchaser in connection with the analysis, preparation, negotiation, execution, and perfection of this Agreement, limited to a cap of CAD$20,000.00;

(i) such other approvals, opinions or documents as the Purchaser may reasonably request.

3. SALE AND PURCHASE OF RECEIVABLES.

3.1. Offer to Sell Receivables. Prior to the Termination Date, but not more than once per week and if there does not then exist any Event of Termination or any event that with notice, lapse of time or otherwise would constitute an Event of Termination, Seller may request that Purchaser purchase Eligible Receivables on a proposed Purchase Date and Purchaser may, in its sole discretion, elect to purchase receivables. Seller shall deliver to Purchaser a Purchase Summary (the form of such attached hereto as **Schedule "B"**) which shall be executed by the Seller and the Purchaser and shall include all related Receivable Files, except the proof of delivery which must still be produced prior to and is a condition of funding.

3.2. Pricing. For each purchase, the pricing terms (i.e. Financing Fee) shall be those set forth in the respective Purchase Summary. Notwithstanding anything to the contrary contained in this agreement, the Financing Fee may be subject to change upon mutual agreement of the parties (such consent, permission, or approval by the Seller not to be unreasonably withheld, postponed or conditioned) pursuant to a request by the Purchaser (a "**Request**") outlining a reasonable ground for change based, among others, on the credit evaluation of the Seller or any person liable for any Purchased Receivable if different from a Crown Wholesaler, changes in the interest rate payable on the cost of capital incurred by the Purchaser in connection with each purchase, the value of the Collateral and the aging of the Receivables offered at the time of each purchase.

3.3. Acceptance. The Purchaser shall not have any obligation to purchase Eligible Receivables from the Seller and reserves the right to exercise its sole discretion in approving the credit of the Seller pursuant to this Section 3.3 before purchasing any Receivable. Upon acceptance of a Purchase Summary by the Purchaser there will, subject to (i) confirmation by the Purchaser of the proposed Purchase Price, (ii) the Purchase Limit, and (iii) satisfaction of the applicable conditions precedent set forth below, exist a binding agreement between the Seller and the Purchaser for the purchase of the Eligible Receivables specified in such Purchase Summary. It shall be a condition precedent to each Advance, subject to the temporary waiver outlined at Schedule "C" (if applicable), that:

(a) all of the representations and warranties of the Seller set forth under Section 5 of this Agreement are true and correct on the related Purchase Date; and

(b) the Purchaser shall have received from the Seller, prior to the Purchase Date (i) written confirmation that the Seller is in compliance with the banking arrangement set forth in Section 4.1(a), or in the absence of it, Section 4.1(b), (ii) evidence or written confirmation that underlying Cannabis Product has been delivered to and accepted by the applicable Account Debtor, (iii) the Purchaser is satisfied in its reasonable discretion with its due diligence review of the related Eligible Receivables included in the Purchase Summary and related Receivable Files, (iv) the Purchaser is satisfied in its sole discretion that the Receivables forming part of the Purchased Receivables will, as of the related Purchase Date, constitute Eligible

Receivables, and (v) an executed copy of the Bill of Sale for such purchase, including a detailed summary of the invoices comprising the Purchased Receivables.

3.4. Effectiveness of the Sale to Purchaser; Absolute Sale. Effective upon receipt by the Seller of such Purchase Price and delivery of the related Bill of Sale, all of the Seller's right, title and interest in and to the related Eligible Receivables will be sold, transferred and assigned to the Purchaser without recourse (except as provided in this Agreement) and without the need of any formality or other instrument of assignment, and such Eligible Receivables shall be deemed to be Purchased Receivables. It is the intention of the Purchaser and the Seller that (a) the sales pursuant to Section 3.1 constitute an absolute sale of the Purchased Receivables, conveying good title free and clear of any lien, from the Seller to the Purchaser and are not intended, nor should be construed as, a loan or an assignment by way of security, and (b) the Purchased Receivables not be a part of the Seller's estate in the event of an Insolvency Event with respect to the Seller. The Seller shall have no automatic right in any circumstance to re-purchase or re-acquire any payments related to the Purchased Receivables.

3.5. Establishment of a Reserve. The Purchaser shall establish and maintain on its books a Reserve (the "**Reserve**") which shall be specified in the Purchase Summary. The Reserve shall be a book entry established and administered by the Purchaser representing that portion of the Purchase Price held back by the Purchaser and which amount is pledged by the Seller as security in favour of the Purchaser at the time of each Purchase pursuant to Section 6 below. The Purchaser may also establish and maintain an additional reserve (the "**Dilution Reserve**") which shall be specified in the Purchase Summary in an amount equal to the sum of: (a) the aggregate value of all Cannabis Products reasonably expected to be returned by the Account Debtor within 60 days following the Purchase Date due to aging, pursuant to the policy of the Account Debtor in respect of returns due to aging as determined by the Purchaser, (b) any known offsets or credits that are due to the Account Debtor from the Seller, including but not limited to any price adjustments, reimbursements, fees, or discounts, which the Seller agrees it shall report to the Purchaser immediately upon their discovery. Upon collection of all amounts owing under the Purchased Receivables by the Purchaser, and confirmation that the amounts calculated in this Section 3.5 are no longer applicable, or have been recovered from the Dilution Reserve; the remaining amount held in reserve will be released and paid back to the Seller within five (5) Business Days, so long as neither an Event of Termination or any event that with notice, lapse of time or otherwise would constitute an Event of Termination or that the Termination Date has occurred.

4. ADMINISTRATION.

4.1. Cash Management.

(a) The Seller shall instruct each applicable Account Debtor to remit all proceeds and/or payments due or arising from any Purchased Receivable to the Purchaser's Bank Account. Upon receipt of such proceeds and/or payments into the Purchaser's Bank Account, the Purchaser shall promptly, but no later than two (2) Business Days thereafter, remit the net amount to the Seller's Bank Account after deducting all accrued and unpaid fees, costs, and expenses associated with the Purchased Receivables.

(b) If an Account Debtor chooses not to remit proceeds and/or payments owing or payable to the Seller under or arising from any Purchased Receivable into the Purchaser's Bank Account, the Seller shall direct the applicable Account Debtor to remit by electronic funds transfers all proceeds and/or payments owing or payable to the Seller under or arising from any Purchased Receivable into the Seller's Bank Account. Payments owing or payable to the Purchaser under or arising from any Purchased Receivable deposited into the Seller's Bank Account shall be made by the Seller upon authorization by a director or officer of the Seller. All such payments shall be made by electronic funds transfers from the Seller's Bank Account to the Purchaser's Bank Account within two (2) Business Days of the end of the associated Collection Period.

The Seller shall authorize a person acting on behalf of the Purchaser (the "**Authorized Person**") to act as a signing authority with respect to the Seller's Bank Account including the grant of viewing rights through online banking and the right to make inquiries with respect to such account or any other bank account that the Seller may determine and designate from time to time, into which the Account Debtor shall direct the deposit of all proceeds or funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder.

The Seller agrees that it shall be solely responsible for any fees in connection with the transfer or wire of the proceeds or funds associated with Purchased Receivables into the Purchaser's Bank Account.

(c) In the event that any amount due and payable under any Purchased Receivable is not transferred into the Purchaser's Bank Account within two (2) Business Days of the end of the associated Collection Period, the Authorized Person, acting solely and without further authorization required from the Seller, shall be authorized to transfer the outstanding amount by electronic fund transfer from the Seller's Bank Account to the Purchaser's Bank Account within five (5) Business Days and will provide notice of such transfer to the Seller.

(d) In the event that any amount due and payable under any Purchased Receivable is not deposited into the Purchaser's Bank Account or the Seller's Bank Account and is otherwise received by the Seller, all such amounts shall be deposited by the Seller into the Seller's Bank Account promptly, but in any event not later than one (1) Business Day of receipt of same, and the Seller hereby acknowledges and agrees that all such amounts shall be held in trust by the Seller for the benefit of the Purchaser until such time as they are properly deposited into the Seller's Bank Account.

4.2. Servicing. The Seller shall administer, service, and collect payments, including sales taxes, goods and services taxes, harmonized taxes, and other similar taxes and all related penalties and interest (collectively the "**Taxes**") owed by the Account Debtor in respect of each Purchased Receivable until the Termination Date. The Seller will be responsible for remitting Taxes to the tax authorities and will act as custodian of the Receivables Files on behalf of the Purchaser and shall not be entitled to any remuneration from the Purchaser for performing its servicing obligations hereunder. All requests or queries from any Account Debtor under any Purchased Receivable regarding the underlying purchase of any Cannabis Products that is subject thereto shall be dealt with by the Seller in the ordinary course of business. Notwithstanding the foregoing, the Purchaser may service the Receivables directly upon any failure of the Seller to collect payments from the Account Debtors and such failure continues unremedied for a period of five (5) Business Days after the earlier of the date on which the Seller receives notice thereof from the Purchaser and the date the Seller becomes aware thereof.

4.3. Deemed Collections. If on any day the outstanding balance of a Receivable is reduced or canceled as a result of any defective, rejected, undelivered or returned inventory, any cash discount or adjustment (including any adjustment resulting from the application of any special refund or other discounts or any reconciliation), any setoff or credit (whether such claim or credit arises out of the same, a related, or an unrelated transaction) or other similar reason not arising from the financial inability of the Account Debtor to pay undisputed indebtedness, the Seller shall be deemed to have received on such day a Collection on such Receivable in the amount of such reduction or cancellation. If on any day any representation, warranty, covenant or other agreement of the Seller related to a Receivable is not true or is not satisfied, the Seller shall be deemed to have received on such day a Collection in the amount of the outstanding balance of such Receivable. All such Collections deemed received by the Seller under this Section shall either (i) be deposited by the Seller into the Seller's Bank Account or (ii) replaced by the Seller with another Eligible Receivable(s) in equal value and subject to approval by the Purchaser. In the event any Purchased Receivable is canceled and the value of the associated Collection is not deposited or replaced as described in the preceding sentence within five (5) Business Days, the amount to be deposited by the Seller pursuant to the preceding sentence in respect of such Purchased Receivable will be increased to include 30 days' interest at the rate of 30.0% per annum. For clarity, the term "**Collection**" shall mean all cash collections and other cash proceeds of the Purchased Receivables.

4.4. Accounting. From the Purchase Date, the Seller will maintain accurate accounts and records for each Purchased Receivable to clearly indicate that each Purchased Receivable has been sold to the Purchaser, together with the Receivable Files, and including a further indication of the status of such underlying Receivable, including payments and collections made to the Purchaser and payments owing (and the nature of each).

4.5. Refund to Seller. Provided that there does not then exist an Event of Termination or any event or condition that with notice, lapse of time or otherwise would constitute an Event of Termination, the Purchaser shall refund to the Seller by electronic fund transfer, the amount, if any, which Purchaser owes to Seller at the end of the Collection Period according to the accounting prepared by Purchaser for that Collection Period (the "**Refund**"). The Refund shall be an amount equal to:

(A) (1) The Reserve as of the beginning of that Collection Period, PLUS

(2) the Dilution Reserve, if applicable, created for each Purchased Receivable during that Collection Period, MINUS

(B) The total for that Collection Period of:

(1) Finance Fees;

(2) Dilution Reserve charges as set forth in Section 3.5 hereof; and

(3) all other amounts due by the Seller to the Purchaser during that Collection Period to the extent Purchaser has agreed in writing to accept payment thereof by deduction from the Refund.

4.6. No Comingling of Funds; Remittance of Amounts Collected. To the extent the Seller shall have control or possession of any amounts owing by Account Debtors in connection with any Purchased Receivable, the Seller shall (a) hold such amounts in the name and for the benefit of the Purchaser and (b) separately maintain, and not commingle, such amounts with any assets of the Seller or any other Person. The Seller shall remit to the Purchaser any and all amounts collected as provided in Section 4.1(b) hereof.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS.

5.1 Representations and Warranties of Seller. Subject to the temporary waiver outlined at Schedule "C" (if applicable), the Seller represents and warrants to the Purchaser as of each Purchase Date (unless specifically stated below to be as of another date), on which the Purchaser is relying on acquiring the Purchased Receivables and which will survive the sale of such Purchased Receivables to the Purchaser on such Purchase Date:

(a) it is duly incorporated, amalgamated, or formed (as applicable), validly existing, and in good standing under the laws of your jurisdiction of incorporation or formation.

(b) it is qualified to carry on business and in good standing in each jurisdiction where it owns or leases property or assets.

(c) it has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

(d) it has taken all necessary actions to authorize the entry into this Agreement and the obligations hereunder.

(e) the execution, delivery, and performance of this Agreement and the obligations hereunder do not conflict with, contravene, violate or result in a breach of its, or any subsidiaries, constating documents, any federal or provincial/territorial law, or any contractual obligation to which it or its subsidiaries are subject.

(f) there is no charge, investigation, action, suit, or proceeding before or by any court pending or, to the best knowledge of the Seller, threatened that, if determined adversely to the Seller, would have a material adverse effect upon the performance by the Seller of its duties under, or on the validity or enforceability of this Agreement.

(g) No Default. The Seller is:

(i) not in default under any supply agreement entered into with the Account Debtor or any Obligations hereunder to which it is a party; or

(ii) not in default (after the passage of all applicable grace periods), and there has occurred no event which, with notice or lapse of time, or both, would constitute a default, under any material agreement for borrowed money, which default or event would have a material adverse effect on its business or financial condition.

(h) Financial Statements. The notice to reader financial statements of the Seller most recently delivered to the Purchaser pursuant to this Agreement were prepared in accordance with GAAP consistently applied. The balance sheet included in such financial statements fairly reflects the assets and liabilities of the Seller as at the date of such balance sheet and the statements of income and retained earnings included in such financial statements fairly reflect the results of the operations of the Seller throughout the period covered thereby.

(i) Place of Business. Its chief executive office and chief place of business is located at 530 Wright Blvd, Stratford, ON N4Z 1H3 or at such other location for which notification has been given to the Purchaser in accordance with Section 9.2.

(j) Material Change. There has been no material adverse change in the business or financial condition of the Seller since the date of the latest financial statements delivered to the Purchaser, and since such time the Seller has not entered into any transaction outside of the ordinary and usual course of the business of the Seller of a material nature which has not been disclosed in writing to the Purchaser.

(k) Eligible Receivables. Each of the Receivables comprising part of the related Purchased Receivables satisfies each of the criteria specified in **Schedule "A"** on such Purchase Date and the information in respect of such Receivables provided to the Purchaser pursuant to this Agreement is in all material respects true and correct.

(l) Good Title. The Seller has good and marketable title to the Purchased Receivables free and clear of all Liens, and such all Purchased Receivables have been sold, transferred and assigned to the Purchaser free and clear of any Liens.

(m) No Registrations. No effective financing statement or other instrument similar in effect perfecting a Lien in any related Purchased Receivables is on file in any relevant recording office registered or filed against the Seller, except (i) in favour of the Purchaser as contemplated in Section 2(e)(i) above, or (ii) as may have been waived in writing by the Purchaser or in respect of which a waiver, release or acknowledgement in form and substance acceptable to the Purchaser has been obtained.

(n) Information Correct. No information, exhibit, financial statement, document, book, record or report furnished by the Seller under this Agreement or in connection herewith is or will be inaccurate in any material respect as of the date it is or will be dated or as of the date so furnished, or omits or will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(o) Residency. The Seller is a resident of Canada within the meaning of the Income Tax Act (Canada).

5.2 Survival of Representations and Warranties. The representations and warranties set forth in this Agreement and in any certificate or other document delivered hereunder shall, notwithstanding any investigation made by the Purchaser or its legal counsel, or any other representative of the Purchaser or the completion of any Purchase, be true as at the date of such Purchase, and shall continue in full force and effect so long as any payments under the Purchased Receivables remains outstanding.

5.3 Dilution Risk Notice. Upon becoming aware of any actual or potential decrease in the face value of a Purchased Receivable due to cash credits to the applicable Account Debtor resulting from any defective, rejected, canceled, undelivered or returned inventory or services or as a result of any cash discount or other monetary adjustment or settlement by the Seller or any other Person other than the Purchaser, including the occurrence of an Insolvency Event (hereinafter referred to as a "**Dilution Risk**"), Seller shall promptly notify the Purchaser and provide all relevant background facts causing the reduction or canceling of the Purchased Receivable. Notice shall be given in writing and shall identify the Purchased Receivable which will be subject to the remedies set forth in Section 4.3 hereof.

5.4 Other Seller Covenants. Subject to the temporary waiver outlined at Schedule "C" (if applicable), the Seller covenants with the Purchaser:

(a) to duly and punctually perform or cause to be performed all Obligations at the dates, time and places, and in the manner mentioned herein;

(b) to conduct its business in such a manner so as to comply in all material respects with all laws and regulations and so as to preserve and protect its property and assets and the earnings, income and profits therefrom;

(c) to preserve and maintain its corporate existence, rights, franchises and privileges and to qualify and remain qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a material adverse effect on the interests of the Purchaser or the Seller's ability to perform its Obligations under this Agreement;

(d) except as otherwise expressly permitted in this Agreement not to sell, transfer, assign (by operation of law or otherwise) or otherwise dispose of any of the Purchased Receivables (or any interest therein), take any action which may cause the validity, enforceability or collectability of the Purchased Receivables to be impaired or take any action or omit to take any steps which may cause a Lien to attach or extend to or otherwise burden the Purchased Receivables, Reserve, Dilution Reserve, Collections or any account to which any Collections are payable;

(e) to provide the Purchaser with prompt written notice of any change in the business or financial condition of the Seller that is reasonably likely to have a material adverse effect, or of any material loss, destruction or damage of or to the properties and assets of the Seller;

(f) to furnish to the Purchaser with the following statements, reports and certificates:

(i) within 120 days after the end of each fiscal year of the Seller, copies of the notice to reader financial statements of the Seller with respect to such fiscal year, duly signed;

(ii) within 60 days after the end of each fiscal quarter of the Seller, a copy of the management prepared internal financial statements of the Seller with respect to such fiscal quarter;

(iii) within 20 days after the end of each month, a comprehensive data backup report satisfactory to the Purchaser, acting reasonably, generated by and/or from the Seller's accounting system relating to the Purchased Receivables; and

(iv) within 20 days after the end of each month a copy of the sell-through and inventory aging reports for each applicable Account Debtor;

(g) from and after the Closing Date, the Seller shall, from time to time, permit the Purchaser access to the books and records of the Seller that relate directly to the Purchased Receivables, provided the Purchaser or such appointed third party, other than following an Event of Termination, provides 24 hours' notice of its desire to review such books and records and the review is conducted during usual business hours, for the purpose of the Purchaser (or other third party retained by the Purchaser) undertaking a review of the accounting records regarding the Purchased Receivables including, without limitation, confirmation of the existence of the Receivables consisting of the Purchased Receivables, the related Receivable Files, and assignments, registration of security interests for the Security and the Purchased Receivables and renewals thereof, payment history for any Purchased Receivables and similar matters;

(h) to remit within two (2) Business Days, without set-off or other deduction, to the Purchaser's Bank Account, any Collections received (including deemed to be received pursuant to Section 4.3) by the Seller.

(i) starting on the 60th day following the closing of this Agreement, to pay 2% per annum (the "**Unused Facility Fee**") calculated on a monthly basis based on the average daily shortfall between (i) the product of (a) 75% and (b) the Purchase Limit and (ii) the principal amount outstanding of all Purchased Receivables during the preceding month and shall be payable by the Seller on a monthly basis unless waived by the Purchaser in writing. One-half of the unused facility fee will be credited against fees for utilization in excess of 75% of the Purchase Limit in accordance with an agreed total.

(j) So long as any amounts remain outstanding under this Agreement, if the Seller desires to borrow additional funds (a "**Prospective Financing**"), the Purchaser shall have the right of first refusal to participate in the Prospective Financing, and the Seller shall provide written notice containing the terms of such Prospective Financing (the "**ROFR Notice**") to the Purchaser prior to effectuating any such transaction. The ROFR Notice shall specify all of the key terms of the Prospective Financing, including, but not limited to, the proposed facility amount, the proposed rate of interest, the proposed term of the loan, and any and all other relevant terms, each as applicable. Upon the Purchaser's receipt of the ROFR Notice, the Purchaser shall have the exclusive right to participate in such Prospective Financing(s), upon the terms specified in the ROFR Notice, by sending written notice to the Seller within seven (7) business days after the Purchaser's receipt of the ROFR Notice. In the event Purchaser fails to exercise its right of first refusal with respect to a ROFR Notice within the time set forth above, the Purchaser shall be deemed to have waived its right of first refusal with respect to such Prospective Financing, provided that it shall retain such right with respect to any future Prospective Financing.

5.5 Representations and Warranties of Purchaser.

(a) it is duly incorporated, amalgamated, or formed (as applicable), validly existing, and in good standing under the laws of your jurisdiction of incorporation or formation.

(b) it is qualified to carry on business and in good standing in each jurisdiction where it owns or leases property or assets.

(c) it has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

(d) it has taken all necessary actions to authorize the entry into this Agreement and the obligations hereunder.

(e) the execution, delivery, and performance of this Agreement and the obligations hereunder do not conflict with, contravene, violate or result in a breach of its, or any subsidiaries, constating documents, any federal or provincial/territorial law, or any contractual obligation to which it or its subsidiaries are subject.

(f) there is no charge, investigation, action, suit, or proceeding before or by any court pending or, to the best knowledge of the Seller, threatened that, if determined adversely to the Seller, would have a material adverse effect upon the performance by the Seller of its duties under, or on the validity or enforceability of this Agreement.

6. SECURITY INTEREST.

6.1 Security.

(a) As general and continuing collateral security for the due payment and performance of all present and future Obligations (whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated damages, matured or unmatured) which the Seller has from time to time incurred or may incur or be liable to the Purchaser under, in connection with or with respect to this Agreement and any other Transaction Documents and any unpaid balance thereof, the Seller hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Purchaser, and grants to the Purchaser a first priority security interest in, all of the Seller's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(i) All of the moneys and other sums payable to or receivable by the Seller under or pursuant to the provisions of the Eligible Receivables;

(ii) the Reserve Amount and the Dilution Reserve proceeds relating thereto;

(iii) all books and records relating to the foregoing, including in any form or medium; and

(iv) all additions, substitutions and replacements for each of the foregoing.

(b) The Seller confirms that value has been given and that the Seller and the Purchaser have not agreed to postpone the time for attachment of the security interests in the Collateral. The Seller acknowledges that, in order to give full force and effect to such security interests granted in Section 6.1(a), it may be necessary or advisable from time to time for the Seller to execute separate forms of security documents in and for any jurisdiction, and the Seller agrees to forthwith execute any such security documents that grant Liens similar to but no greater effect than the security interests granted pursuant to Section 6.1(a) for any jurisdiction, upon the reasonable request of the Purchaser from time to time.

(c) If the Seller shall fail to perform any covenant on its part contained herein or in any other Transaction Document, the Purchaser may in its sole discretion, after giving prior written notice to the Seller of its intention to do so, perform any of such covenants capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Purchaser may make payments or expenditures with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so; and all sums so expended or advanced shall be at once payable by the Seller on written demand and, if not paid within five (5) Business Days after receipt by the Seller of such written demand, shall bear interest at the rate of interest equal to 30.0% per annum until paid, and shall be payable out of any funds coming into the possession of the Purchaser in priority to any other application, but no such performance or payment shall be deemed to relieve the Seller from any Trigger Event hereunder.

6.2 Discharge. The Purchaser shall, at the written request and at the expense of the Seller, cancel and discharge the Liens created hereunder, return any portion of the Purchase Price held back by the Purchaser (after all deductions therefrom which the Purchaser is then entitled to make) and execute and deliver to the Seller such deeds or other instruments as shall be requisite to discharge such Liens, and to reconvey to the Seller the relevant property subject to the Liens thereof, free and clear of such Liens and to effect the cancellation of the registration of the Security, and to release the Seller from the covenants herein contained, if the Seller has satisfied the Obligations (if any) then outstanding and the liabilities of the applicable Account Debtor to pay all payments then outstanding have been satisfied in full.

7. TERMINATION AND ENFORCEMENT

7.1. Termination.

(a) This Agreement will terminate on the earlier of (a) the date that is twelve (12) months from the date of the Closing Date, subject to an extension on terms and conditions to be agreed to in writing by the Seller and the Purchaser, and (b) ten (10) business days after written notice of termination is provided by the Seller to the Purchaser (the "**Termination Date**"), provided however, that Section 8(b), Section 9.1, Section 9.5 and Section 9.8 will be continuing and will survive any termination of this Agreement. Notwithstanding the foregoing, no early termination of this Agreement by Seller will be valid or in any way affect or impair any right of the Purchaser arising prior thereto or by reason thereof, nor will any such termination relieve Seller of any duty to Purchaser hereunder, including the right of payment of an Early Termination Fee pursuant to Section 7.6 hereof, nor deny Purchaser any benefit from this Agreement or the Transaction Documents until all outstanding Obligations hereunder, including the aggregate amount outstanding of all Purchased Receivables, are discharged or paid in full.

(b) If an Event of Termination has occurred, the Purchaser, by written notice to the Seller, may declare that the Termination Date has occurred on the date specified in such notice, which date may be the date of such declaration or any date thereafter; provided, however, that with the occurrence of an Event of Termination as described in paragraph (e) of Section 7.2, the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by Seller.

7.2. Events of Termination. The occurrence of any one or more of the following shall constitute an Event of Termination hereunder.

(a) the non-payment of any amount payable by the Seller to the Purchaser under any of the Transaction Documents;

(b) the Seller commits an act of fraud;

(c) the commencement of Proceedings for the dissolution, liquidation or winding-up of the Seller or for the suspension of the operations of the Seller, unless such Proceedings are being contested in good faith by proper legal proceedings;

(d) the occurrence of an Insolvency Event with respect to the Seller;

(e) any representation or warranty made by the Seller in this Agreement or in any other document, agreement or instrument delivered pursuant hereto or referred to herein or any information furnished in writing to the Purchaser by the Seller proves to have been incorrect in any material respect when made or furnished;

(f) a writ, execution, attachment or similar process is issued or levied against all or any portion of the property of the Seller in connection with any judgment against it in any amount which materially affects its ability to perform the Obligations, and such writ, execution, attachment or similar process is not released, bonded, satisfied, discharged, vacated or stayed within sixty days after its entry, commencement or levy;

(g) the material breach or failure of due observance or performance by the Seller of any covenant or provision of any Transaction Document, other than those covenants heretofore or hereafter dealt with in this Section 7.2(g), or of any other document, agreement, or instrument delivered by the Seller pursuant hereto or thereto, which breach or failure or non-performance, singly or in the aggregate, could have a material adverse effect on the business or operations of the Seller and which is not remedied within thirty (30) days after written notice to do so has been given by the Purchaser to the Seller;

(h) one or more encumbrancers, lienors or landlords take possession of the property or assets of the Seller having a fair market value in excess of $100,000 or take steps to enforce their security or other remedies against such assets having a fair market value in excess of $100,000, provided that the taking of such possession or such steps to enforce is not being contested by proceedings in good faith and possession of such assets or such enforcement has not been vacated, stayed or otherwise ruled improper in such proceedings within thirty (30) days;

(i) the Seller defaults on the payment of any principal of or any interest on any indebtedness (after the passage of all applicable grace periods), or breaches any term of such indebtedness or of any loan agreement, mortgage, indenture or other agreement relating thereto (after the passage of all applicable grace periods) if (i) the principal amount of such indebtedness exceeds $50,000; and (ii) there is an acceleration under the applicable instrument and a demand for payment of the accelerated amount; or

(j) the occurrence of a Change of Control.

7.3 Remedies. Upon the occurrence of and during the continuance of an Event of Termination, the Purchaser may take any or all of the following actions: (i) refuse to enter into additional Purchases; (ii) assume the collection of all payments under all Purchased Receivables and the management and administration of all Receivables comprising of the Purchased Receivables, (iii) set-off against the funds in the Reserve in an amount equal to the outstanding Obligations; (iv) by written notice to the Seller, declare any outstanding Obligations to be, whereupon the same shall become, immediately due and payable; (v) require the Seller post additional Eligible Receivables in value sufficient to cover any shortfall in the Obligations; (vi) realize upon any of the Collateral; or (vii) exercise any other right or power or take any action, suit, remedy or proceeding authorized or permitted by this Agreement, any of the other Transaction Documents, by law, by equity or otherwise.

7.4 Waivers. The Purchaser may at any time waive in writing any event that with notice, lapse of time or otherwise would constitute an Event of Termination (a "**Trigger Event**") or an Event of Termination which may have occurred provided that no such waiver shall extend to or be taken in any manner whatsoever to affect any subsequent Trigger Event or Event of Termination or the rights or remedies resulting therefrom.

7.5 Remedies Cumulative. Each of the remedies available to the Purchaser hereunder is entitled to be a separate remedy and in no way is a limitation on any one or more of the other remedies otherwise available to the Purchaser. The rights and remedies herein expressly specified or in Section 6 are cumulative and not exclusive. The Purchaser may in its sole discretion exercise any and all rights, powers, remedies and recourses available under this Agreement or under any document comprising the Security or any other remedy available to it, and such rights, powers and remedies and recourses may be exercised concurrently or individually without the necessity of any election.

7.6 Early Termination Fee. An early termination fee equal to 1.8% of the Purchase Limit will be due and payable by the Seller if the Seller terminates the Agreement before the date that is three (3) months after the Closing Date.

8. FEES, COSTS AND EXPENSES; INDEMNIFICATION.

(a) The Seller will pay to Purchaser immediately on demand all fees, costs and expenses (including fees of attorneys and professionals and their costs and expenses) that Purchaser incurs or may impose in connection with any of the following: (a) preparing, negotiating, administering, and enforcing this Agreement or any other agreement executed in connection with this agreement, including any amendments, waivers or consents, (b) enforcing any rights against the Seller or any guarantor, or any person liable for any Purchased Receivable, (c) protecting or enforcing its interest in the Purchased Receivables or the Collateral, (d) collecting the Purchased Receivables and the obligations, and (e) the representation of the Purchaser in connection with any bankruptcy case or insolvency proceeding involving Seller, any Purchased Receivable, the Collateral, any Account Debtor, or any Guarantor.

(b) The Seller or the Purchaser (each such Person an "**Indemnifying Party**") shall defend, indemnify and hold the other party (the "**Indemnified Party**") harmless from and against any and all claims, actions, damages, costs, expenses (including fees of attorneys and professionals and their costs and expenses), and liabilities of any nature whatsoever arising out of or in connection with (i) any failure to perform any of its duties or obligations under this Agreement, (ii) any breach of the representations and warranties made by the Seller or the Purchaser in Section 5 (determined after giving effect to any payment made pursuant to Section 3 hereof), (iii) any fraud or material misrepresentation by the Seller or the Purchaser or by any of its officers, directors, employees or agents in connection with this Agreement, any wilful neglect by the Seller or the Purchaser or by any of its officers, directors, employees or agents of any of their respective obligations under any of the Transaction Documents or any wilful act or omission by the Seller or the Purchaser thereunder or by any of its officers, directors, employees or agents, (iv) any litigation or dispute (whether instituted by the Purchaser, the Seller or any other person) about the Purchased Receivables, the Collateral, this Agreement or any other agreement executed in connection with this Agreement.

(c) The Indemnifying Party shall be responsible for the payment of all amounts due under this Section 8 but no later than ten (10) Business Days after written demand therefore.

9. MISCELLANEOUS PROVISIONS.

9.1. Amendments, Waivers, Entire Agreement: No amendment or waiver of any provision of this Agreement nor consent to any departure therefrom shall, except as permitted herein, be effective unless the same shall be in writing and signed by the Purchaser and the Seller and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. This Agreement contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written agreements or undertakings.

9.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including fax or e-mail) and faxed, mailed, emailed or delivered, to each party hereto, at its address set forth under its name on the signature page hereof or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall be effective, in the case of written notice, on the Business Day it is delivered, and, in the case of notice by e-mail or fax, when e-mailed or faxed and receipt confirmed back, in each case addressed as aforesaid.

9.3. <u>No Waiver; Remedies</u>. No failure on the part of the Purchaser to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

9.4 <u>Binding Effect; Assignability</u>. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns; provided, however, the Seller may not assign its rights hereunder or any interest herein without the prior written consent of the Purchaser. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms.

9.5 <u>Confidential Information</u>.

(a) The Purchaser agrees to, and will cause each of the Information Recipients (defined below) to, hold and treat all Confidential Information of the Seller in strict confidence and in accordance with this Section 9.5, and will implement and maintain safeguards to protect the confidentiality of such Confidential Information, and will use the same degree of care to protect such Confidential Information as it uses to protect its own confidential information of a like nature, but in no circumstances less than reasonable care.

(b) The Purchaser and each of the Information Recipients will not, without the written consent of the Seller, use Confidential Information for any purpose other than in connection with structuring the transactions contemplated by this Agreement, facilitating the offering, distribution and issuance of any notes of the Purchaser, collecting data for internal use with respect to market practices and trends, or otherwise for the purposes of performing its obligations under this Agreement or for exercising its rights of inspection or receipt of reports under this Agreement in connection with the performance of its reasonable due diligence on the Purchased Receivables, and will disclose any Confidential Information to any third party other than the Purchaser or its agents or a successor servicer of the Purchased Receivables, or their respective officers, directors, employees or agents that have a need to know such information in connection with the Purchaser's performance of its obligations under this Agreement and have agreed to be bound by obligations of confidentiality and data protection substantially the same as those of this Section 9.5. The foregoing prohibitions on disclosure of Confidential Information will not apply where the Seller has consented in writing to disclosure, or where such disclosure is in response to a valid court order, law, rule, regulation or other governmental action provided that (i) the Seller is notified in writing prior to disclosure of the Confidential Information, (ii) the Information Recipient assists the Seller to limit or prevent the disclosure of Confidential Information, and (iii) any such disclosure is limited to such information as is necessary to comply with such order, law, rule, regulation or action.

(c) In this Section 9.5, "**Confidential Information**" means information of the Seller of a confidential, proprietary or similar nature that is received by the Purchaser, or any other Person to whom the Seller may be required to disclose or provide access to information hereunder or any of their respective officers, directors, employees or agents (each, an "**Information Recipient**") in connection with this Agreement, whether received directly or indirectly and whether received orally, in writing or in any material form. "Confidential Information" will not include information that (A) is or becomes generally available to the public through no fault of any of the Information Recipients (B) was available to any of the Information Recipients on a non-confidential basis from a Person or entity other than the Seller prior to its receipt by any of the Information Recipients in connection with this

Agreement or (C) becomes available to any of the Information Recipients on a non-confidential basis from a Person other than the Seller having legitimate possession of the information and who is to the knowledge of the Information Recipient not otherwise bound by a confidentiality agreement with the Seller and is to the knowledge of the Information Recipient not otherwise prohibited from disclosing the information to the Information Recipients, provided, in either case, that the information did not become available to the Information Recipients in circumstances in which the information would reasonably be understood to be confidential.

9.6 Press Releases and Public Announcements. The form and content of the initial press release or public identification of Seller as a client of Purchaser shall be mutually agreed upon by the parties. Thereafter, Purchaser shall consult with Seller before issuing any press release or making any other public announcement, except to the extent that such disclosure is, in the opinion of counsel, required by law.

9.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the province of British Columbia and the federal laws of Canada applicable therein.

9.8 Submission to Jurisdiction. Each party to this Agreement submits to the non-exclusive jurisdiction of the courts in the Province of British Columbia for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each party to this Agreement irrevocably waives, to the fullest extent it may do so, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

9.9 Waiver of Jury Trial. Each party to this Agreement irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this agreement or the transactions contemplated by this Agreement.

9.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Counterparts may be executed electronically and delivered by e-mail, fax or other electronic means.

[INTENTIONALLY LEFT BLANK – SIGNATURE PAGE FOLLOWS]

The parties hereto have caused this Agreement to be duly executed and delivered as of the date specified on the first page of this Agreement.

GREENSEAL CANNABIS COMPANY LTD., as Seller

By: Corey Hamilton

Name: Corey Hamilton

Title: Director

STOKE CANADA FINANCE CORP., as Purchaser

By:

Name: Amanda Shipka

Title: Director, CPO

[SIGNATURE PAGE TO RECEIVABLES PURCHASE AGREEMENT]

Schedule A – ELIGIBLE RECEIVABLES CRITERIA

The following are the criteria applicable to each Receivable in order for it to qualify as an "**Eligible Receivable**":

(a) the obligor under the Receivable is a Crown Wholesaler or a Private Wholesaler duly underwritten and approved by the Purchaser;
(b) the Receivable is denominated in Canadian Dollars and payable in Canada;
(c) the Receivable is subject to the terms of a valid supply agreement or contract between the Seller and the Account Debtor, and any consent and/or approval from the Account Debtor to the sale of such Receivable has been obtained by the Seller in writing, in form and substance reasonably satisfactory to the Purchaser;
(d) the underlying Cannabis Product related to the Receivable must be approved and accepted by the Account Debtor, such that the amounts due and owing by the Account Debtor is not contested, and the Purchaser shall be in receipt of evidence or written confirmation that such Cannabis Product has been accepted by the Account Debtor, in form and substance reasonably satisfactory to the Purchaser;
(e) the Receivable was originated in the ordinary course of the Seller's business in compliance with Applicable Law;
(f) the Receivable (i) is in full force and effect and constitutes a legal, valid and binding obligation of the Account Debtor, enforceable against the Account Debtor in accordance with its terms (subject to Applicable Law and to equitable principles of general application), and (ii) is not subject to any asserted or threatened dispute, set-off, counterclaim or defense;
(g) the Receivable does not contain terms which limit the right of the owner thereof to sell, transfer or assign such Receivable or any interest therein (including any amounts owing or otherwise payable thereunder), unless the Seller obtains a written waiver or consent to remove such restrictions;
(h) the original term of the underlying invoice supporting the Receivable requires that payment in full be made by no later than 90 days for invoice date;
(i) immediately prior to the sale of the Receivable to the Purchaser, the Seller had good and marketable title to such Receivable and the related Cannabis Products free and clear of any Lien;
(j) the Receivable is not a Receivable in respect of which any required payment is delinquent; and
(k) the Receivable constitutes an "account" or "chattel paper" within the meaning of the PPSA of the Province of British Columbia.

Schedule B – FORM OF PURCHASE SUMMARY

This Schedule "B" is attached to and forms an integral part of the Receivables Purchase Agreement dated as of ____________ (the "**Receivable Purchase Agreement**"), between **Greenseal Cannabis Company Ltd.** ("**Seller**"), as seller, and **Stoke Canada Finance Corp.** ("**Purchaser**"), as purchaser. By their execution and delivery of this Purchase Summary, all provisions of the Receivable Purchase Agreement are incorporated herein, except as specifically modified in this Purchase Summary, including the Applicable Reserve Percentage and the Dilution Reserve. Capitalized terms used and not defined in this Purchase Summary have the meanings set forth in the Receivable Purchase Agreement. The following terms shall have the meaning given below:

PURCHASED RECEIVABLES:	See attached Appendix A.
PURCHASE DATE:	<*>
PURCHASE PRICE:	CAD$ (plus all applicable taxes)
APPLICABLE RESERVE PERCENTAGE:	25%
RESERVE AMOUNT:	<*>
DILUTION RESERVE:	<*>
RESERVE FLOOR:	<*>
ADMIN FEE:	CAD$150.00
ADVANCE AMOUNT:	CAD$____________
FINANCING FEE:	1.80% per 30 days, charged (uncompounded) daily.
DEFAULT FEE:	1.0% per 30 days, charged (compounded) daily.
SELLER'S BANK ACCOUNT:	See attached Appendix B
PURCHASER'S BANK ACCOUNT:	See attached Appendix C
BILL OF SALE:	See attached Appendix D

In consideration of the advance by Purchaser to the Seller of the Purchase Price, the Seller shall sell and assign to the Purchaser, on a fully-serviced basis and without recourse (except as provided herein or in the Receivable Purchase Agreement), and the Purchaser hereby agrees to purchase from the Seller, all of the Seller's right, title and interest in and to the Purchased Receivables pursuant to a Bill of Sale, subject to the terms and conditions of the Receivable Purchase Agreement.

The Seller hereby acknowledges that the Purchaser is relying on all of the representations, warranties, covenants and indemnities in the Receivable Purchase Agreement applicable to this Purchase Summary. The Seller hereby certifies that subject to the temporary waiver at Schedule "C" of the Receivable Purchase Agreement (if applicable), (i) all the representations and warranties contained in the Receivable Purchase Agreement (including that each Purchased Receivable meets all of the criteria of an Eligible Receivable as set out in Schedule "A" to the Receivable Purchase Agreement and any other applicable eligibility criteria set out below in this Purchase Summary on the Purchase Date) are true and correct as of the date hereof except as any of such representations and warranties may expressly relate to an earlier date, in which case, such representations and warranties continue to be true and correct as of such earlier date, and (ii) no event has occurred and is continuing, or would result from the Purchase made in connection with this Purchase Summary, which constitutes an Event of Termination.

The Seller certifies that a copy of each Purchased Receivable, together with the related Receivable Files, has been delivered to the Purchaser. For greater certainty, if any of the Purchased Receivables have been entered into pursuant to a master agreement, then a true and complete photocopy of each such master agreement and the originally executed copy of each contract schedule described or otherwise identified in the attached Appendix A have been delivered to the Purchaser.

This Purchase Summary shall be governed by and interpreted in accordance with the laws of the Province of British Columbia.

This Purchase Summary may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Delivery of an executed original counterpart by a party of a signature page of this Summary by facsimile transmission or other electronically scanned method of delivery shall be as effective as delivery of a manually executed original counterpart of this Purchase Summary by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Summary to be executed as of the day and year first above written.

GREENSEAL CANNABIS COMPANY LTD.		**STOKE CANADA FINANCE CORP.**	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Title:	______________________

Attachments -

Appendix A - Description of Purchased Receivables

Appendix B – Seller's Bank Account

Appendix C – Purchaser's Bank Account

Appendix D – Bill of Sale

Appendix A - Description of Purchased Receivables

PO Number	Total Invoice Amount	Total Eligible Amount	Expected Payment Date	Buyer

Appendix B - Seller's Bank Account

Name of Beneficiary: ____.

Beneficiary's address: ____.

Institution No: ____.

Beneficiary's Bank Account No: ____.

Transit: ____.

Beneficiary's Bank: ____.

Beneficiary's Bank SWIFT/CODE: ____.

Appendix C - Purchaser's Bank Account

BENEFICIARY

Beneficiary Name:	Stoke Receivables Canada Corporation
Beneficiary Address:	Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7
Beneficiary Account Number:	121249098

BENEFICIARY BANK

Bank Name:	Digital Commerce Bank
Bank Address:	736 Meridian Road NE Calgary, Alberta, T2A 2N7 Canada
SWIFT (BIC) Code:	DIEECA66
Institution Number:	352
Transit Number:	10009

Appendix D - FORM OF BILL OF SALE

THIS BILL OF SALE, dated as of ____________________, is delivered to you pursuant to Section 3.1 of the Receivables Purchase Agreement dated as of ____________________, (as amended, restated, supplemented or otherwise modified to the date hereof, the "**Agreement**") between **Greenseal Cannabis Company Ltd.** as seller (the "**Seller**"), and **Stoke Canada Finance Corp.**, as purchaser (the "**Purchaser**"). Capitalized terms used but not otherwise defined in this Bill of Sale have the meanings specified in the Agreement.

Now this Bill of Sale witnesses that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller hereby sells, assigns, transfers and conveys to the Purchaser (a) those Receivables listed in Schedule I hereto, (b) the related Receivables Files, (c) the universality of all present and future claims, demands, causes of action and choses in action in respect of any of the foregoing, and (d) all payments on or under and all proceeds in respect of any of the foregoing (collectively, the "**Purchased Receivables**").

Delivery of an executed signature page to this Bill of Sale by a party hereto by facsimile or electronic transmission will be as effective as delivery of a manually executed counterpart.

This Bill of Sale will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

In witness whereof, the parties have executed this Bill of Sale

GREENSEAL CANNABIS COMPANY LTD., as Seller

By: ________________________________
Authorized Signatory

By: ________________________________
Authorized Signatory

STOKE CANADA FINANCE CORP., as Purchaser

By: ________________________________
Authorized Signatory

Schedule I to Bill of Sale

PO Number	Total Invoice Amount	Total Eligible Amount	Expected Payment Date	Buyer

Schedule C – TEMPORARY WAIVER

THIS WAIVER is made as of _________________, between **GREENSEAL CANNABIS COMPANY LTD.**, a corporation governed by the laws of the Province of Ontario (the "**Seller**") having its principal place of business at 530 Wright Blvd, Stratford, ON N4Z 1H3 and **STOKE CANADA FINANCE CORP**., a corporation governed by the laws of the Province of British Columbia (the "**Purchaser**"), having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7.

WHEREAS:

A. the Seller and the Purchaser (the "**Parties**") have discussed the state of the Seller's business; and

B. absent a waiver from the Purchaser, the entering by the Seller of the Receivables Purchase Agreement to which this waiver is a Schedule (the "**Agreement**") will violate certain representations, warranties, covenants, and conditions precedent contained therein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Subject to the satisfaction of all non-waived conditions precedent set forth in the Agreement, the Purchaser hereby:

    a. Waives the Seller's compliance with Sections 2(f), 3.3(a), 3.3(b)(i), 5.1(l), 5.1(m), 5.4(d) of the Agreement (the "**Waived Sections**") solely insofar as such provisions would prohibit the Seller from entering into the Agreement; and
    b. Waives the Purchaser's associated recourse for non-compliance with the Waived Sections triggered by Sections 7.2(e), 8(b)(ii), and 8(b)(iii) during the Period.

2. In order to induce the Purchaser to enter into this waiver, the Seller hereby represents and warrants that:

    a. As of the date of this waiver and both prior to and after giving effect to this waiver, each of the representations and warranties contained in the Agreement and the other Transaction Documents aside from those included in the Waived Sections is true and correct in all material respects;

    b. As of the date of this waiver and both prior to and after giving effect to this waiver, the Seller shall take such measures as required to organize its affairs to comply with all representations, warranties, covenants, and conditions precedent waived under paragraph 1(a);

3. This waiver and the effectiveness of this waiver shall be valid for a period of thirty (30) days as of the date hereof subject to one or more 30-day extensions or, if earlier, as mutually agreed in writing

by the Parties (the "**Period**"), upon the fulfillment by the Seller in a manner satisfactory to the Purchaser of the following:

a. The Seller shall submit periodic progress reports to the Purchaser, but no later than once every month, indicating the status of the acquisition of no-interest letters and releases or full discharges from the creditors identified under paragraph 3(b). Each progress report should provide a clear summary of the steps taken towards obtaining these documents, potential obstacles encountered, and a revised timeline for obtaining the remaining documents, if applicable.

b. The Seller shall deliver to the Purchaser the fully executed no-interest letters and releases or evidence of full discharges from Your Neighborhood Credit Union Limited, Vault Credit Corporation, NFS Leasing Canada Ltd., and Salt Capital Inc. o/a Capital Now Cannabis, pursuant to Section 2(e), 5.1(l), and 5.1(m) of the Agreement in a form that is mutually acceptable to the Parties. Failure to deliver these documents to the Purchaser is not waived by this waiver.

c. Failure by the Seller to meet the conditions as set out in (a) and (b) may result in the termination of this waiver or the Agreement, renegotiation of its terms, or amendments to the terms and conditions of the Agreement, as mutually agreed in writing by the Parties.

4. Except as expressly provided in this waiver, all of the terms and provisions of the Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties in all respects. Without limiting the generality of the foregoing, the waiver contained herein will not be construed as an amendment to or waiver of any other provision of the Agreement (or of any other agreement or document relating to the subject matter hereof), or as a waiver of or consent to any further or future action on the part of either party that would require the waiver or consent of the other party.

IN WITNESS WHEREOF, the parties hereto have caused this waiver to be executed as of the day and year first above written.

GREENSEAL CANNABIS COMPANY LTD.	**STOKE CANADA FINANCE CORP**.
By: ____________________________	By: ____________________________
Name: ____________________________	Name: ____________________________
Title: ____________________________	Title: ____________________________

Signature Certificate

Reference number: 4SPBT-RHE7A-3JVTO-X7Y2S

Signer	Timestamp	Signature
Corey Hamilton Email: corey.hamilton@greensealcannabis.com Shared via link		
Sent:	07 Jun 2023 14:55:51 UTC	
Viewed:	07 Jun 2023 17:48:08 UTC	IP address: 99.254.253.44
Signed:	07 Jun 2023 20:23:06 UTC	Location: Stratford, Canada
Amanda Shipka Email: amanda.s@stokeip.com Shared via link		
Sent:	07 Jun 2023 14:55:51 UTC	
Viewed:	08 Jun 2023 17:58:47 UTC	
Signed:	08 Jun 2023 17:59:15 UTC	
		IP address: 75.157.187.179
		Location: Kelowna, Canada

Document completed by all parties on:

08 Jun 2023 17:59:15 UTC

Page 1 of 1

Signed with PandaDoc

PandaDoc is a document workflow and certified eSignature solution trusted by 40,000+ companies worldwide.

TAB U

This is Exhibit “U” referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

CORPORATE GUARANTEE

This guarantee (the "**Guarantee**") dated as of 06 / 07 / 2023 is made by **Atlas Global Brands Inc.**, a corporation duly incorporated pursuant to the laws of the Province of British Columbia, having its principal place of business at 104-566 Riverview Dr, Chatham, ON (the "**Guarantor**") in favour of **Stoke Canada Finance Corp**., a corporation duly incorporated pursuant to the laws of the Province of Alberta, having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, AB T2M 3Y7 (the "**Guaranteed Party**" or "**Purchaser**").

WHEREAS, **Greenseal Cannabis Company Ltd.**, a corporation governed by the laws of the Province of Ontario, having its principal place of business at 530 Wright Blvd, Stratford, ON N4Z 1H3 ("**GreenSeal**" or "**Seller**") is a subsidiary company of the Guaranteed Party;

AND WHEREAS, GreenSeal has requested the Guaranteed Party to establish a credit facility to purchase, from time to time, Eligible Receivables generated from the sale of the Cannabis Products to Account Debtors, in accordance with the terms and conditions of a receivables purchase agreement entered or to be entered on or about the date hereof (the "**RPA**");

AND WHEREAS, the execution and delivery of this Guarantee by the Guarantor is a condition precedent to the Guaranteed Party making the credit facility available to the Seller under the RPA to fund Eligible Receivables from time to time;

NOW THEREFORE, in consideration of the Guaranteed Party agreeing to establish the facility in favour of the Seller under the terms of the RPA, and in order to induce the Guaranteed Party to purchase Eligible Receivables under the RPA from time to time, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor hereby agrees as follows:

1. **Interpretation.** All terms defined in the RPA and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the RPA.

2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees to the Guaranteed Party the payment of any and all present and future obligations of the Seller to the Purchaser arising pursuant to and/or on account of the provisions of any of the Transaction Documents including, without limitation, all of the Obligations as defined in the RPA (collectively, the "**Liabilities**"). This Guarantee is a guarantee of payment and not of collection and is in no way conditioned upon or limited by: (a) any attempt to collect from any Account Debtor or any other person who is or may be liable under any of the Transaction Documents (any "**Secondary Obligor**"); or (b) any resort or recourse to or against any Collateral pledged, assigned, or granted to the Purchaser. If the Seller fails to pay any of the Liabilities, when and as the same shall become due and payable, the Guarantor shall on demand pay the same to the Purchaser in immediately available funds, in lawful money of Canada.

3. **Continuing Nature of Guarantee**. This Guarantee shall be continuing and shall not be discharged, impaired or affected by:
   (a) the insolvency of the Seller, as specified under Section 11 hereof, or the payment in full of all of the Liabilities at any time or from time to time;
   (b) the power or authority or lack thereof of the Seller to incur the Liabilities;
   (c) the validity or invalidity of any of the Transaction Documents or the documents securing the same;
   (d) the existence or non-existence of the Seller as a legal entity, including those circumstances specified under Section 7 hereof;
   (e) any transfer by the Seller of all or any part of any Collateral in which the Purchaser has been granted a lien or security interest pursuant to the Transaction Documents;
   (f) any statute of limitations affecting the liability of the Guarantor under this Guarantee or the Transaction Documents or the ability of the Purchaser to enforce this Guarantee or any provision of the Transaction Documents; or
   (g) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have

been waived by Guarantor pursuant to Section 14 hereof.

4. **Recourse against Seller.** The Guaranteed Party shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Seller or others or any security before being entitled to payment from the Guarantor under this Guarantee.

5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Guaranteed Party, whether occasioned through the fault of the Guaranteed Party or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.

6. **Settlement of Accounts.** Any Account settled or stated between the Guaranteed Party and the Seller or admitted by or on behalf of the Seller shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Seller to the Guaranteed Party is so due by any defaulting Account Debtor. For clarity, the term "**Account**" shall mean all Liabilities of Seller to the Purchaser pursuant to the Transaction Documents.

7. **Change in Composition of Seller.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Seller nor any other circumstance including, without limitation, the amalgamation of the Seller with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Guaranteed Party has taken any security or collateral for payment of any of the Liabilities or the performance or observance of any obligation of the Guarantor to the Guaranteed Party or any circumstance affecting the Seller or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.

8. **Waiver.** No delay on the part of the Guaranteed Party in exercising any of its options, powers, or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Guaranteed Party unless the same shall be in writing, duly signed on behalf of the Guaranteed Party, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Guaranteed Party or the obligations of the Guarantor to the Guaranteed Party in any other respect at any other time.

9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed, paid as Purchase Price, or obtained by the Seller from the Guaranteed Party under or in connection with the RPA shall be deemed to form part of the Liabilities notwithstanding any incapacity, disability or lack of limitation of status or power of the Seller or of the directors, officers, employees, partners or agents thereof, or that the Seller may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Guaranteed Party or not. The Guaranteed Party shall not be obliged to enquire into the powers of the Seller or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed, paid as Purchased Price, or obtained from the Guaranteed Party in the professed exercise of any power of the Seller or its directors, partners or agents shall be deemed to form part of the Liabilities hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Seller or its directors, partners, or agents. Any part of the Liabilities which may not be recoverable from the Guarantor by the Guaranteed Party on the basis of a guarantee shall be recoverable by the Guaranteed Party from the Guarantor as principal debtor in respect thereof and shall be paid to the Guaranteed Party forthwith after demand therefor as herein provided.

10. **Assignment by Guaranteed Party.** The Guaranteed Party may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the Liabilities or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Liability or part thereof so transferred or assigned shall be and shall remain an "obligation" for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein

shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Guaranteed Party. In the event of any such assignment or transfer, the Guaranteed Party shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.

11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Guaranteed Party to any Liability is or must be rescinded or returned by the Guaranteed Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Seller), such Liability shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Guaranteed Party, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Liability, all as though such application by the Guaranteed Party had not been made.

12. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Guaranteed Party forthwith pay to the Guaranteed Party all expenses (including legal fees on a full indemnity basis) incurred by the Guaranteed Party in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.

13. **Additional Security.** This Guarantee is in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Guaranteed Party and any other rights or remedies that the Guaranteed Party might have.

14. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Guaranteed Party receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

15. **Interest.** The Guarantor shall pay to the Guaranteed Party in respect to any amount payable hereunder (including interest) that is not paid when due, interest from the due date thereof, both before and after demand, default, and judgment until payment in full, at the rate of 23% *per* annum, such interest to be paid monthly on the last day of each calendar month and calculated annually, not in advance.

16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as aforesaid or at such other address as the Guarantor may subsequently specify by written notice received by the Guaranteed Party. Any such notice shall be deemed to have been received on the date of delivery.

17. **Responsibility to Keep Informed.** So long as any of the Liabilities remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping itself informed of the financial condition of the Seller and of all circumstances bearing upon the nature, scope, and extent of the risk which the Guarantor assumes and incurs under this Guarantee.

18. **No Escrow.** Possession of this Guarantee by the Guaranteed Party shall be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Guaranteed Party, the Guarantor obtains from the Guaranteed Party a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of British Columbia and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Guaranteed Party's right to bring proceedings against the Guarantor elsewhere.

20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Guaranteed Party and its heirs, executors, administrators, successors and assigns and shall be binding upon the Guarantor and the heirs, executors, administrators, successors and permitted assigns of the Guarantor. If there is more than one Guarantor referred to herein, then their obligations shall be joint and several.

21. **Time of the Essence.** Time is of the essence with respect to the terms and provisions of this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

[signature page to follow]

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

For and on behalf of

ATLAS GLOBAL BRANDS INC.

By: Jason Cervi

Name: Jason Cervi

Title: Chief Financial Officer

Signature Certificate

Reference number: MBRGC-HD3V7-BEJCQ-NGP5N

Signer	Timestamp	Signature
Jason Cervi Email: jason@atlasglobalbrands.com Shared via link		Jason Cervi
Sent:	04 Jun 2023 19:38:28 UTC	IP address: 69.158.116.6
Viewed:	07 Jun 2023 05:00:37 UTC	Location: Burlington, Canada
Signed:	07 Jun 2023 05:02:27 UTC	

Document completed by all parties on:

07 Jun 2023 05:02:27 UTC

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TAB V

This is Exhibit "V" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

RECEIVABLE PURCHASE AGREEMENT

THIS AGREEMENT (the "**Agreement**") is made as of 07 / 03 / 2023, between **AgMEDICA BIOSCIENCE INC.**, a corporation governed by the laws of the Province of Ontario (the "**Seller**") having its principal place of business at 566 Riverview Dr. Unit #104, Chatham, ON N7M 0M2 and **STOKE CANADA FINANCE CORP**., a corporation governed by the laws of the Province of British Columbia (the "**Purchaser**"), having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7.

WHEREAS, the Seller is a Canadian licensed producer under the Cannabis Act, SC 2018, c 16 engaged in the sale of certain Cannabis Products (as defined below) to Account Debtors (as defined below) within and outside of Canada.

AND WHEREAS, the Seller, in the ordinary course of its business, generates account receivables resulting from sales made under contractual supply arrangements with both provincial and private wholesalers in Canada, as well as export supply arrangements with cannabis-licensed importers and distributors outside of Canada for medical purposes.

AND WHEREAS, the Seller wishes to sell, and the Purchaser wishes to purchase, from time to time, Eligible Receivables (as defined below) pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows,

1. DEFINITIONS.

When used herein, the following terms shall have the following meanings:

"**Account Debtor**" means, in respect of a Receivable, (i) a Crown Wholesaler (as defined below) or a private wholesaler licenced under the Cannabis Act, SC 2018, c 16, (a "**Private Wholesaler**") who has an obligation to pay such receivable, (ii) a Foreign Buyer (as defined below), and (iii) any co-debtor, guarantor or other Person who owes or is responsible for making payments under such Receivable.

"**Advance Rate**" means, with respect to an Eligible Receivable, a percentage equal to 75% of the Purchase Price (as set forth in **Schedule "B"**) or as otherwise determined by the Purchaser in its sole discretion at which the Purchaser will calculate the amount of funds to be advanced to the Seller.

"**Authorized Person**" has the meaning specified in Section 4.1(c).

"**Business Day**" means any day other than a Saturday, a Sunday, a statutory holiday or a day on which banks in Vancouver, British Columbia and/or Toronto, Ontario, are authorized or obligated by law, regulation or executive order to close.

"**Cannabis Products**" means, with respect to a Receivable, the underlying cannabis or cannabis-derivative products produced by the Seller, for recreational and medical purposes.

"**Change of Control**" means a change in the effective control of the Seller without the Purchaser's consent.

"**Closing Date**" means 07 / 03 / 2023.

"**Closing Fee**" means the fee payable on the Closing Date in the amount of 1.00% of the Purchase Limit. The Closing Fee is payable to the Purchaser on the Closing Date pursuant to Section 2(h) hereof.

"**Collateral**" has the meaning specified in Section 6.1(a).

"**Collection**" has the meaning specified in Section 4.3.

"**Collection Period**" means the period beginning on the Purchase Date and ending on the date that all amounts outstanding are paid in full by the Account Debtor or any person liable for any Purchased Receivable, including the Credit Insurer.

"**Committed Amount**" shall mean the current limit up to which the Seller can advance against Eligible Receivables (i.e., total advanced amount). An increase to the Committed Amount (up to the Purchase Limit) requires 14 days' prior notice.

"**Credit Insurance Policy**" means a foreign accounts receivable credit insurance policy naming the Seller as the main insured, covering up to 90% of the risk of default and insolvency of a Foreign Buyer, and naming the Purchaser as the beneficiary thereof, loss payee or additional insured as the Purchaser shall require.

"**Credit Insurer**" means Exports Development Canada or any other insurance company reasonably acceptable to the Purchaser that provides a Credit Insurance Policy to the Seller.

"**Crown Wholesalers**" means a provincially or territorially owned and operated cannabis wholesaler located in any province or territory of Canada, as the case may be.

"**Default Fee**" means, with respect to an Event of Termination relating to the non-payment of any Obligation that is continuing, the percentage rate per annum (as set forth in **Schedule "B"**) at which default fees shall accrue on the outstanding Obligations for the period commencing on the date of the Event of Termination until the same is paid in full or all Events of Termination are cured or waived. The Default Fee will be charged daily and compound daily.

"**Dilution Risk**" has the meaning specified in Section 5.3.

"**Eligible Receivables**" means a Receivable, which meets all of the criteria set out in **Schedule "A"** hereto.

"**Event of Termination**" has the meaning specified in Section 7.2.

"**Financing Fee**" means 1.80% (21.6% per annum) per 30 days, charged (uncompounded) daily on amounts up to CAD$1,000,000.00 and 1.67% (20.04% per annum) on amounts outstanding in excess of CAD$1,000,000.00.

"**Foreign Buyer**" means any buyer whose principal place of business is in any country other than Canada and who engages in import and distribution activities of Cannabis Products for medical purposes.

"**Indemnified Party**" has the meaning specified in Section 8(b).

"**Indemnifying Party**" has the meaning specified in Section 8(b).

"**Insolvency Event**" means, for any Person:

(a) the making of a general assignment for the benefit of creditors;

(b) the filing of a voluntary petition in bankruptcy;

(c) being adjudged as bankrupt or insolvent, or having had entered against such Person an order for relief in any bankruptcy or insolvency proceeding;

(d) the filing by such Person of a notice of intention, petition or answer seeking reorganization, arrangement, composition, readjustment, bankruptcy, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) seeking, consenting to or acquiescing in the appointment of a Receiver of such Person or of all or any substantial part of such Person's assets;

(f) the failure to obtain dismissal or stay within 30 days of the commencement of, or the filing by such Person of an answer or other pleading admitting or failing to contest the material allegations of, a petition filed against such Person in any proceeding against such Person seeking (i) reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, or (ii) the appointment of a Receiver of such Person or of all or any substantial part of such Person's assets; or

(g) the failure by such Person generally to pay its debts as such debts become due.

"**GAAP**" shall mean generally accepted accounting principles in Canada as in effect from time to time and for the period as to which such accounting principles are to apply, provided that in the event the Seller modifies its accounting principles and procedures as applied as of the Closing Date, the Seller shall provide such statements of reconciliation as shall be in form and substance acceptable to the Purchaser.

"**Lien**" means a security interest, lien, charge, pledge, hypothec, encumbrance, reservation of ownership right or other similar right intended to secure an interest in personal or movable property.

"**Obligations**" means any and all obligations and liabilities of the Seller to the Purchaser pursuant to the Transaction Documents.

"**Person**" means any individual, partnership, limited partnership, joint venture, sole proprietorship, company or corporation with or without share capital, limited liability company, unlimited liability company, unincorporated association, trust, regulatory body or agency, government or Governmental Authority however designated or constituted.

"**PPSA**" means, for any province or territory of Canada, the Personal Property Security Act applicable therein, or for the Province of Quebec, the Civil Code, in each case in force in such province and territory, as the context dictates.

"**Prospective Financing**" has the meaning specified in Section 5.4(m).

"**Purchase Date**" means the Business Day specified in the related Purchase Summary.

"**Purchase Limit**" means **CAD$2,000,000.00** as such amount may be reduced or increased at any time, upon mutual agreement by both Purchaser and Seller. The Purchaser shall not have any obligation to purchase Eligible Receivables if the aggregate amount outstanding of Purchased Receivables exceeds the Purchase Limit at any time. The Purchaser may decrease the Purchase Limit, with 30 days' prior written notice to the Seller, based on non-usage or certain covenant breaches; *provided*, that such reduction will not be less than the outstanding amount of the Obligations at the time of the reduction.

"**Purchase Price**" means, on the related Purchase Date, the amount specified as such in the related Purchase Summary.

"**Purchased Receivables**" means, for any day, any Eligible Receivable purchased on the applicable Purchase Date, excluding any such Receivables re-conveyed to the Seller in accordance with this Agreement prior to such day.

"**Purchaser**" has the meaning set forth in the preamble.

"**Purchaser's Bank Account**" means the bank account specified in Appendix "C" to **Schedule "B"** hereto established and maintained by the Purchaser, or such other bank account that the Purchaser may determine and designate from time to time, into which the Seller shall transfer or wire the funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder.

"**Purchase Summary**" has the meaning specified in Section 3.1(b).

"**Receivable**" means an account receivable originated by the Seller in connection with the sale and delivery of Cannabis Products to an Account Debtor and all the proceeds relating thereto.

"**Receivable Files**" means, for each Receivable, the following documents and instruments, each of which may be in photocopy or electronic format: (i) the Receivable, including an assigned invoice number, (ii) the purchase order (and/or export contract in the case of a Foreign Buyer) delivered in connection with the Receivable, (iii) a copy of the written confirmation or evidence of delivery and acceptance of the Cannabis Product by the Account Debtor, (iv) a detailed listing of any credits in favour of the Account Debtor in respect of such Receivable, (v) copies of the certificate of analysis, bill of lading or airway bill, and packing slip in the case of an export sale; and (vi) all other documents, notices and correspondence that the Seller generates relating to such Receivable or the related Account Debtor.

"**Refund**" shall have the meaning specified in Section 4.5.

"**Reserve**" and "**Dilution Reserve**" shall have the meaning specified in Section 3.5.

"**Request**" shall have the meaning specified in Section 3.2.

"**ROFR Notice**" has the meaning specified in Section 5.4(m).

"**Seller**" has the meaning set forth in the preamble.

"**Seller's Bank Account**" means the bank account specified in Appendix "B" to **Schedule "B"** hereto established and maintained by the Seller, or such other bank account that the Seller may determine and designate from time to time, into which (i) the Account Debtor shall direct the deposit of all proceeds or funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder in accordance with the Assignment Documents, and (ii) an Authorized Person (defined below) of the Purchaser will be added as a signing authority as described in Section 4.1(b).

"**Taxes**" has the meaning specified in Section 4.2.

"**Termination Date**" has the meaning specified in Section 7.1.

"**Transaction Documents**" means this Agreement, the Credit Insurance Policy, the Purchase Summaries, the Receivable Files and the Bills of Sale.

2. CONDITIONS PRECEDENT TO CLOSING.

The effectiveness of this Agreement is conditional upon the satisfaction of the following conditions for the benefit of the Purchaser, subject to the temporary waiver outlined at Schedule "C" (if applicable):

(a) the Seller has delivered an application form and all legal and financial documentation and other information reasonably required by the Purchaser to complete its internal due diligence process including all KYC/AML security/background checks;

(b) an Officer's Certificate of the Seller attaching copies of its constating documents and a resolution of its directors authorizing this Agreement and the delivery of all ancillary documents;

(c) counterparts of this Agreement have been executed and delivered by the Seller;

(d) delivery of the Corporate Guarantee granted by Atlas Global Brands Inc. in favor of the Purchaser;

(e) a certificate of good standing issued by the applicable governing jurisdiction along with evidence that the Seller is qualified or licensed to carry on business in the jurisdiction in which it operates;

(f) evidence or written confirmation satisfactory to the Purchaser, in its sole discretion, that: (i) all security interests, liens and other rights of any Person in the Purchased Receivables have been discharged, released, or postponed prior to the Purchase Date and all Security have been properly registered, recorded and filed in all places where, all searches have been conducted in all places where, and deliveries of all documents, instruments, acknowledgments, consents, and approvals to the Purchaser have been made which, in the reasonable opinion of the Purchaser's counsel, are desirable or required to make effective the security created or intended to be created by the Seller pursuant to the Security, and to ensure the perfection of the first priority of the security granted under the Security;

(g) no Event of Termination or any event or condition that with notice, lapse of time or otherwise would constitute an Event of Termination shall have occurred and be continuing;

(h) the payment of the Closing Fee and all reasonable out-of-pocket costs and expenses (including legal fees) incurred by the Purchaser in connection with the analysis, preparation, negotiation, execution, and perfection of this Agreement, limited to a cap of CAD$20,000.00;

(i) such other approvals, opinions or documents as the Purchaser may reasonably request.

3. SALE AND PURCHASE OF RECEIVABLES.

3.1. Offer to Sell Receivables.

(a) Prior to the Termination Date, but not more than once per week and if there does not then exist any Event of Termination or any event that with notice, lapse of time or otherwise would constitute an Event of Termination, Seller may request that Purchaser purchase Eligible Receivables on a proposed Purchase Date and Purchaser may, in its sole discretion, elect to purchase receivables.

(b) Seller shall deliver to Purchaser a Purchase Summary (the form of such attached hereto as **Schedule "B"**) at least two (2) Business Days prior to the proposed Purchase Date for amounts not exceeding the Committed Amount. The Purchase Summary shall be executed by the Seller and the Purchaser and shall include all related Receivable Files, except the proof of delivery which must still be produced prior to and is a condition of funding.

(c) For amounts exceeding the Committed Amount, the Seller shall give notice to the Purchaser at least fourteen (14) days prior to the proposed Purchase Date. The Purchaser may waive all or part of this 14-day notice period in its sole discretion.

3.2. Pricing. For each purchase, the pricing terms (i.e. Financing Fee) shall be those set forth in the respective Purchase Summary. Notwithstanding anything to the contrary contained in this agreement, the Financing Fee may be subject to change upon mutual agreement of the parties (such consent, permission, or approval by the Seller not to be unreasonably withheld, postponed or conditioned) pursuant to a request by the Purchaser (a "**Request**") outlining a reasonable ground for change based, among others, on the credit evaluation of the Seller or any person liable for any Purchased Receivable if different from a Crown Wholesaler, changes in the interest rate payable on the cost of capital incurred by the Purchaser in connection with each purchase, the value of the Collateral and the aging of the Receivables offered at the time of each purchase.

3.3. Acceptance. The Purchaser shall not have any obligation to purchase Eligible Receivables from the Seller and reserves the right to exercise its sole discretion in approving the credit of the Seller pursuant to this Section 3.3 before purchasing any Receivable. Upon acceptance of a Purchase Summary by the Purchaser there will, subject to (i) confirmation by the Purchaser of the proposed Purchase Price, (ii) the Purchase Limit, and (iii) satisfaction of the applicable conditions precedent set forth below, exist a binding agreement between the Seller and the Purchaser for the purchase of the Eligible Receivables specified in such Purchase Summary. It shall be a condition precedent to each Advance, subject to the temporary waiver outlined at Schedule "C" (if applicable), that:

(a) all of the representations and warranties of the Seller set forth under Section 5 of this Agreement are true and correct on the related Purchase Date; and

(b) the Purchaser shall have received from the Seller, prior to the Purchase Date (i) written confirmation that the Seller is in compliance with the banking arrangement set forth in Section 4.1(a), or in the absence of it, Section 4.1(b) hereto, (ii) evidence or written confirmation that underlying Cannabis Product has been delivered to and accepted by the applicable Account Debtor, (iii) the Purchaser is satisfied in its reasonable discretion with its due diligence review of the related Eligible Receivables included in the Purchase Summary and related Receivable Files, (iv) the Purchaser is satisfied in its sole discretion that the Receivables forming part of the Purchased Receivables will, as of the related Purchase Date, constitute Eligible Receivables, and (v) an executed copy of the Bill of Sale for such purchase, including a detailed summary of the invoices comprising the Purchased Receivables, (vi) for Foreign Buyers, proof that a Credit Insurance Policy has been secured by the Seller and that the Purchaser has been designated as the loss payee within said policy, or that a comparable arrangement deemed satisfactory to the Purchaser has been established; and (vii) evidence that the Purchaser has been added as loss payee in any cargo insurance policy covering shipments to Foreign Buyers (if applicable).

3.4. Effectiveness of the Sale to Purchaser; Absolute Sale. Effective upon receipt by the Seller of such Purchase Price and delivery of the related Bill of Sale, all of the Seller's right, title and interest in and to the related Eligible Receivables will be sold, transferred and assigned to the Purchaser without recourse (except as provided in this Agreement) and without the need of any formality or other instrument of assignment, and such Eligible Receivables shall be deemed to be Purchased Receivables. It is the intention of the Purchaser and the Seller that (a) the sales pursuant to Section 3.1 constitute an absolute sale of the Purchased Receivables, conveying good title free and clear of any lien, from the Seller to the Purchaser and are not intended, nor should be construed as, a loan or an assignment by way of security, and (b) the Purchased Receivables not be a part of the Seller's estate in the event of an Insolvency Event with respect to the Seller. The Seller shall have no automatic right in any circumstance to re-purchase or re-acquire any payments related to the Purchased Receivables.

3.5. Establishment of a Reserve. The Purchaser shall establish and maintain on its books a Reserve (the "**Reserve**") which shall be specified in the Purchase Summary. The Reserve shall be a book entry established and administered by the Purchaser representing that portion of the Purchase Price held back by the Purchaser and which amount is pledged by the Seller as security in favour of the Purchaser at the time of each Purchase pursuant to Section 6 below. The Purchaser may also establish and maintain an additional reserve (the "**Dilution Reserve**") which shall be specified in the Purchase Summary in an amount equal to the sum of: (a) the aggregate value of all Cannabis Products reasonably expected to be returned by the Account Debtor within 60 days following the Purchase Date due to aging, pursuant to the policy of the Account Debtor in respect of returns due to aging as determined by the Purchaser, (b) any known offsets or credits that are due to the Account Debtor from the Seller, including but not limited to any price adjustments, reimbursements, fees, or discounts, which the Seller agrees it shall report to the Purchaser immediately upon their discovery. Upon collection of all amounts owing under the Purchased Receivables by the Purchaser, and confirmation that the amounts calculated in this Section 3.5 are no longer applicable, or have been recovered from the Dilution Reserve; the remaining amount held in reserve will be released and paid back to the Seller within five (5) Business Days, so long as neither an Event of Termination or any event that with notice, lapse of time or otherwise would constitute an Event of Termination or that the Termination Date has occurred.

4. ADMINISTRATION.

4.1. Cash Management.

(a) The Seller shall instruct each applicable Account Debtor to remit all proceeds and/or payments due or arising from any Purchased Receivable to the Purchaser's Bank Account. For Foreign Buyers, the Seller shall ensure that all issued invoices include the Purchaser's relevant details, such as bank account information, intermediary bank, and SWIFT/BIC codes, as provided in writing. Upon receipt of such proceeds and/or payments into the Purchaser's Bank Account, the Purchaser shall promptly, but no later than two (2) Business Days thereafter, remit the net amount to the Seller's Bank Account after deducting all accrued and unpaid fees, costs, and expenses associated with the Purchased Receivables.

(b) If an Account Debtor chooses not to remit proceeds and/or payments owing or payable to the Seller under or arising from any Purchased Receivable into the Purchaser's Bank Account, the Seller shall direct the applicable Account Debtor to remit by electronic funds transfer (or wire transfers, if a Foreign Buyer) all proceeds and/or payments owing or payable to the Seller under or arising from any Purchased Receivable into the Seller's Bank Account. Payments owing or payable to the Purchaser under or arising from any Purchased Receivable deposited into the Seller's Bank Account shall be made by the Seller upon authorization by a director or officer of the Seller. All such payments shall be made by electronic funds transfers from the Seller's Bank Account to the Purchaser's Bank Account within two (2) Business Days of the end of the associated Collection Period.

The Seller shall authorize a person acting on behalf of the Purchaser (the "**Authorized Person**") to act as a signing authority with respect to the Seller's Bank Account including the grant of viewing rights through online banking and the right to make inquiries with respect to such account or any other bank account that the Seller may determine and designate from time to time, into which the Account Debtor shall direct the deposit of all proceeds or funds, of any kind or amount, related to or arising from any Purchased Receivables hereunder.

The Seller agrees that it shall be solely responsible for any fees in connection with the transfer or wire of the proceeds or funds associated with Purchased Receivables into the Purchaser's Bank Account.

(c) In the event that any amount due and payable under any Purchased Receivable is not transferred into the Purchaser's Bank Account within two (2) Business Days of the end of the associated Collection Period, the Authorized Person, acting solely and without further authorization required from the Seller, shall be authorized to transfer the outstanding amount by electronic fund transfer from the Seller's Bank Account to the Purchaser's Bank Account within five (5) Business Days and will provide notice of such transfer to the Seller.

(d) In the event that any amount due and payable under any Purchased Receivable is not deposited into the Purchaser's Bank Account or the Seller's Bank Account and is otherwise received by the Seller, all such amounts shall be deposited by the Seller into the Seller's Bank Account promptly, but in any event not later than one (1) Business Day of receipt of same, and the Seller hereby acknowledges and agrees that all such amounts shall be held in trust by the Seller for the benefit of the Purchaser until such time as they are properly deposited into the Seller's Bank Account.

4.2. Servicing. The Seller shall administer, service, and collect payments, including sales taxes, goods and services taxes, harmonized taxes, and other similar taxes and all related penalties and interest (collectively the "**Taxes**") owed by the Account Debtor in respect of each Purchased Receivable until the Termination Date. The Seller will be responsible for remitting Taxes to the tax authorities and will act as custodian of the Receivables Files on behalf of the Purchaser and shall not be entitled to any remuneration from the Purchaser for performing its servicing obligations hereunder. All requests or queries from any Account Debtor under any Purchased Receivable regarding the underlying purchase of any Cannabis Products that is subject thereto shall be dealt with by the Seller in the ordinary course of business. Notwithstanding the foregoing, the Purchaser may service the Receivables directly upon any failure of the Seller to collect payments from the Account Debtors and such failure continues unremedied for a period of five (5) Business Days after the earlier of the date on which the Seller receives notice thereof from the Purchaser and the date the Seller becomes aware thereof.

4.3. Deemed Collections. If on any day the outstanding balance of a Receivable is reduced or canceled as a result of any defective, rejected, undelivered or returned inventory, any cash discount or adjustment (including any adjustment resulting from the application of any special refund or other discounts or any reconciliation), any setoff or credit (whether such claim or credit arises out of the same, a related, or an unrelated transaction) or other similar reason not arising from the financial inability of the Account Debtor to pay undisputed indebtedness, the Seller shall be deemed to have received on such day a Collection on such Receivable in the amount of such reduction or cancellation. If on any day any representation, warranty, covenant or other agreement of the Seller related to a Receivable is not true or is not satisfied, the Seller shall be deemed to have received on such day a Collection in the amount of the outstanding balance of such Receivable. All such Collections deemed received by the Seller under this Section shall either (i) be deposited by the Seller into the Seller's Bank Account or (ii) replaced by the Seller with another Eligible Receivable(s) in equal value and subject to approval by the Purchaser. In the event any Purchased Receivable is canceled and the value of the associated Collection is not deposited or replaced as described in the preceding sentence within five (5) Business Days, the amount to be deposited by the Seller pursuant to the preceding sentence in respect of such Purchased Receivable will be increased to include 30 days' interest at the rate of 30.0% per annum. For clarity, the term "**Collection**" shall mean all cash collections and other cash proceeds of the Purchased Receivables.

4.4. Accounting. From the Purchase Date, the Seller will maintain accurate accounts and records for each Purchased Receivable to clearly indicate that each Purchased Receivable has been sold to the Purchaser, together with the Receivable Files, and including a further indication of the status of such underlying Receivable, including payments and collections made to the Purchaser and payments owing (and the nature of each).

4.5. Refund to Seller. Provided that there does not then exist an Event of Termination or any event or condition that with notice, lapse of time or otherwise would constitute an Event of Termination, the Purchaser shall refund to the Seller by electronic fund transfer, the amount, if any, which Purchaser owes to Seller at the end of the Collection Period according to the accounting prepared by Purchaser for that Collection Period (the "**Refund**"). The Refund shall be an amount equal to:

(A) (1) The Reserve as of the beginning of that Collection Period, PLUS

(2) the Dilution Reserve, if applicable, created for each Purchased Receivable during that Collection Period, MINUS

(B) The total for that Collection Period of:

(1) Finance Fees;

(2) Dilution Reserve charges as set forth in Section 3.5 hereof; and

(3) all other amounts due by the Seller to the Purchaser during that Collection Period to the extent Purchaser has agreed in writing to accept payment thereof by deduction from the Refund.

4.6. No Comingling of Funds; Remittance of Amounts Collected. To the extent the Seller shall have control or possession of any amounts owing by Account Debtors in connection with any Purchased Receivable, the Seller shall (a) hold such amounts in the name and for the benefit of the Purchaser and (b) separately maintain, and not commingle, such amounts with any assets of the Seller or any other Person. The Seller shall remit to the Purchaser any and all amounts collected as provided in Section 4.1(b) hereof.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS.

5.1 Representations and Warranties of Seller. Subject to the temporary waiver outlined at Schedule "C" (if applicable), the Seller represents and warrants to the Purchaser as of each Purchase Date (unless specifically stated below to be as of another date), on which the Purchaser is relying on acquiring the Purchased Receivables and which will survive the sale of such Purchased Receivables to the Purchaser on such Purchase Date:

(a) it is duly incorporated, amalgamated, or formed (as applicable), validly existing, and in good standing under the laws of your jurisdiction of incorporation or formation.

(b) it is qualified to carry on business and in good standing in each jurisdiction where it owns or leases property or assets.

(c) it has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

(d) it has taken all necessary actions to authorize the entry into this Agreement and the obligations hereunder.

(e) the execution, delivery, and performance of this Agreement and the obligations hereunder do not conflict with, contravene, violate or result in a breach of its, or any subsidiaries, constating documents, any federal or provincial/territorial law, or any contractual obligation to which it or its subsidiaries are subject.

(f) there is no charge, investigation, action, suit, or proceeding before or by any court pending or, to the best knowledge of the Seller, threatened that, if determined adversely to the Seller, would have a material adverse effect upon the performance by the Seller of its duties under, or on the validity or enforceability of this Agreement.

(g) No Default. The Seller is:

(i) not in default under any supply agreement entered into with the Account Debtor or any Obligations hereunder to which it is a party; or

(ii) not in default (after the passage of all applicable grace periods), and there has occurred no event which, with notice or lapse of time, or both, would constitute a default, under any material agreement for borrowed money, which default or event would have a material adverse effect on its business or financial condition.

(h) Financial Statements. The notice to reader financial statements of the Seller most recently delivered to the Purchaser pursuant to this Agreement were prepared in accordance with GAAP consistently applied. The balance sheet included in such financial statements fairly reflects the assets and liabilities of the Seller as at the date of such balance sheet and the statements of income and retained earnings included in such financial statements fairly reflect the results of the operations of the Seller throughout the period covered thereby.

(i) Place of Business. Its chief executive office and chief place of business is located at 566 Riverview Dr. Unit #104, Chatham, ON N7M 0M2 or at such other location for which notification has been given to the Purchaser in accordance with Section 9.2.

(j) Material Change. There has been no material adverse change in the business or financial condition of the Seller since the date of the latest financial statements delivered to the Purchaser, and since such time the Seller has not entered into any transaction outside of the ordinary and usual course of the business of the Seller of a material nature which has not been disclosed in writing to the Purchaser.

(k) Eligible Receivables. Each of the Receivables comprising part of the related Purchased Receivables satisfies each of the criteria specified in **Schedule "A"** on such Purchase Date and the information in respect of such Receivables provided to the Purchaser pursuant to this Agreement is in all material respects true and correct.

(l) Good Title. The Seller has good and marketable title to the Purchased Receivables free and clear of all Liens, and such all Purchased Receivables have been sold, transferred and assigned to the Purchaser free and clear of any Liens.

(m) No Registrations. No effective financing statement or other instrument similar in effect perfecting a Lien in any related Purchased Receivables is on file in any relevant recording office registered or filed against the Seller, except (i) in favour of the Purchaser as contemplated in Section 2(f)(i) above, or (ii) as may have been waived in writing by the Purchaser or in respect of which a waiver, release or acknowledgment in form and substance acceptable to the Purchaser has been obtained.

(n) Information Correct. No information, exhibit, financial statement, document, book, record or report furnished by the Seller under this Agreement or in connection herewith is or will be inaccurate in any material respect as of the date it is or will be dated or as of the date so furnished, or omits or will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(o) Residency. The Seller is a resident of Canada within the meaning of the Income Tax Act (Canada).

5.2 Survival of Representations and Warranties. The representations and warranties set forth in this Agreement and in any certificate or other document delivered hereunder shall, notwithstanding any investigation made by the Purchaser or its legal counsel, or any other representative of the Purchaser or the completion of any Purchase, be true as at the date of such Purchase, and shall continue in full force and effect so long as any payments under the Purchased Receivables remains outstanding.

5.3 Dilution Risk Notice. Upon becoming aware of any actual or potential decrease in the face value of a Purchased Receivable due to cash credits to the applicable Account Debtor resulting from any defective, rejected, canceled, undelivered or returned inventory or services or as a result of any cash discount or other monetary adjustment or settlement by the Seller or any other Person other than the Purchaser, including the occurrence of an Insolvency Event (hereinafter referred to as a "**Dilution Risk**"), Seller shall promptly notify the Purchaser and provide all relevant background facts causing the reduction or canceling of the Purchased Receivable. Notice shall be given in writing and shall identify the Purchased Receivable which will be subject to the remedies set forth in Section 4.3 hereof.

5.4 Other Seller Covenants. Subject to the temporary waiver outlined at Schedule "C" (if applicable), the Seller covenants with the Purchaser:

(a) to duly and punctually perform or cause to be performed all Obligations at the dates, time and places, and in the manner mentioned herein;

(b) to conduct its business in such a manner so as to comply in all material respects with all laws and regulations and so as to preserve and protect its property and assets and the earnings, income and profits therefrom;

(c) to preserve and maintain its corporate existence, rights, franchises and privileges and to qualify and remain qualified to carry on business in each jurisdiction in which the failure to do so would reasonably be expected to have a material adverse effect on the interests of the Purchaser or the Seller's ability to perform its Obligations under this Agreement;

(d) except as otherwise expressly permitted in this Agreement not to sell, transfer, assign (by operation of law or otherwise) or otherwise dispose of any of the Purchased Receivables (or any interest therein), take any action which may cause the validity, enforceability or collectability of the Purchased Receivables to be impaired or take any action or omit to take any steps which may cause a Lien to attach or extend to or otherwise burden the Purchased Receivables, Reserve, Dilution Reserve, Collections or any account to which any Collections are payable;

(e) except as otherwise expressly permitted by the Purchaser not to (i) direct any Account Debtor to remit payments to any account other than the Purchaser's Bank Account or the Lender's Bank Account, (ii) withdraw, and not to cause or permit to be withdrawn, any amounts that may impair the Purchaser's ability to collect any proceeds and/or payments relating to any Purchased Receivable hereunder, and (iii) remove, undermine or impair the Authorized Person's ability to monitor the Seller's Bank Account's inbound and outbound activity or initiate debits from it without the knowledge and prior written consent of the Purchaser.

(f) to provide the Purchaser with prompt written notice of any change in the business or financial condition of the Seller that is reasonably likely to have a material adverse effect, or of any material loss, destruction or damage of or to the properties and assets of the Seller;

(g) to furnish to the Purchaser with the following statements, reports and certificates:

(i) within 120 days after the end of each fiscal year of the Seller, copies of the notice to reader financial statements of the Seller with respect to such fiscal year, duly signed;

(ii) within 60 days after the end of each fiscal quarter of the Seller, a copy of the management prepared internal financial statements of the Seller (including quarterly group-EBITDA budget-based figures (+/-20%)) with respect to such fiscal quarter;

(iii) within 20 days after the end of each month, management prepared financial statements and a comprehensive data backup report satisfactory to the Purchaser, acting reasonably, generated by and/or from the Seller's accounting system relating to the Purchased Receivables; and

(iv) within 20 days after the end of each month a copy of the sell-through and inventory aging reports for each applicable Account Debtor;

(h) from and after the Closing Date, the Seller shall, from time to time, permit the Purchaser access to the books and records of the Seller that relate directly to the Purchased Receivables, provided the Purchaser or such appointed third party, other than following an Event of Termination, provides 24 hours' notice of its desire to review such books and records and the review is conducted during usual business hours, for the purpose of the Purchaser (or other third party retained by the Purchaser) undertaking a review of the accounting records regarding the Purchased Receivables including, without limitation, confirmation of the existence of the Receivables consisting of the Purchased Receivables, the related Receivable Files, and assignments, registration of security interests for the Security and the Purchased Receivables and renewals thereof, payment history for any Purchased Receivables and similar matters;

(i) to remit within two (2) Business Days, without set-off or other deduction, to the Purchaser's Bank Account, any Collections received (including deemed to be received pursuant to Section 4.3) by the Seller.

(j) to preserve and maintain the Credit Insurance Policy in full force and effect and keep all necessary records and documents required for making reimbursement claims under the terms and conditions of the Credit Insurance Policy. If any amount owed under the Credit Insurance Policy remains unpaid, the Purchaser may cover this sum. This payment will be treated as a request to buy Eligible Receivables from the date the payment is due. The Seller irrevocably authorizes the release of any such funds to the Credit Insurer. All sums paid out by the Purchaser relating to these payments will be subject to the Default Fee until the Purchaser is fully reimbursed.

(k) to promptly notify the Purchaser in writing of any payment not deposited into the Purchaser's Bank Account, but otherwise received by the Seller, in connection with any claim of loss initiated by the Seller under the Credit Insurance Policy.

(l) starting on the 60th day following the closing of this Agreement, to pay 2% per annum (the "**Unused Facility Fee**") charged daily and compounded monthly calculated on a monthly basis based on the average daily shortfall between (i) the product of (a) 75% and (b) the Purchase Limit and (ii) the principal amount outstanding of all Purchased Receivables during the preceding month and shall be payable by the Seller on a monthly basis unless waived by the Purchaser in writing. One-half of the unused facility fee will be credited against fees for utilization in excess of 75% of the Purchase Limit in accordance with an agreed total.

(m) So long as any amounts remain outstanding under this Agreement, if the Seller desires to borrow additional funds (a "**Prospective Financing**"), the Purchaser shall have the right of first refusal to participate in the Prospective Financing, and the Seller shall provide written notice containing the terms of such Prospective Financing (the "**ROFR Notice**") to the Purchaser prior to effectuating any such transaction. The ROFR Notice shall specify all of the key terms of the Prospective Financing, including, but not limited to, the proposed facility amount, the proposed rate of interest, the proposed term of the loan, and any and all other relevant terms, each as applicable. Upon the Purchaser's receipt of the ROFR Notice, the Purchaser shall have the exclusive right to participate in such Prospective Financing(s), upon the terms specified in the ROFR Notice, by sending written notice to the Seller within seven (7) business days after the Purchaser's receipt of the ROFR Notice. In the event Purchaser fails to exercise its right of first refusal with respect to a ROFR Notice within the time set forth above, the Purchaser shall be deemed to have waived its right of first refusal with respect to such Prospective Financing, provided that it shall retain such right with respect to any future Prospective Financing.

5.5 Representations and Warranties of Purchaser.

(a) it is duly incorporated, amalgamated, or formed (as applicable), validly existing, and in good standing under the laws of your jurisdiction of incorporation or formation.

(b) it is qualified to carry on business and in good standing in each jurisdiction where it owns or leases property or assets.

(c) it has full power and authority to execute and deliver this Agreement and to perform all of its obligations hereunder.

(d) it has taken all necessary actions to authorize the entry into this Agreement and the obligations hereunder.

(e) the execution, delivery, and performance of this Agreement and the obligations hereunder do not conflict with, contravene, violate or result in a breach of its, or any subsidiaries, constating documents, any federal or provincial/territorial law, or any contractual obligation to which it or its subsidiaries are subject.

(f) there is no charge, investigation, action, suit, or proceeding before or by any court pending or, to the best knowledge of the Seller, threatened that, if determined adversely to the Seller, would have a material adverse effect upon the performance by the Seller of its duties under, or on the validity or enforceability of this Agreement.

6. SECURITY INTEREST.

6.1 Security.

(a) As general and continuing collateral security for the due payment and performance of all present and future Obligations (whether direct or indirect, joint or several, absolute or contingent, liquidated or unliquidated damages, matured or unmatured) which the Seller has from time to time incurred or may incur or be liable to the Purchaser under, in connection with or with respect to this Agreement and any other Transaction Documents and any unpaid balance thereof, the Seller hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Purchaser, and grants to the Purchaser a first priority security interest in, all of the Seller's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

(i) All of the moneys and other sums payable to or receivable by the Seller under or pursuant to the provisions of the Eligible Receivables;

(ii) the Reserve Amount and the Dilution Reserve proceeds relating thereto;

(iii) all books and records relating to the foregoing, including in any form or medium;

(iv) all additions, substitutions and replacements for each of the foregoing; and

(v) all rights (but none of the obligations) of the Seller under the Credit Insurance Policy.

(b) The Seller confirms that value has been given and that the Seller and the Purchaser have not agreed to postpone the time for attachment of the security interests in the Collateral. The Seller acknowledges that, in order to give full force and effect to such security interests granted in Section 6.1(a), it may be necessary or advisable from time to time for the Seller to execute separate forms of security documents in and for any jurisdiction, and the Seller agrees to forthwith execute any such security documents that grant Liens similar to but no greater effect than the security interests granted pursuant to Section 6.1(a) for any jurisdiction, upon the reasonable request of the Purchaser from time to time.

(c) If the Seller shall fail to perform any covenant on its part contained herein or in any other Transaction Document, the Purchaser may in its sole discretion, after giving prior written notice to the Seller of its intention to do so, perform any of such covenants capable of being performed by it and, if any such covenant requires the payment or expenditure of money, the Purchaser may make payments or expenditures with its own funds, or with money borrowed by or advanced to it for such purpose, but shall be under no obligation to do so; and all sums so expended or advanced shall be at once payable by the Seller on written demand and, if not paid within five (5) Business Days after receipt by the Seller of such written demand, shall bear interest at the rate of interest equal to 30.0% per annum until paid, and shall be payable out of any funds coming into the possession of the Purchaser in priority to any other application, but no such performance or payment shall be deemed to relieve the Seller from any Trigger Event hereunder.

6.2 Discharge. The Purchaser shall, at the written request and at the expense of the Seller, cancel and discharge the Liens created hereunder, return any portion of the Purchase Price held back by the Purchaser (after all deductions therefrom which the Purchaser is then entitled to make) and execute and deliver to the Seller such deeds or other instruments as shall be requisite to discharge such Liens, and to reconvey to the Seller the relevant property subject to the Liens thereof, free and clear of such Liens and to effect the cancellation of the registration of the Security, and to release the Seller from the covenants herein contained, if the Seller has satisfied the Obligations (if any) then outstanding and the liabilities of the applicable Account Debtor to pay all payments then outstanding have been satisfied in full.

7. TERMINATION AND ENFORCEMENT

7.1. Termination.

(a) This Agreement will terminate on the earlier of (a) the date that is twelve (12) months from the date of the Closing Date, subject to an extension on terms and conditions to be agreed to in writing by the Seller and the Purchaser, and (b) ten (10) business days after written notice of termination is provided by the Seller to the Purchaser (the "**Termination Date**"), provided however, that Section 8(b), Section 9.1, Section 9.5 and Section 9.8 will be continuing and will survive any termination of this Agreement. Notwithstanding the foregoing, no early termination of this Agreement by Seller will be valid or in any way affect or impair any right of the Purchaser arising prior thereto or by reason thereof, nor will any such termination relieve Seller of any duty to Purchaser hereunder, including the right of payment of an Early Termination Fee pursuant to Section 7.6 hereof, nor deny Purchaser any benefit from this Agreement or the Transaction Documents until all outstanding Obligations hereunder, including the aggregate amount outstanding of all Purchased Receivables, are discharged or paid in full.

(b) If an Event of Termination has occurred, the Purchaser, by written notice to the Seller, may declare that the Termination Date has occurred on the date specified in such notice, which date may be the date of such declaration or any date thereafter; provided, however, that with the occurrence of an Event of Termination as described in paragraph (e) of Section 7.2, the Termination Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by Seller.

7.2. Events of Termination. The occurrence of any one or more of the following shall constitute an Event of Termination hereunder.

(a) the non-payment of any amount payable by the Seller to the Purchaser under any of the Transaction Documents;
(b) the Seller commits an act of fraud;
(c) the commencement of Proceedings for the dissolution, liquidation or winding-up of the Seller or for the suspension of the operations of the Seller, unless such Proceedings are being contested in good faith by proper legal proceedings;
(d) the occurrence of an Insolvency Event with respect to the Seller;
(e) any representation or warranty made by the Seller in this Agreement or in any other document, agreement or instrument delivered pursuant hereto or referred to herein or any information furnished in writing to the Purchaser by the Seller proves to have been incorrect in any material respect when made or furnished;
(f) a writ, execution, attachment or similar process is issued or levied against all or any portion of the property of the Seller in connection with any judgment against it in any amount which materially affects its ability to perform the Obligations, and such writ, execution, attachment or similar process

is not released, bonded, satisfied, discharged, vacated or stayed within sixty days after its entry, commencement or levy;

(g) the material breach or failure of due observance or performance by the Seller of any covenant or provision of any Transaction Document, other than those covenants heretofore or hereafter dealt with in this Section 7.2(g), or of any other document, agreement, or instrument delivered by the Seller pursuant hereto or thereto, which breach or failure or non-performance, singly or in the aggregate, could have a material adverse effect on the business or operations of the Seller and which is not remedied within thirty (30) days after written notice to do so has been given by the Purchaser to the Seller;

(h) one or more encumbrancers, lienors or landlords take possession of the property or assets of the Seller having a fair market value in excess of $100,000 or take steps to enforce their security or other remedies against such assets having a fair market value in excess of $100,000, provided that the taking of such possession or such steps to enforce is not being contested by proceedings in good faith and possession of such assets or such enforcement has not been vacated, stayed or otherwise ruled improper in such proceedings within thirty (30) days;

(i) the Seller defaults on the payment of any principal of or any interest on any indebtedness (after the passage of all applicable grace periods), or breaches any term of such indebtedness or of any loan agreement, mortgage, indenture or other agreement relating thereto (after the passage of all applicable grace periods) if (i) the principal amount of such indebtedness exceeds $50,000; and (ii) there is an acceleration under the applicable instrument and a demand for payment of the accelerated amount;

(j) the occurrence of a Change of Control; or

(k) any failure by the Seller to keep the Credit Insurance Policy in full force and effect or to make or permit the Purchaser to make any claim for reimbursement under any Credit Insurance Policy.

7.3 Remedies. Upon the occurrence of and during the continuance of an Event of Termination, the Purchaser may take any or all of the following actions: (i) refuse to enter into additional Purchases; (ii) assume the collection of all payments under all Purchased Receivables and the management and administration of all Receivables comprising of the Purchased Receivables, (iii) set-off against the funds in the Reserve in an amount equal to the outstanding Obligations; (iv) by written notice to the Seller, declare any outstanding Obligations to be, whereupon the same shall become, immediately due and payable; (v) require the Seller post additional Eligible Receivables in value sufficient to cover any shortfall in the Obligations; (vi) realize upon any of the Collateral; or (vii) exercise any other right or power or take any action, suit, remedy or proceeding authorized or permitted by this Agreement, any of the other Transaction Documents, by law, by equity or otherwise.

7.4 Waivers. The Purchaser may at any time waive in writing any event that with notice, lapse of time or otherwise would constitute an Event of Termination (a "**Trigger Event**") or an Event of Termination which may have occurred provided that no such waiver shall extend to or be taken in any manner whatsoever to affect any subsequent Trigger Event or Event of Termination or the rights or remedies resulting therefrom.

7.5 Remedies Cumulative. Each of the remedies available to the Purchaser hereunder is entitled to be a separate remedy and in no way is a limitation on any one or more of the other remedies otherwise available to the Purchaser. The rights and remedies herein expressly specified or in Section 6 are cumulative and not exclusive. The Purchaser may in its sole discretion exercise any and all rights, powers, remedies and recourses available under this Agreement or under any document comprising the Security or any other remedy available to it, and such rights, powers and remedies and recourses may be exercised concurrently or individually without the necessity of any election.

7.6 Early Termination Fee. An early termination fee equal to 1.8% of the Purchase Limit will be due and payable by the Seller if the Seller terminates the Agreement before the date that is three (3) months after the Closing Date.

8. FEES, COSTS AND EXPENSES; INDEMNIFICATION.

(a) The Seller will pay to Purchaser immediately on demand all fees, costs and expenses (including fees of attorneys and professionals and their costs and expenses) that Purchaser incurs or may impose in connection with any of the following: (a) preparing, negotiating, administering, and enforcing this Agreement or any other agreement executed in connection with this agreement, including any amendments, waivers or consents, (b) enforcing any rights against the Seller or any guarantor, or any person liable for any Purchased Receivable, (c) protecting or enforcing its interest in the Purchased Receivables or the Collateral, (d) collecting the Purchased Receivables and the obligations, and (e) the representation of the Purchaser in connection with any bankruptcy case or insolvency proceeding involving Seller, any Purchased Receivable, the Collateral, any Account Debtor, or any Guarantor. Without limiting or being limited by the foregoing, the Seller shall pay on written demand any and all amounts necessary to indemnify the Purchaser from and against any failure by the Seller to keep the Credit Insurance Policy in force or to make or perfect any claim for reimbursement under the Credit Insurance Policy.

(b) The Seller or the Purchaser (each such Person an "**Indemnifying Party**") shall defend, indemnify and hold the other party (the "**Indemnified Party**") harmless from and against any and all claims, actions, damages, costs, expenses (including fees of attorneys and professionals and their costs and expenses), and liabilities of any nature whatsoever arising out of or in connection with (i) any failure to perform any of its duties or obligations under this Agreement, (ii) any breach of the representations and warranties made by the Seller or the Purchaser in Section 5 (determined after giving effect to any payment made pursuant to Section 3 hereof), (iii) any fraud or material misrepresentation by the Seller or the Purchaser or by any of its officers, directors, employees or agents in connection with this Agreement, any wilful neglect by the Seller or the Purchaser or by any of its officers, directors, employees or agents of any of their respective obligations under any of the Transaction Documents or any wilful act or omission by the Seller or the Purchaser thereunder or by any of its officers, directors, employees or agents, (iv) any litigation or dispute (whether instituted by the Purchaser, the Seller or any other person) about the Purchased Receivables, the Collateral, this Agreement or any other agreement executed in connection with this Agreement.

(c) The Indemnifying Party shall be responsible for the payment of all amounts due under this Section 8 but no later than ten (10) Business Days after written demand therefore.

9. MISCELLANEOUS PROVISIONS.

9.1. Amendments, Waivers, Entire Agreement: No amendment or waiver of any provision of this Agreement nor consent to any departure therefrom shall, except as permitted herein, be effective unless the same shall be in writing and signed by the Purchaser and the Seller and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. This Agreement contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written agreements or undertakings.

9.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including fax or e-mail) and faxed, mailed, emailed or delivered, to each party hereto, at its address set forth under its name on the signature page hereof or at such other address as shall be designated by such party in a written notice to the other party hereto. All such notices and communications shall be effective, in the case of written notice, on the Business Day it is delivered, and, in the case of notice by e-mail or fax, when e-mailed or faxed and receipt confirmed back, in each case addressed as aforesaid.

9.3. No Waiver; Remedies. No failure on the part of the Purchaser to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law.

9.4 Binding Effect; Assignability. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns; provided, however, the Seller may not assign its rights hereunder or any interest herein without the prior written consent of the Purchaser. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms.

9.5 Confidential Information.

(a) The Purchaser agrees to, and will cause each of the Information Recipients (defined below) to, hold and treat all Confidential Information of the Seller in strict confidence and in accordance with this Section 9.5, and will implement and maintain safeguards to protect the confidentiality of such Confidential Information, and will use the same degree of care to protect such Confidential Information as it uses to protect its own confidential information of a like nature, but in no circumstances less than reasonable care.

(b) The Purchaser and each of the Information Recipients will not, without the written consent of the Seller, use Confidential Information for any purpose other than in connection with structuring the transactions contemplated by this Agreement, facilitating the offering, distribution and issuance of any notes of the Purchaser, collecting data for internal use with respect to market practices and trends, or otherwise for the purposes of performing its obligations under this Agreement or for exercising its rights of inspection or receipt of reports under this Agreement in connection with the performance of its reasonable due diligence on the Purchased Receivables, and will disclose any Confidential Information to any third party other than the Purchaser or its agents or a successor servicer of the Purchased Receivables, or their respective officers, directors, employees or agents that have a need to know such information in connection with the Purchaser's performance of its obligations under this Agreement and have agreed to be bound by obligations of confidentiality and data protection substantially the same as those of this Section 9.5. The foregoing prohibitions on disclosure of Confidential Information will not apply where the Seller has consented in writing to disclosure, or where such disclosure is in response to a valid court order, law, rule, regulation or other governmental action provided that (i) the Seller is notified in writing prior to disclosure of the Confidential Information, (ii) the Information Recipient assists the Seller to limit or prevent the disclosure of Confidential Information, and (iii) any such disclosure is limited to such information as is necessary to comply with such order, law, rule, regulation or action.

(c) In this Section 9.5, "**Confidential Information**" means information of the Seller of a confidential, proprietary or similar nature that is received by the Purchaser, or any other Person to whom the Seller may be required to disclose or provide access to information hereunder or any of their respective officers, directors, employees or agents (each, an "**Information Recipient**") in connection with this Agreement, whether received directly or indirectly and whether received orally, in writing or in any material form. "Confidential Information" will not include information that (A) is or becomes generally available to the public through no fault of any of the Information Recipients (B) was available to any of the Information Recipients on a non-confidential basis from a Person or entity other than the Seller prior to its receipt by any of the Information Recipients in connection with this Agreement or (C) becomes available to any of the Information Recipients on a non-confidential basis from a Person other than the Seller having legitimate possession of the information and who is to the knowledge of the Information Recipient not otherwise bound by a confidentiality agreement with the Seller and is to the knowledge of the Information Recipient not otherwise prohibited from disclosing the information to the Information Recipients, provided, in either case, that the information did not become available to the Information Recipients in circumstances in which the information would reasonably be understood to be confidential.

9.6 Press Releases and Public Announcements. The form and content of the initial press release or public identification of Seller as a client of Purchaser shall be mutually agreed upon by the parties. Thereafter, Purchaser shall consult with Seller before issuing any press release or making any other public announcement, except to the extent that such disclosure is, in the opinion of counsel, required by law.

9.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the province of British Columbia and the federal laws of Canada applicable therein.

9.8 Submission to Jurisdiction. Each party to this Agreement submits to the non-exclusive jurisdiction of the courts in the Province of British Columbia for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each party to this Agreement irrevocably waives, to the fullest extent it may do so, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

9.9 Waiver of Jury Trial. Each party to this Agreement irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this agreement or the transactions contemplated by this Agreement.

9.10 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Counterparts may be executed electronically and delivered by e-mail, fax or other electronic means.

[SIGNATURE PAGE TO FOLLOW]

The parties hereto have caused this Agreement to be duly executed and delivered as of the date specified on the first page of this Agreement.

AgMEDICA BIOSCIENCE INC., as Seller

By: Jason Cervi

Name: Jason Cervi

Title: Chief Financial Officer

STOKE CANADA FINANCE CORP., as Purchaser

By:

Name: Amanda Shipka

Title: CPO

[SIGNATURE PAGE TO RECEIVABLES PURCHASE AGREEMENT]

Schedule A – ELIGIBILITY CRITERIA

The following are the criteria applicable to each Receivable due and owing from domestic sales in order for it to qualify as an "**Eligible Receivable**":

(a) the obligor under the Receivable is a Crown Wholesaler or a Private Wholesaler duly underwritten and approved by the Purchaser;
(b) the Receivable is denominated in Canadian Dollars and payable in Canada;
(c) the Receivable is subject to the terms of a valid supply agreement or contract between the Seller and the Account Debtor, and any consent and/or approval from the Account Debtor to the sale of such Receivable has been obtained by the Seller in writing, in form and substance reasonably satisfactory to the Purchaser;
(d) the underlying Cannabis Product related to the Receivable must be approved and accepted by the Account Debtor, such that the amounts due and owing by the Account Debtor is not contested, and the Purchaser shall be in receipt of evidence or written confirmation that such Cannabis Product has been accepted by the Account Debtor, in form and substance reasonably satisfactory to the Purchaser;
(e) the Receivable was originated in the ordinary course of the Seller's business in compliance with Applicable Law;
(f) the Receivable (i) is in full force and effect and constitutes a legal, valid and binding obligation of the Account Debtor, enforceable against the Account Debtor in accordance with its terms (subject to Applicable Law and to equitable principles of general application), and (ii) is not subject to any asserted or threatened dispute, set-off, counterclaim or defense;
(g) the Receivable does not contain terms which limit the right of the owner thereof to sell, transfer or assign such Receivable or any interest therein (including any amounts owing or otherwise payable thereunder), unless the Seller obtains a written waiver or consent to remove such restrictions;
(h) the original term of the underlying invoice supporting the Receivable requires that payment in full be made by no later than 90 days for invoice date;
(i) immediately prior to the sale of the Receivable to the Purchaser, the Seller had good and marketable title to such Receivable and the related Cannabis Products free and clear of any Lien;
(j) the Receivable is not a Receivable in respect of which any required payment is delinquent;
(k) there is an agreed collections arrangement is in place between the Seller and the Purchaser; and
(l) the Receivable constitutes an "account" or "chattel paper" within the meaning of the PPSA of the Province of British Columbia.

The following are the criteria applicable to each Receivable due and owing from international sales in order for it to qualify as an "**Eligible Receivable**":

(a) both the Purchaser and the Credit Insurer have reviewed, underwritten and approved the Foreign Buyer;
(b) the Receivable is covered by a valid Credit Insurance Policy; provided, that no Receivable shall be deemed to be insured at any time if the Insurance Policy relating thereto shall cease to be in effect.
(c) the underlying Cannabis Product related to the Receivable has been approved and accepted by and delivered to the Foreign Buyer, such that the amounts due and owing by the Foreign Buyer is not contested, and the Purchaser shall be in receipt of evidence or written confirmation that such Cannabis Product has been accepted by the Foreign Buyer, in form and substance reasonably satisfactory to the Purchaser;

(d) the Receivable does not contain terms which limit the right of the owner thereof to sell, transfer or assign such Receivable or any interest therein (including any amounts owing or otherwise payable thereunder), unless the Seller obtains a written waiver or consent to remove such restrictions;
(e) the original term of the underlying invoice supporting the Receivable requires that payment in full be made by no later than 90 days following invoice date;
(f) the Purchaser has been added to receive the purchase orders, payment remittance, and delivery confirmation communications directly from the Foreign Buyer, or an equivalent solution has been mutually agreed;
(g) immediately prior to the sale of the Receivable to the Purchaser, the Seller had good and marketable title to such Receivable and the related Cannabis Products free and clear of any Lien;
(h) the Receivable is not a Receivable in respect of which any required payment is delinquent; and
(i) there is an agreed collections arrangement is in place between the Seller and the Purchaser.

The following are the criteria applicable to each Receivable for it to qualify as an "**Ineligible Receivable**":

(a) the Purchaser has not approved the Account Debtor;
(b) for Foreign Buyers, the Receivable is not covered by an Insurance Policy that is in full force and effect;
(c) the Receivables exceeds the Concentration Limit;
(d) if any amount of an invoice is not paid, or if the invoice remains unpaid 30 days after the original due date;
(e) Receivables owed by an insolvent Account Debtor, as determined by the Purchaser in its sole discretion;
(f) the Receivable is an unbilled Receivable; and
(g) the Receivable is no longer a valid Receivable.

Schedule B – FORM OF PURCHASE SUMMARY

This Schedule "B" is attached to and forms an integral part of the Receivables Purchase Agreement dated as of ____________ (the "**Receivable Purchase Agreement**"), between **AgMedica Bioscience Inc.** ("**Seller**"), as seller, and **Stoke Canada Finance Corp.** ("**Purchaser**"), as purchaser. By their execution and delivery of this Purchase Summary, all provisions of the Receivable Purchase Agreement are incorporated herein, except as specifically modified in this Purchase Summary, including the Applicable Reserve Percentage and the Dilution Reserve. Capitalized terms used and not defined in this Purchase Summary have the meanings set forth in the Receivable Purchase Agreement. The following terms shall have the meaning given below:

PURCHASED RECEIVABLES:	See attached Appendix A.
PURCHASE DATE:	<*>
PURCHASE PRICE:	CAD$ (plus all applicable taxes)
APPLICABLE RESERVE PERCENTAGE:	25%
RESERVE AMOUNT:	<*>
DILUTION RESERVE:	<*>
RESERVE FLOOR:	<*>
ADMIN FEE:	CAD$150.00
ADVANCE AMOUNT:	CAD$____________
FINANCING FEE:	1.80% per 30 days, charged (uncompounded) daily.
DEFAULT FEE:	1.0% per 30 days, charged (compounded) daily.
SELLER'S BANK ACCOUNT:	See attached Appendix B
PURCHASER'S BANK ACCOUNT:	See attached Appendix C
BILL OF SALE:	See attached Appendix D

In consideration of the advance by Purchaser to the Seller of the Purchase Price, the Seller shall sell and assign to the Purchaser, on a fully-serviced basis and without recourse (except as provided herein or in the Receivable Purchase Agreement), and the Purchaser hereby agrees to purchase from the Seller, all of the Seller's right, title and interest in and to the Purchased Receivables pursuant to a Bill of Sale, subject to the terms and conditions of the Receivable Purchase Agreement.

The Seller hereby acknowledges that the Purchaser is relying on all of the representations, warranties, covenants and indemnities in the Receivable Purchase Agreement applicable to this Purchase Summary. The Seller hereby certifies that subject to the temporary waiver at Schedule "C" of the Receivable Purchase Agreement (if applicable), (i) all the representations and warranties contained in the Receivable Purchase Agreement (including that each Purchased Receivable meets all of the criteria of an Eligible Receivable as set out in Schedule "A" to the Receivable Purchase

Agreement and any other applicable eligibility criteria set out below in this Purchase Summary on the Purchase Date) are true and correct as of the date hereof except as any of such representations and warranties may expressly relate to an earlier date, in which case, such representations and warranties continue to be true and correct as of such earlier date, and (ii) no event has occurred and is continuing, or would result from the Purchase made in connection with this Purchase Summary, which constitutes an Event of Termination.

The Seller certifies that a copy of each Purchased Receivable, together with the related Receivable Files, has been delivered to the Purchaser. For greater certainty, if any of the Purchased Receivables have been entered into pursuant to a master agreement, then a true and complete photocopy of each such master agreement and the originally executed copy of each contract schedule described or otherwise identified in the attached Appendix A have been delivered to the Purchaser.

This Purchase Summary shall be governed by and interpreted in accordance with the laws of the Province of British Columbia.

This Purchase Summary may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Delivery of an executed original counterpart by a party of a signature page of this Summary by facsimile transmission or other electronically scanned method of delivery shall be as effective as delivery of a manually executed original counterpart of this Purchase Summary by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Summary to be executed as of the day and year first above written.

AgMEDICA BIOSCIENCE INC.

By: ______________________________

Name: ______________________________

Title: ______________________________

STOKE CANADA FINANCE CORP.

By: ______________________________

Name: ______________________________

Title: ______________________________

Attachments - **Appendix A** - Description of Purchased Receivables

Appendix B – Seller's Bank Account

Appendix C – Purchaser's Bank Account

Appendix D – Bill of Sale

Appendix A - Description of Purchased Receivables

PO Number	Total Invoice Amount	Total Eligible Amount	Expected Payment Date	Buyer

Appendix B - Seller's Bank Account

Name of Beneficiary:	AgMedica Bioscience Inc.
Beneficiary's address:	104-566 Riverview Drive, Chatham ON.
Institution No:	003.
Beneficiary's Bank Account No:	1349869.
Transit:	0002.
Beneficiary's Bank:	Royal Bank of Canada.
Beneficiary's Bank SWIFT/CODE:	ROYCCAT2.

Appendix C - Purchaser's Bank Account

BENEFICIARY

Beneficiary Name:	Stoke Receivables Canada Corporation
Beneficiary Address:	Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7
Beneficiary Account Number:	121249098

BENEFICIARY BANK

Bank Name:	Digital Commerce Bank
Bank Address:	736 Meridian Road NE Calgary, Alberta, T2A 2N7 Canada
SWIFT (BIC) Code:	DIEECA66
Institution Number:	352
Transit Number:	10009

Appendix D - FORM OF BILL OF SALE

THIS BILL OF SALE, dated as of ____________________, is delivered to you pursuant to Section 3.1 of the Receivables Purchase Agreement dated as of ____________________, (as amended, restated, supplemented or otherwise modified to the date hereof, the "**Agreement**") between **AgMedica Bioscience Inc.,** as seller (the "**Seller**"), and Stoke Canada Finance Corp., as purchaser (the "**Purchaser**"). Capitalized terms used but not otherwise defined in this Bill of Sale have the meanings specified in the Agreement.

Now this Bill of Sale witnesses that for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller hereby sells, assigns, transfers and conveys to the Purchaser (a) those Receivables listed in Schedule I hereto, (b) the related Receivables Files, (c) the universality of all present and future claims, demands, causes of action and choses in action in respect of any of the foregoing, and (d) all payments on or under and all proceeds in respect of any of the foregoing (collectively, the "**Purchased Receivables**").

Delivery of an executed signature page to this Bill of Sale by a party hereto by facsimile or electronic transmission will be as effective as delivery of a manually executed counterpart.

This Bill of Sale will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

In witness whereof, the parties have executed this Bill of Sale

AgMEDICA BIOSCIENCE INC., as Seller

By: ________________________________

STOKE CANADA FINANCE CORP., as Purchaser

By: ________________________________
Authorized Signatory

Schedule I to Bill of Sale

PO Number	Total Invoice Amount	Total Eligible Amount	Expected Payment Date	Buyer

Schedule C – TEMPORARY WAIVER

THIS WAIVER is made as of _________________, between **AgMEDICA BIOSCIENCE INC.,** a corporation governed by the laws of the Province of Ontario (the "**Seller**") having its principal place of business at 566 Riverview Dr. Unit #104, Chatham, ON N7M 0M2 and **STOKE CANADA FINANCE CORP**., a corporation governed by the laws of the Province of British Columbia (the "**Purchaser**"), having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, Alberta, T2M 3Y7. Capitalized terms used and not defined in this Temporary Waiver have the meanings set forth in the Receivable Purchase Agreement.

WHEREAS:

A. the Seller and the Purchaser (the "**Parties**") have discussed the state of the Seller's business; and

B. absent a waiver from the Purchaser, the entering by the Seller of the Receivables Purchase Agreement to which this waiver is a Schedule (the "**Agreement**") will violate certain representations, warranties, covenants, and conditions precedent contained therein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Subject to the satisfaction of all non-waived conditions precedent set forth in the Agreement, the Purchaser hereby:

   a. Waives the Seller's compliance with Sections 2(b), 3.3(a), 3.3(b)(i), 3.3(b)(vi), 3.3(b)(vii), 5.1(h), 5.1(j), 5.4(j) of the Agreement (the "**Waived Sections**") solely insofar as such provisions would prohibit the Seller from entering into the Agreement; and

   b. Waives the Purchaser's associated recourse for non-compliance with the Waived Sections triggered by Sections 7.2(e), 7.2(g), 7.2(k), 8(b)(ii), and 8(b)(iii) during the Period.

2. In order to induce the Purchaser to enter into this waiver, the Seller hereby represents and warrants that:

   a. As of the date of this waiver and both prior to and after giving effect to this waiver, each of the representations and warranties contained in the Agreement and the other Transaction Documents aside from those included in the Waived Sections is true and correct in all material respects;

   b. As of the date of this waiver and both prior to and after giving effect to this waiver, the Seller shall take such measures as required to organize its affairs to comply with all representations, warranties, covenants, and conditions precedent waived under paragraph 1(a);

3. This waiver and the effectiveness of this waiver shall be valid for a period of thirty (30) days, except for subsection 3(e)(ii), specified below, which will extend for a period of one-hundred and twenty (120) days from the date hereof, with the possibility of one or more 30-day extensions, or an earlier date if mutually agreed upon in writing by the Parties (the "**Period**"). The effectiveness of this waiver is contingent upon the Seller fulfilling the following conditions to the Purchaser's satisfaction::

    a. the Seller's commitment to providing the Purchaser with a complete Officer's Certificate in accordance with Section 2(b), specifically regarding the addition of Schedules "A" and "B" therein.

    b. the Seller's commitment towards fulfilling the payment provisions stipulated in Section 4.1 of the Agreement, or any other banking arrangement that the Purchaser may deem satisfactory in its sole discretion. These reports should provide a detailed summary of the actions taken towards establishing such banking arrangements, any potential obstacles encountered, and a revised timeline for completion. This waiver does not release the Seller from the obligation to meet this condition.

    c. The Seller shall deliver to the Purchaser the fully executed no-interest letters and releases or evidence of full discharges from (i) Hillmount Capital Mortgage Holdings Inc., and (ii) 2596690 Ontario Inc., pursuant to Section 2(f), 5.1(l), and 5.1(m) of the Agreement in a form that is mutually acceptable to the Parties. Failure to deliver these documents to the Purchaser is not waived by this waiver.

    d. The Seller shall deliver to the Purchaser a valid Credit Insurance Policy naming the Seller as the main insured, covering up to 90% of the risk of default and insolvency of a Foreign Buyer, and naming the Purchaser as the beneficiary thereof, loss payee or additional insured.

    e. The Seller shall deliver to the Purchaser (i) audited financial statements for the Fiscal Year Ending March 31, 2023, and (ii) regular progress updates, but no later than once every month, indicating the status of the payment and resolution of the tax debt amounting CAD$118,031.00. Each report should provide a clear summary of the steps taken towards settling the tax debt, potential obstacles encountered, and a revised timeline for obtaining the release of the security held by Her Majesty in Right of Ontario, Represented By The Minister Of Finance.

    Failure by the Seller to meet the conditions as set out in subsections 3(a) through 3(f) may result in the termination of this waiver or renegotiation of its terms, temporary suspension of the facility, or termination or renegotiation of the Agreement, in a form that is mutually acceptable to the Parties.

4. Except as expressly provided in this waiver, all of the terms and provisions of the Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties in all respects. Without limiting the generality of the foregoing, the waiver contained herein will not be construed as an amendment to or waiver of any other provision of the Agreement (or of any other agreement or document relating to the subject matter hereof), or as a waiver of or consent to any further or future action on the part of either party that would require the waiver or consent of the other party.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this waiver to be executed as of the day and year first above written.

AgMEDICA BIOSCIENCE INC.		**STOKE CANADA FINANCE CORP**.	
By:	______________________	By:	______________________
Name:	______________________	Name:	______________________
Title:	______________________	Title:	______________________

Signature Certificate

Reference number: ZFP8T-4GOP8-TYSBD-BFOJM

Signer	Timestamp	Signature
Jason Cervi Email: jason@atlasglobalbrands.com		
Sent:	04 Jul 2023 19:46:46 UTC	
Viewed:	04 Jul 2023 19:59:26 UTC	
Signed:	04 Jul 2023 20:10:03 UTC	
Recipient Verification:		IP address: 69.158.116.6
✔Email verified	04 Jul 2023 19:59:26 UTC	Location: Burlington, Canada
Amanda Shipka Email: amanda.s@stokeip.com		
Sent:	04 Jul 2023 19:46:46 UTC	
Viewed:	06 Jul 2023 17:47:10 UTC	
Signed:	06 Jul 2023 17:47:30 UTC	
Recipient Verification:		IP address: 75.157.187.179
✔Email verified	06 Jul 2023 17:47:10 UTC	Location: Kelowna, Canada

Document completed by all parties on:

06 Jul 2023 17:47:30 UTC

Page 1 of 1

TAB W

This is Exhibit "W" referred to in the Affidavit of JASON CERVI affirmed by JASON CERVI of the City of Burlington, in the Regional Municipality of Halton, before me at the City of Toronto, in the Province of Ontario, on June 19, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jennifer Bieman

Commissioner for Taking Affidavits (or as may be)

JENNIFER BIEMAN

Jennifer Colleen Bieman,
a Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 30, 2027.

CORPORATE GUARANTEE

This guarantee (the "**Guarantee**") dated as of 07 / 03 / 2023 is made by **Atlas Global Brands Inc.**, a corporation duly incorporated pursuant to the laws of the Province of Ontario, having its principal place of business at 566 Riverview Dr. Unit #104, Chatham, ON N7M 0M2 (the "**Guarantor**") in favour of **Stoke Canada Finance Corp**., a corporation duly incorporated pursuant to the laws of the Province of Alberta, having its principal place of business at Suite 700, 1816 Crowchild Trail NW Calgary, AB T2M 3Y7 (the "**Guaranteed Party**" or "**Purchaser**").

WHEREAS, **AgMEDICA BIOSCIENCE INC.**, a corporation governed by the laws of the Province of Ontario, having its principal place of business at 566 Riverview Dr. Unit #104, Chatham, ON N7M 0M2 ("**AgMedica**" or "**Seller**") is a subsidiary company of the Guaranteed Party;

AND WHEREAS, AgMedica has requested the Guaranteed Party to establish a credit facility to purchase, from time to time, Eligible Receivables generated from the sale of the Cannabis Products to Account Debtors, in accordance with the terms and conditions of a receivables purchase agreement entered or to be entered on or about the date hereof (the "**RPA**");

AND WHEREAS, the execution and delivery of this Guarantee by the Guarantor is a condition precedent to the Guaranteed Party making the credit facility available to the Seller under the RPA to fund Eligible Receivables from time to time;

NOW THEREFORE, in consideration of the Guaranteed Party agreeing to establish the facility in favour of the Seller under the terms of the RPA, and in order to induce the Guaranteed Party to purchase Eligible Receivables under the RPA from time to time, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor hereby agrees as follows:

1. **Interpretation.** All terms defined in the RPA and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the RPA.

2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees to the Guaranteed Party the payment of any and all present and future obligations of the Seller to the Purchaser arising pursuant to and/or on account of the provisions of any of the Transaction Documents including, without limitation, all of the Obligations as defined in the RPA (collectively, the "**Liabilities**"). This Guarantee is a guarantee of payment and not of collection and is in no way conditioned upon or limited by: (a) any attempt to collect from any Account Debtor or any other person who is or may be liable under any of the Transaction Documents (any "**Secondary Obligor**"); or (b) any resort or recourse to or against any Collateral pledged, assigned, or granted to the Purchaser. If the Seller fails to pay any of the Liabilities, when and as the same shall become due and payable, the Guarantor shall on demand pay the same to the Purchaser in immediately available funds, in lawful money of Canada.

3. **Continuing Nature of Guarantee**. This Guarantee shall be continuing and shall not be discharged, impaired or affected by:
   (a) the insolvency of the Seller, as specified under Section 11 hereof, or the payment in full of all of the Liabilities at any time or from time to time;
   (b) the power or authority or lack thereof of the Seller to incur the Liabilities;
   (c) the validity or invalidity of any of the Transaction Documents or the documents securing the same;
   (d) the existence or non-existence of the Seller as a legal entity, including those circumstances specified under Section 7 hereof;
   (e) any transfer by the Seller of all or any part of any Collateral in which the Purchaser has been granted a lien or security interest pursuant to the Transaction Documents;
   (f) any statute of limitations affecting the liability of the Guarantor under this Guarantee or the Transaction Documents or the ability of the Purchaser to enforce this Guarantee or any provision of the Transaction Documents; or
   (g) any right of offset, counterclaim or defense of Guarantor, including, without limitation, those which have

been waived by Guarantor pursuant to Section 14 hereof.

4. **Recourse against Seller.** The Guaranteed Party shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Seller or others or any security before being entitled to payment from the Guarantor under this Guarantee.

5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Guaranteed Party, whether occasioned through the fault of the Guaranteed Party or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.

6. **Settlement of Accounts.** Any Account settled or stated between the Guaranteed Party and the Seller or admitted by or on behalf of the Seller shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Seller to the Guaranteed Party is so due by any defaulting Account Debtor. For clarity, the term "**Account**" shall mean all Liabilities of Seller to the Purchaser pursuant to the Transaction Documents.

7. **Change in Composition of Seller.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Seller nor any other circumstance including, without limitation, the amalgamation of the Seller with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Guaranteed Party has taken any security or collateral for payment of any of the Liabilities or the performance or observance of any obligation of the Guarantor to the Guaranteed Party or any circumstance affecting the Seller or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.

8. **Waiver.** No delay on the part of the Guaranteed Party in exercising any of its options, powers, or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Guaranteed Party unless the same shall be in writing, duly signed on behalf of the Guaranteed Party, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Guaranteed Party or the obligations of the Guarantor to the Guaranteed Party in any other respect at any other time.

9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed, paid as Purchase Price, or obtained by the Seller from the Guaranteed Party under or in connection with the RPA shall be deemed to form part of the Liabilities notwithstanding any incapacity, disability or lack of limitation of status or power of the Seller or of the directors, officers, employees, partners or agents thereof, or that the Seller may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Guaranteed Party or not. The Guaranteed Party shall not be obliged to enquire into the powers of the Seller or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed, paid as Purchased Price, or obtained from the Guaranteed Party in the professed exercise of any power of the Seller or its directors, partners or agents shall be deemed to form part of the Liabilities hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Seller or its directors, partners, or agents. Any part of the Liabilities which may not be recoverable from the Guarantor by the Guaranteed Party on the basis of a guarantee shall be recoverable by the Guaranteed Party from the Guarantor as principal debtor in respect thereof and shall be paid to the Guaranteed Party forthwith after demand therefor as herein provided.

10. **Assignment by Guaranteed Party.** The Guaranteed Party may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the Liabilities or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Liability or part thereof so transferred or assigned shall be and shall remain an "obligation" for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein

shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Guaranteed Party. In the event of any such assignment or transfer, the Guaranteed Party shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.

11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Guaranteed Party to any Liability is or must be rescinded or returned by the Guaranteed Party for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Seller), such Liability shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Guaranteed Party, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Liability, all as though such application by the Guaranteed Party had not been made.

12. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Guaranteed Party forthwith pay to the Guaranteed Party all expenses (including legal fees on a full indemnity basis) incurred by the Guaranteed Party in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.

13. **Additional Security.** This Guarantee is in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Guaranteed Party and any other rights or remedies that the Guaranteed Party might have.

14. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Guaranteed Party receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

15. **Interest.** The Guarantor shall pay to the Guaranteed Party in respect to any amount payable hereunder (including interest) that is not paid when due, interest from the due date thereof, both before and after demand, default, and judgment until payment in full, at the rate of 23% *per* annum, such interest to be paid monthly on the last day of each calendar month and calculated annually, not in advance.

16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as aforesaid or at such other address as the Guarantor may subsequently specify by written notice received by the Guaranteed Party. Any such notice shall be deemed to have been received on the date of delivery.

17. **Responsibility to Keep Informed.** So long as any of the Liabilities remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping itself informed of the financial condition of the Seller and of all circumstances bearing upon the nature, scope, and extent of the risk which the Guarantor assumes and incurs under this Guarantee.

18. **No Escrow.** Possession of this Guarantee by the Guaranteed Party shall be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Guaranteed Party, the Guarantor obtains from the Guaranteed Party a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of British Columbia and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Guaranteed Party's right to bring proceedings against the Guarantor elsewhere.

20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Guaranteed Party and its heirs, executors, administrators, successors and assigns and shall be binding upon the Guarantor and the heirs, executors, administrators, successors and permitted assigns of the Guarantor. If there is more than one Guarantor referred to herein, then their obligations shall be joint and several.

21. **Time of the Essence.** Time is of the essence with respect to the terms and provisions of this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

[signature page to follow]

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

For and on behalf of

ATLAS GLOBAL BRANDS INC.

By: Jason Cervi

Name: Jason Cervi

Title: Chief Financial Officer

Signature Certificate

Reference number: 6E2RG-RBIMV-HTBZE-GHRHF

Signer	Timestamp	Signature
Jason Cervi Email: jason@atlasglobalbrands.com Shared via link		Jason Cervi
Sent:	03 Jul 2023 17:47:51 UTC	IP address: 69.158.116.6
Viewed:	03 Jul 2023 18:30:13 UTC	Location: Burlington, Canada
Signed:	03 Jul 2023 18:30:36 UTC	

Document completed by all parties on:

03 Jul 2023 18:30:36 UTC

Page 1 of 1

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

Court File No: CV-24-00722386-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 50473946 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

APPLICATION OF ATLAS GLOBAL BRANDS INC. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD OF THE APPLICANTS
(Returnable June 20, 2024)
VOLUME 1 OF 2

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