

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

B E T W E E N:

**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  
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM  
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN  
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH  
ROAD HOLDING CORP. AND FINAL BELL CORP.**

Applicants

**RESPONDING MOTION RECORD OF FINAL BELL HOLDINGS INTERNATIONAL  
LTD.  
(MOTIONS FOR SECURITY FOR COSTS)**

**Volume 2**

May 9, 2024

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TO: **THE SERVICE LIST**

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# TAB 8



Court File No. CV-24-00715773-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
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BETWEEN:

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 BZAM LTD., BZAM HOLDINGS INC., BZAM  
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE  
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE  
GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC.,  
HIGH ROAD HOLDING CORP., and FINAL BELL CORP.

Applicants

RULE 39.03 EXAMINATION OF SEAN BOVINGDON  
held at the offices of Arbitration Place,  
333 Bay Street, Suite 900, Toronto, Ontario  
on Monday, April 8, 2024, at 10:02 a.m.



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1 Toronto, Ontario

2 --- Upon commencing on Monday, April 8, 2024 at

3 10:02 a.m.

4 AFFIRMED: SEAN BOVINGDON

5 RULE 39.03 EXAMINATION BY MR. WINTON:

6 1 Q. Good morning,

7 Mr. Bovingdon.

8 A. Good morning.

9 2 Q. You understand you're  
10 being examined today as a witness to Final Bell's  
11 claim to rescind its Share Exchange Agreement with  
12 BZAM?

13 A. Yes.

14 3 Q. And we are agreed you did  
15 not swear an affidavit in support of BZAM's  
16 defence to that claim?

17 A. I did not.

18 4 Q. Right.

19 And you understand you're here  
20 today because Final Bell asked you to appear as a  
21 witness to its claim?

22 A. That's my understanding.

23 MR. BLINICK: Just to be  
24 clear: You asked, counsel.

25 MR. WINTON: Yes.

1 BY MR. WINTON:

2 5 Q. You're aware that Matthew  
3 Milich swore an affidavit in support of BZAM's  
4 defence to Final Bell's claim?

5 A. Yes, I am.

6 6 Q. You reviewed that  
7 affidavit to prepare for today?

8 A. I did.

9 7 Q. Mr. Milich's March 25th  
10 affidavit attached two earlier affidavits he swore  
11 in the CCAA proceeding; correct?

12 A. I believe that's correct.

13 8 Q. Right.

14 And you reviewed those  
15 affidavits to prepare for today?

16 A. I did read his  
17 affidavits, yes.

18 9 Q. Yes.

19 You're aware that Final Bell  
20 has put in affidavits from Keith Adams and Kay  
21 Jessel?

22 A. Yes.

23 10 Q. And you reviewed both of  
24 their affidavits?

25 A. I did.

1 11 Q. Meaning all --

2 MR. BLINICK: Sorry,

3 Counsel --

4 BY MR. WINTON:

5 12 Q. Meaning all four of Final

6 Bell's affidavits; there's the initial affidavits

7 from Mr. Adams and Mr. Jessel and then there are

8 two replies?

9 A. Yes, I did, yeah.

10 13 Q. You are aware that Deepak

11 Alappatt of Cortland swore an affidavit in

12 response to Final Bell's claim?

13 A. I am aware of that.

14 14 Q. Yes.

15 And you reviewed that to

16 prepare for today?

17 A. Actually, I didn't.

18 15 Q. Okay.

19 You're aware that Final Bell

20 delivered a document request known as Redfern

21 request to BZAM?

22 A. Yes.

23 16 Q. Prior to today's

24 examination?

25 A. Yes.

1 17 Q. And you're aware that  
2 BZAM delivered documents in response to Final  
3 Bell's request?

4 A. Yes.

5 18 Q. Did you assist in  
6 gathering those documents?

7 A. I did. On some of the  
8 points.

9 19 Q. On some of the points.  
10 Why don't we pull up on  
11 screen, David, the BZAM response.  
12 So, just reviewing this  
13 document, if we just do a quick page flip of this;  
14 you recognize this document?

15 A. I do.

16 20 Q. You assisted in preparing  
17 BZAM's responses?

18 A. Some of those, yes.

19 21 Q. Right.

20 Okay. Can we make this an  
21 exhibit to the examination, please?

22 MR. BLINICK: Yes.

23 MR. WINTON: Okay.

24 So Exhibit 1 is BZAM Limited's  
25 responses to Redfern requests of Final Bell



1           Holdings International Limited dated April 4th,  
2           2024.

3   EXHIBIT NO. 1: BZAM  
4   Limited's responses to  
5   Redfern requests of Final  
6   Bell Holdings  
7   International Limited

8   BY MR. WINTON:

9    22                                   Q.    I am going to ask you  
10           some questions about your background.

11                                       A.    Sure.

12   23                                   Q.    If LinkedIn is accurate,  
13           I understand you have a BA in accounting and  
14           economics from University of Kent?

15                                       A.    That's correct.

16   24                                   Q.    Graduated with honours in  
17           1989?

18                                       A.    That's correct.

19   25                                   Q.    And you spent several  
20           years as a finance executive in the oil and gas  
21           industry?

22                                       A.    Correct.

23   26                                   Q.    Those titles that you  
24           held for several years were VP finance and/or  
25           chief financial officer?

- 1 A. And controller,  
2 initially, as well.
- 3 27 Q. Okay.  
4 In addition to VP finance or  
5 CFO roles?
- 6 A. Correct.
- 7 28 Q. More recently, in 2017 to  
8 2018, you were the executive vice president and  
9 CFO of Toronto Hydro?
- 10 A. Correct.
- 11 29 Q. And then, from that role,  
12 you The Green Organic Dutchman as its CFO in  
13 October 2018?
- 14 A. Correct.
- 15 30 Q. At the time -- and, in  
16 documents, we see The Green Organic Dutchman often  
17 referred to as TGOD?
- 18 A. Yes, TGOD. It's an easy  
19 way to say it.
- 20 31 Q. It is. Okay.  
21 So if we say, Madam Reporter,  
22 TGOD, it's all caps, T-G-O-D.  
23 At the time you joined TGOD in  
24 October 2018, it was a publicly-traded company?
- 25 A. Yes.

1 32 Q. In the cannabis industry?

2 A. Yes.

3 33 Q. Operations focusing on  
4 markets in Canada, Europe, Latin America?

5 A. That was the intent at  
6 that time, yes.

7 34 Q. Okay.

8 Not American, not in the US  
9 market?

10 A. Not in the US.

11 35 Q. At some point later on  
12 during your tenure at TGOD, you were appointed  
13 interim CEO and then permanent CEO of the company?

14 A. Correct.

15 36 Q. For the reporter, wait  
16 until I finish my question. Sometimes, there's a  
17 little tag to my questions where I am not done yet  
18 so just --

19 A. I appreciate it.

20 37 Q. It makes her life a lot  
21 easier. Thank you.

22 And then, in fall of 2022,  
23 there was a merger or restructuring of sorts  
24 between TGOD and BZAM Holdings Inc.; correct?

25 A. It was an acquisition

1       like a merger.

2       38                   Q.    Like a merger.  Almost a  
3       reverse takeover; correct, in that or was it  
4       not --

5                           A.    No, it was --

6       39                   Q.    Okay.  You tell me.

7                           A.    No, it was an  
8       acquisition.  --

9       40                   Q.    TGOD acquired all of the  
10      shares of BZAM; right?

11                          A.    Correct.

12      41                   Q.    But, in exchange, BZAM  
13      became -- or BZAM's principle became the largest  
14      shareholder of TGOD of the combined entity?

15                          A.    The largest but not  
16      controlling, which would be the definition needed  
17      for an RTO.

18      42                   Q.    Got it.  Thank you.

19                           So the largest shareholder,  
20      not controlling, of the combined entity?

21                          A.    Correct.

22      43                   Q.    And, as a result of that  
23      transaction, you transitioned from CEO of TGOD to  
24      chief financial officer of the combined entity?

25                          A.    Correct.

1 44 Q. And Mr. Milich was  
2 installed as CEO?

3 A. Correct.

4 45 Q. And, if reviewing some of  
5 documents we received correctly, at that time, you  
6 negotiated a new employment agreement with the  
7 combined entity?

8 A. Not in October.

9 46 Q. There was an amendment to  
10 an existing agreement that we saw reference to  
11 dated March 1, 2023?

12 A. Correct.

13 47 Q. Okay.  
14 Was there an employment  
15 agreement from November 2022?

16 A. It was an amendment to  
17 the existing employment agreement to continue on  
18 in the same terms but as CFO with a severance  
19 payment as CEO negotiated for payment in  
20 February 2023.

21 48 Q. Right.

22 So, if I understand you  
23 correctly, and if I understand some documents we  
24 have seen correctly, what happened is, after you  
25 became CFO, while you're in the new role, you're

1 actively negotiating terms connected to, no  
2 pejorative intended, but the demotion from CEO to  
3 CFO?

4 A. No. That was negotiated  
5 before the close of the deal with BZAM.

6 49 Q. And then finalized and  
7 entered into on March 1st, 2023?

8 A. No. The finalization of  
9 the CEO was done on closing of the BZAM deal.

10 50 Q. And the addendum?

11 A. And the CFO  
12 appointment --

13 51 Q. Yes.

14 A. -- or the new agreement  
15 wasn't negotiated until early 2023.

16 52 Q. Right. Okay.

17 And one of the terms, as you  
18 referenced in your evidence just before, was you  
19 received a lump sum payment in the form of on  
20 account of severance for the change in role?

21 A. Correct.

22 Let me clarify.

23 Not because of the change in  
24 role. Because of being terminated as CEO.

25 53 Q. Okay. I think that may

1 be two ways of saying the same thing but I will  
2 take that. That's fine. Thank you.

3 The new agreement you had with  
4 BZAM for your role as CFO also included provision  
5 for a lump sum payment should you be terminated  
6 without cause?

7 A. Correct.

8 54 Q. 18 months salary?

9 MR. BLINICK: Counsel, can I  
10 just pause.

11 If you're going to ask him  
12 about the details of the agreement, why don't you  
13 put it in front of him.

14 MR. WINTON: We don't have it.  
15 It wasn't produced to us.

16 BY MR. WINTON:

17 55 Q. How about we do this.

18 Can you -- we are going to ask  
19 for production the fall 2022 and March or early  
20 2023 employment documents for Mr. Bovingdon's  
21 tenure as CFO of the combined entity?

22 U/T MR. BLINICK: We will  
23 undertake efforts to find those documents and  
24 produce them.

25 MR. WINTON: Thank you.

1 BY MR. WINTON:

2 56 Q. So I don't need to ask  
3 any more questions because the documents will  
4 speak for themselves. Thank you.

5 Whether as CEO of TGOD or CFO  
6 of TGOD or CFO of BZAM, so in all of your  
7 executive positions with either TGOD or, later,  
8 the combined entity, you were responsible for the  
9 financial reporting of the company?

10 A. Correct.

11 57 Q. You would review and  
12 prepare financial statements?

13 A. I would review financial  
14 statements and cause or direct the finance team to  
15 prepare those documents.

16 58 Q. Fair.

17 You did not, I will say,  
18 physically, hands on, prepare the statements but  
19 your team did and you reviewed their work?

20 A. Correct.

21 59 Q. And, as you were the CFO  
22 of a publicly-traded entity, you understood you  
23 had to certify to the accuracy of the financial  
24 statements; correct?

25 A. Correct.



1 60 Q. And those financial  
2 statements would include balance sheets?

3 A. Yes.

4 61 Q. Cash flow statements?

5 A. Yes.

6 62 Q. Income statements?

7 A. Yes.

8 63 Q. You were also a director  
9 of BZAM at some point up until January 2024;  
10 correct?

11 A. Correct.

12 64 Q. Were you director of TGOD  
13 prior to the merger?

14 A. Yes, I was.

15 65 Q. And did you stay on,  
16 then, as a director of the combined entity  
17 following the merger?

18 A. I believe -- if I recall  
19 correctly, I stepped down initially.

20 66 Q. Yes.

21 A. Until there was a change  
22 with a couple of directors in early 2023 and, at  
23 that point, stepped back on to the board.

24 67 Q. Okay.

25 And then resigned in late

1 January 2024 from the board?

2 A. Correct.

3 68 Q. The timing of your  
4 departure from the board was connected to the  
5 termination of your employment at BZAM as its CFO;  
6 correct?

7 A. It happened at the same  
8 time, yes.

9 69 Q. Right.  
10 And the resignation from the  
11 board was a consequence of the termination?  
12 Meaning, you would not have resigned from the  
13 board but for the fact that your CFO role was  
14 being terminated?

15 MR. BLINICK: Counsel, I think  
16 you are asking him to speculate on a hypothetical.

17 MR. WINTON: I don't think I  
18 am.

19 OBJ MR. BLINICK: So he can answer  
20 it subject to Rule 34.12.

21 THE WITNESS: At some point,  
22 there was always going to be a change with me as a  
23 director, whether it was at the next AGM, in  
24 conjunction with looking to bring Matt as the CEO  
25 on as a director for management's representative.

1                   As I had more public market  
2     experience, I was still the management's  
3     representative on the board. So, at some point,  
4     there was always going to be a change.

5                   With the discussion to  
6     transition out of CFO, it made sense to make that  
7     transition out as director at that point as well.

8                   MR. PENDRITH: Sorry, Andrew.  
9     Can I just pause you for a moment. Mr. Alappatt  
10    is trying to get into the Zoom.

11                  MR. WINTON: Let's go off.

12    --- Off-record discussion

13                  BY MR. WINTON:

14    70            Q.    If I can just turn your  
15    mind to the weeks leading up to the signing of the  
16    Share Exchange Agreement between BZAM and Final  
17    Bell.

18                  A.    Okay.

19    71            Q.    During that period, you  
20    participated in the disclosure of BZAM information  
21    to Final Bell as part of its due diligence;  
22    correct?

23                  A.    Yes.

24    72            Q.    And that included sending  
25    emails with BZAM information and engaging in

1 direct discussions with Keith Adams; correct?

2 A. There were some emails  
3 and a couple of calls, yes.

4 73 Q. Right.

5 And/or calls could include  
6 Zoom meetings or -- as the forum for discussion?

7 A. Yes.

8 74 Q. Those were -- those  
9 discussions, in particular, were one-on-one  
10 discussions between you, on the one hand, and  
11 Mr. Adams on the other?

12 A. There was a one-on-one  
13 meeting.

14 75 Q. Did you take notes of  
15 that meeting?

16 A. No.

17 76 Q. And your role was both to  
18 assess the information Final Bell was disclosing  
19 to BZAM as well as assist Final Bell in answering  
20 questions it had about BZAM's information;  
21 correct?

22 A. In conjunction with the  
23 rest of the executive team --

24 77 Q. Yes. You didn't have  
25 sole responsibility?

1 A. No.

2 78 Q. But you were part of the  
3 team?

4 A. I was part of the team.

5 79 Q. And, as chief financial  
6 officer, a relatively senior member of that team?

7 A. Yes.

8 80 Q. The only person senior to  
9 you on that team was Mr. Milich?

10 MR. BLINICK: Sorry, when you  
11 say "senior", how are you defining that?

12 BY MR. WINTON:

13 81 Q. With greater authority.

14 A. And any board directors  
15 would be senior.

16 82 Q. Okay. Fair enough.

17 Were there board directors who  
18 were part of the due diligence team?

19 A. My understanding is they  
20 would have been, some would have been informed,  
21 Mr. Chris Schnarr and Keith Merker.

22 83 Q. Chris Schnarr is  
23 C-H-R-I-S; last name, S-C-H-N-A-R-R?

24 A. Yes.

25 84 Q. And the other?

1 A. Keith Merker.

2 85 Q. Keith Merker. Okay.

3 A. They were aware of the  
4 negotiations to some extent, I believe.

5 86 Q. Okay.

6 So more than other -- to your  
7 understanding, more than other members of the  
8 board in terms of involvement in due diligence?

9 A. I believe so.

10 87 Q. Right.

11 But fair to say more for the  
12 purpose of evaluating the Final Bell information  
13 and the effect on the combined entity, rather than  
14 overseeing disclosure of BZAM information?

15 A. Absolutely correct.

16 88 Q. When it comes to  
17 disclosure of BZAM information of Final Bell, that  
18 mostly fell upon Mr. Milich and yourself and  
19 people who reported to you?

20 A. And our advisors, Clarus.

21 89 Q. Right. Thank you for  
22 that.

23 When it came to your advisors,  
24 Clarus -- that's C-L-A-R-U-S -- BZAM had retained  
25 Clarus for the purpose of assisting it and

1       advising it in connection with this transaction;  
2       correct?

3                           A.     I don't recall the exact  
4       details of the engagement letter and whether it  
5       was specifically for this deal.  We had engaged in  
6       Clarus already to assess other opportunities we  
7       were looking at as well.

8   90                    Q.     Okay.

9                           You're not aware of the terms  
10      of engagement between Clarus and BZAM in  
11      connection with this particular transaction?

12                        A.     There was an engagement  
13      letter, I just don't recall if that was a specific  
14      engagement for the Final Bell or whether it was  
15      covered by an engagement we had to assess a  
16      variety of opportunities.  I don't recall.

17   91                    Q.     Okay.

18                           Understood, though, that  
19      Clarus is advising BZAM?

20                        A.     Correct.

21   92                    Q.     It's not advising Final  
22      Bell?

23                        A.     Correct.

24   93                    Q.     To the extent that Clarus  
25      is disclosing BZAM's financial information to

1 Final Bell, it's receiving that information first  
2 from BZAM; right?

3 MR. BLINICK: Sorry, I think  
4 you need a bit more particularity around the  
5 question as to what financial information you're  
6 speaking about.

7 As you know, one of the  
8 documents relied on is a combined model that's  
9 inclusive of Final Bell's own modelling it had  
10 provided.

11 So I think just a little more  
12 particularity on the questions, Counsel, would be  
13 of assistance in eliciting accurate evidence.

14 BY MR. WINTON:

15 94 Q. I thought that was clear.  
16 Let me try this again.

17 You're aware of the fact that  
18 Clarus was sending information directly from  
19 Clarus to Final Bell?

20 A. I don't recall if it went  
21 direct or whether it went via Matt.

22 95 Q. Okay.

23 Clarus -- information that was  
24 assembled or prepared by Clarus was communicated  
25 to Final Bell?



1 A. Some of the work Clarus  
2 would have done such as the model was, yes.

3 96 Q. Right.

4 The model Clarus prepared  
5 included inputs from BZAM?

6 A. Inputs were provided by  
7 BZAM that they used or adjusted for preparing the  
8 model, yes.

9 97 Q. And inputs from Final  
10 Bell?

11 A. Correct.

12 98 Q. There was also a  
13 stand-alone BZAM model that was disclosed to Final  
14 Bell; correct?

15 A. The stand-alone model  
16 that was provided came from the Clarus model of  
17 the BZAM information, on a stand-alone basis, as  
18 part of that overall model.

19 99 Q. The BZAM stand-alone  
20 model, though, was comprised of information that  
21 BZAM provided to Clarus?

22 A. It was, it was generated  
23 from that model.

24 100 Q. Generated from BZAM  
25 information?

1 A. Correct.

2 101 Q. Clarus didn't originate  
3 the information that they fed into their model; it  
4 came from BZAM?

5 MR. BLINICK: Sorry, again,  
6 Counsel, what information are you speaking about?  
7 There's a whole lot of inputs in the model.

8 So, again, I think it would  
9 assist if you provided a little more particularity  
10 as to what exactly you're referring to or asking  
11 about.

12 MR. WINTON: I think I am  
13 being quite actually precise enough in my  
14 question.

15 BY MR. WINTON:

16 102 Q. The point is that Clarus  
17 can't prepare a model until BZAM sends it  
18 information; fair?

19 A. Correct.

20 103 Q. And that information that  
21 it sent to Clarus is reflected in the BZAM  
22 stand-alone model; right?

23 A. Correct. There may have  
24 been some minor adjustments for synergies going  
25 forward and assessments Clarus did for the

1 combined model.

2 104 Q. But, other than minor  
3 adjustments by Clarus, it reflects the information  
4 BZAM provided to Clarus?

5 A. The stand-alone model  
6 does.

7 105 Q. Yes. And you reviewed  
8 the stand-alone model, the BZAM stand-alone model  
9 during the due diligence period?

10 A. What is the due diligence  
11 period?

12 106 Q. Prior to signing of the  
13 Share Exchange Agreement?

14 A. Yes.

15 107 Q. And if, if you had felt  
16 that the stand-alone model was, in some way,  
17 materially inaccurate, you would have said so?

18 A. Yes.

19 108 Q. Okay.

20 The financial information, the  
21 BZAM financial information that was sent to Final  
22 Bell included unaudited financial statements for  
23 the period up to September 30th, 2023?

24 A. Say that again.

25 109 Q. The financial

1 information, the BZAM financial information that  
2 was sent to Final Bell included unaudited  
3 financial statements for the period up to  
4 September 30th, 2023?

5 A. Draft of those unaudited  
6 interim financial statements, yes.

7 110 Q. And why don't we pull up  
8 Exhibit 7 to Mr. Adams' March 18th affidavit.

9 This is an email,  
10 Mr. Bovingdon, from you to Keith Adams, Kiarash  
11 Hessami, Mr. Milich, and Christy Zhou dated  
12 November 28th, 2023.

13 And you attached to this email  
14 AP balances?

15 A. Yeah.

16 111 Q. Correct?

17 A. Correct.

18 112 Q. Okay.

19 And the attachment is  
20 exhibit -- it's further down. It's connected,  
21 right, to the email.

22 MR. BLINICK: Counsel, if you  
23 could just give the witness a moment to read  
24 through the chain before you go further.

25 MR. WINTON: Okay.

1 MR. BLINICK: He has the  
2 document in front of him.

3 BY MR. WINTON:

4 113 Q. In this Exhibit 7, your  
5 email to Mr. Adams is a response to an email from  
6 Mr. Adams sent to you, I guess because of the time  
7 difference, 1:10 a.m. on November 28th.

8 And you understand that  
9 Mr. Adams is asking you specifically about CRA  
10 payment plans; correct?

11 A. Correct.

12 114 Q. And he's asking you to  
13 confirm that CRA payment plans are accounted for  
14 in the accounts payable and accrued liabilities;  
15 correct?

16 A. Correct.

17 115 Q. And you're, in your  
18 response -- so now we can scroll up and look at  
19 your response to Mr. Adams; right -- you're  
20 explaining to him that those payments are, in  
21 fact, accounted for in the AP and accrued  
22 liabilities?

23 A. Correct.

24 116 Q. You understood that Final  
25 Bell was trying to understand the extent of any

1 CRA-accrued liabilities and how they were  
2 reflected in this financial information?

3 A. I understood he wanted to  
4 know where the CRA liabilities were in the balance  
5 sheet.

6 117 Q. Right.

7 And understand that they  
8 were -- so understanding that they were accounted  
9 for in the material that was being sent to Final  
10 Bell?

11 A. Correct.

12 118 Q. Understanding that, if  
13 they're not accounted for, then you have got to  
14 adjust that information in order to account for  
15 those payments?

16 A. If they weren't accounted  
17 for, I would have to review where they were, yes.

18 119 Q. Right.

19 And adjust the information to  
20 reflect the obligation to make payments to CRA on  
21 a go-forward basis?

22 A. In preparing financial  
23 statements, my duty, as CFO, is to make sure all  
24 the accrued liabilities are included at the  
25 balance sheet date, September 30th, that are

1 appropriate.

2 120 Q. Right.

3 If we go to Exhibit 3 to  
4 Mr. Adams' March 18th affidavit, this is the email  
5 where you are sending Mr. Adams and others the  
6 BZAM stand-alone model that Clarus used in the  
7 combined model; correct?

8 A. Correct.

9 121 Q. Okay.

10 And if we look at this  
11 attachment. Right.

12 So attached to your email is  
13 an Excel spreadsheet containing the BZAM  
14 stand-alone model; correct?

15 A. Correct.

16 122 Q. And the inputs, the  
17 financial inputs in this model -- just to make  
18 sure I am covering off what we discussed a few  
19 minutes earlier -- these are inputs provided to  
20 Clarus by BZAM?

21 A. Correct.

22 123 Q. Okay.

23 And you understood that Clarus  
24 was not reviewing BZAM's financial information for  
25 accuracy?

1                   A.     Clarus, in the process of  
2     building the combined model, would have asked for  
3     clarifications of some of the information.

4     124            Q.     If they felt it was  
5     needed?

6                   A.     If they felt it was  
7     needed.

8     125            Q.     Right.  
9                    But they are not auditing the  
10    information?

11                   In other words, they are not  
12    doing a check to ensure that every input in this  
13    model is correct or tied to the actual financial  
14    performance?

15                   A.     No.

16    126            Q.     As in my proposition was  
17    correct?

18                   A.     Correct.

19    127            Q.     Okay.

20                   If we turn to paragraph 24 of  
21    Mr. Adams' March 18th affidavit.

22                   So Mr. Bovingdon refers in  
23    this paragraph to a meeting he had with you on  
24    November 21st, 2023 --

25                   A.     Mr. Adams.



1 128 Q. Mr. Adams refers to a  
2 meeting he had with you, Mr. Bovingdon, on  
3 November 21st, 2023.

4 And states here that, during  
5 that meeting, you assured him that BZAM would be  
6 able to get a 15-month extension to the Cortland  
7 credit facility; do you recall that meeting?

8 A. I recall having the  
9 meeting with him on November 21st.

10 129 Q. Right.

11 And you recall making that  
12 statement to Mr. Adams?

13 A. I didn't make that  
14 statement.

15 130 Q. You deny making that  
16 statement?

17 A. I did not make an  
18 assurance.

19 131 Q. Okay.

20 Do you recall discussing the  
21 question of whether or not the Cortland facility  
22 would be extended?

23 A. I do recall discussing  
24 the Cortland facility.

25 132 Q. Okay.



1           were informed that you were being terminated as  
2           CFO; correct?

3                                   A.    No.

4    137                           Q.    You understood that, on  
5           January 18th, BZAM had made the decision that you  
6           were going be terminated?

7                                   A.    No.  Matt and I had a  
8           phone call on January 11th.

9    138                           Q.    Okay.

10                                  A.    About transitioning.

11   139                           Q.    You say transitioning;  
12           meaning your departure from the CFO role?

13                                  A.    Yes.

14   140                           Q.    Okay.

15                                  That was not a change that was  
16           initiated by you?

17                                  A.    No.

18   141                           Q.    It was initiated by BZAM?

19                                  A.    We had talked, as I  
20           mentioned earlier, that there was always going to  
21           be some transition at some point, off of the board  
22           of directors as well as, at some point, out of the  
23           CFO role.

24                                  That was a discussion,  
25           generally, Matt and I had had at the point of

1 negotiating the CFO role earlier in 2023.

2 In January, Matt initiated  
3 it's time for the transition. January 2024,  
4 January 11th.

5 142 Q. So your evidence is it's  
6 not performance related?

7 A. Correct.

8 143 Q. But this discussion on  
9 January 11th, is, I guess, a part of an ongoing  
10 discussion you'd had with Mr. Milich?

11 A. Correct.

12 144 Q. Prior to January 11th?

13 A. At the point of being  
14 appointed CFO and even when we were having the  
15 discussions about leaving the role of CEO and  
16 staying on as CFO, there was a general  
17 understanding that, at some point, whether it's  
18 two years, three years, a year, at some point,  
19 there would be a transition.

20 145 Q. Right.

21 So you're saying it didn't  
22 come as a surprise to you, on January 11th, when  
23 you had that discussion with Mr. Milich?

24 A. It came as a surprise  
25 because we hadn't had any recent discussions about

1       it, we hadn't talked about it since first being  
2       appointed as CFO.

3                       So January 11th was a bit of a  
4       surprise that it was happening right now.

5                       But, in the discussion, we  
6       were also making other restructuring changes or  
7       intending to release some other staff. And so I  
8       understood, potentially, it made sense.

9   146                Q.   Had -- to your knowledge,  
10       had BZAM identified a replacement for you as CFO?

11                     A.   No.

12   147                Q.   Were you aware whether  
13       Mr. Milich had had discussions with members of the  
14       board of directors prior to January 11th about  
15       informing you that it was time for your  
16       transition?

17                     A.   No.

18   148                Q.   You're not saying it  
19       didn't happen, you're just not sure? Or you don't  
20       know?

21                     A.   I wasn't aware.

22                     MR. BLINICK: Counsel, just to  
23       be clear, you're asking him at the time of  
24       January 11th; correct?

25                     MR. WINTON: Well, that's

1 helpful. Thank you, Counsel.

2 BY MR. WINTON:

3 149 Q. At the time, you were not  
4 aware whether that discussion followed discussions  
5 between Mr. Milich and members of the board about  
6 a transition; correct?

7 A. At January 11th?

8 150 Q. Yes.

9 A. I was not aware of any  
10 discussions they had.

11 151 Q. Subsequent to  
12 January 11th, have you become aware of whether or  
13 not there were discussions between Mr. Milich and  
14 members of the board about telling you on that  
15 date that it was time for a transition?

16 A. No, I have not become  
17 aware of any discussion happening before  
18 January 11th.

19 152 Q. Okay. Thank you.  
20 Thank you.

21 So, if I have the timing  
22 right, the Share Exchange Agreement between BZAM  
23 and Final Bell closed on Monday, January 8th;  
24 correct?

25 A. No. It closed on

1 January the 5th.

2 153 Q. Friday?

3 A. Yes.

4 154 Q. Were not certain  
5 documents dated the 8th?

6 A. The closing was  
7 confirmed, the late afternoon/early evening of  
8 January the 5th. It was disclosed to the markets  
9 on January 8th.

10 155 Q. Thank you.

11 And then the following week --  
12 so, if it's on the Friday the 5th that everything  
13 is closed, as you say, the discussion with you  
14 comes the week after, on the Thursday; correct?  
15 The 11th?

16 A. Correct.

17 156 Q. So, fair to say, to the  
18 extent that the timing of your departure was  
19 initiated by Mr. Milich, that timing was not  
20 voluntary on your part; correct?

21 A. Correct.

22 157 Q. And, at the time, you had  
23 an employment agreement in place that provided for  
24 a lump sum severance payment to you?

25 A. Correct.

1 158 Q. Over the course of the  
2 next ten days to two weeks, you and BZAM are  
3 negotiating a separation agreement; correct?

4 A. Correct.

5 159 Q. Which envisions terms  
6 that are different than the terms set out -- the  
7 strict terms set out in your employment agreement?

8 A. Correct.

9 160 Q. They provide you with  
10 less severance than what you otherwise would have  
11 agreed to -- or a different form of severance than  
12 you otherwise would have received under your  
13 separation agreement?

14 A. The amounts were not  
15 different. The timing of the payments were  
16 different.

17 161 Q. Right.

18 So, instead of receiving a  
19 lump sum, you agreed to receive payments over  
20 time?

21 A. Correct.

22 162 Q. Which I take it you  
23 didn't have to agree to; correct?

24 A. Correct.

25 163 Q. In the course of those



1 negotiations, BZAM never took the position that it  
2 was terminating you for cause?

3 A. Correct.

4 164 Q. Never suggested that  
5 there was some deficiency in your performance as  
6 CFO; correct?

7 A. Correct. There wasn't.

8 165 Q. I am sure you'd say so,  
9 but that wasn't at all a position communicated to  
10 you by BZAM?

11 A. No position like that at  
12 all.

13 166 Q. Okay.

14 Let's pull up your separation  
15 agreement with BZAM dated January 24th, 2024.

16 MR. BLINICK: Counsel, do you  
17 have a hard copy you can provide?

18 MR. WINTON: Oh, we do.

19 BY MR. WINTON:

20 167 Q. This was delivered to us  
21 as part of the Redfern requests.

22 And if you can just flip  
23 through this quickly and just confirm this is, in  
24 fact, the signed copy of your separation  
25 agreement.

1 A. It looks like that, yes.

2 MR. WINTON: Okay. Can we  
3 enter this as the next exhibit, please.

4 MR. BLINICK: Sure.

5 MR. WINTON: Exhibit 2, I  
6 think, formally, we should say letter to Sean  
7 Bovingdon from BZAM dated January 24th, 2024.

8 EXHIBIT NO. 2: Letter to  
9 Sean Bovingdon from BZAM  
10 dated January 24th, 2024

11 BY MR. WINTON:

12 168 Q. As part of the  
13 discussions between January 11th and January 24th,  
14 at some point, there was an agreement reached  
15 between you and BZAM to portray your departure to  
16 the public as you leaving the position; correct?

17 A. I don't think that's  
18 accurate. More a wording that would suggest it is  
19 transition and leaving for other opportunities.

20 169 Q. Right.

21 Which, at the time, was not,  
22 in fact, the case; correct?

23 A. No.

24 170 Q. As in I was correct? My  
25 proposition is correct?

1 A. Correct.

2 171 Q. Now, under this  
3 separation agreement, Exhibit 2, page 1, the  
4 second paragraph informs you that your employment  
5 with BZAM will end on April 30th, 2024; correct?

6 A. As part of the  
7 discussions and negotiations with Matt in terms of  
8 leaving, we agreed that I would stay till April  
9 the 30th to help with, present through transition  
10 and completing year end financials.

11 172 Q. And then, sometime after  
12 the signing of that document, Exhibit 2, you and  
13 BZAM enter into a consulting agreement; correct?

14 A. That didn't become part  
15 of a discussion until such time as the company had  
16 reviewed and got to the point of considering CCAA.

17 173 Q. Okay. Well, let's just  
18 take it one step at a time. Let's focus on my  
19 question.

20 My question was, and I think  
21 you agreed with this, the consulting agreement  
22 came sometime after the signing of that agreement?

23 A. Correct.

24 174 Q. And was not contemplated  
25 at the time you signed your separation agreement?

1 A. Correct.

2 175 Q. Exhibit 2. Okay.

3 So we also have a copy of your  
4 consulting agreement, and let's hand that out.

5 Just take a flip through and  
6 confirm that, in fact, is the signed copy of your  
7 consulting agreement?

8 A. It looks accurate, yes.

9 MR. WINTON: Can we mark this  
10 as Exhibit 3 to the examination, please.

11 MR. BLINICK: Yes.

12 MR. WINTON: Thank you.

13 MR. BLINICK: For the record,  
14 this is dated February 29th, 2024.

15 EXHIBIT NO. 3: Sean  
16 Bovingdon Consulting  
17 Agreement dated February  
18 29, 2024

19 MR. WINTON: That was my next  
20 question.

21 BY MR. WINTON:

22 176 Q. So what we see here, in  
23 this agreement, Mr. Bovingdon, is your consulting  
24 arrangement with BZAM commenced Feb 29, 2024;  
25 correct?

1 A. Correct.

2 177 Q. All right.

3 And this is a document that  
4 was negotiated between you and BZAM in the period  
5 leading up to February 29th; correct?

6 A. Correct.

7 178 Q. And I think, if I  
8 understood your evidence earlier, it was a  
9 consequence of the imminent restructuring  
10 proceeding that BZAM was about to enter into;  
11 correct?

12 A. Correct.

13 179 Q. Right.

14 If we look at Article 2.1, on  
15 the first page, starting on the fourth line. I  
16 don't need to read it into the record but just  
17 read that and let me know when you're ready for a  
18 question.

19 A. Okay. I have read it.

20 180 Q. Right.

21 So this consulting agreement  
22 provides that you will be an officer of BZAM over  
23 the term of the agreement unless a new CFO is  
24 appointed; correct?

25 A. It wasn't related to a

1 new CFO being appointed. It was just to remain an  
2 officer during the term of the agreement.

3 181 Q. Okay. Thank you.

4 And the services you're said  
5 to be required to perform are services in support  
6 of the company's incoming financial -- chief  
7 financial officer; you see that in the first two  
8 lines?

9 A. And any other services as  
10 may be agreed to.

11 182 Q. Correct.

12 At the time you signed this,  
13 there was not an incoming chief financial officer  
14 yet appointed by BZAM or identified; correct?

15 A. There was no permanent  
16 chief financial officer identified.

17 183 Q. Okay.

18 And if you just review  
19 Articles 2.3, 2.4.

20 A. Okay.

21 184 Q. All right.

22 You still had use of the  
23 company-issued laptop while you're acting under  
24 this consulting agreement; correct?

25 A. Correct.

1 185 Q. And any other tools that  
2 you needed to perform the services were provided  
3 to you by BZAM; correct?

4 A. Correct.

5 186 Q. Turn to page 3, Article  
6 6, confidential information.

7 Just take a look through that.  
8 I will have a couple of questions.

9 A. Okay.

10 187 Q. You understood that,  
11 under this agreement, you were not at liberty to  
12 disclose BZAM's confidential information to third  
13 parties; correct?

14 A. To the definition of  
15 confidential information in here, yes, correct.

16 188 Q. Right.  
17 Meaning you had understood  
18 that, if a third party called you and asked you to  
19 discuss BZAM's confidential information, as  
20 described in this article, you would not be able  
21 to share that information with them?

22 A. Correct.

23 MR. WINTON: Why don't we take  
24 a ten-minute break. Let's go off the record.

25 --- Upon recess at 11:04 a.m.

1 --- Upon resuming at 11:19 a.m.

2 BY MR. WINTON:

3 189 Q. Mr. Bovingdon, the  
4 2022-year end financial statements annual report  
5 for BZAM included a going concern note; correct?

6 A. Correct.

7 190 Q. And you're aware that the  
8 previous annual financial statements for TGOD for  
9 the years 2019, 2020, 2021, also included a going  
10 concern note?

11 A. Correct.

12 191 Q. You understood that, as  
13 part of the due diligence Final Bell was  
14 performing prior to signing the Share Exchange  
15 Agreement, that it was reviewing both the historic  
16 performance of BZAM as well as the forward-looking  
17 pro forma statements; correct?

18 A. I am not aware what their  
19 due diligence plan was. I understood they had a  
20 copy of that information and they asked for the  
21 interim financial statements that I provided.

22 192 Q. Right.

23 But you recall Mr. Adams was  
24 asking BZAM on the status on its go-forward, the  
25 pro forma model that it was preparing; correct?



1                           A.    He had asked for a copy  
2       of the model.  He hadn't asked me any questions on  
3       it.

4   193                    Q.    Right.  But he was asking  
5       for a copy of it, and you understood that was as  
6       part of the due diligence?

7                           A.    I understood he had asked  
8       for a copy of it which I assumed would be for his  
9       due diligence.

10   194                  Q.    Right.  
11                           Let's pull up on the screen,  
12       or maybe you can pull it out of the record if you  
13       feel you need to, but we have, from Mr. Adams'  
14       March 18th affidavit, Exhibit 3.

15                         MR. BLINICK:  This is the  
16       email you previously took the witness to?

17                         MR. IONIS:  There's also an  
18       Excel spreadsheet attached.

19                         THE WITNESS:  That you showed  
20       already?

21                         MR. WINTON:  Yeah, we are  
22       going to go back to that.

23                         MR. BLINICK:  So the way you  
24       have attached it in your record, it's --

25                         MR. WINTON:  It's the original

1 document. It's a spreadsheet. So I think the  
2 only way to look at it will be on the screen.

3 BY MR. WINTON:

4 195 Q. So this is the document  
5 that we confirmed was prepared by Clarus using  
6 inputs from BZAM; correct?

7 A. Correct.

8 196 Q. If we go to the tab "CF  
9 model". We are having a little technical  
10 difficulty, but we will get there.

11 Okay. This is the cash flow  
12 model portion of BZAM stand-alone; correct?

13 A. Correct.

14 197 Q. Let's go down to the  
15 bottom where we get the cash flow.

16 So the "cash flow from  
17 operations" line, that's line 79, begins, here on  
18 the screen, you see it starting March of -- sorry,  
19 we have -- there we go. Even better.  
20 January 2023.

21 And, continuing forward, we  
22 have inputs for 2024 for the full year; correct?

23 A. Correct.

24 198 Q. And you have certain  
25 months in 2024 showing negative cash flow from

1 operations and certain months showing positive  
2 cash flow from operations; correct?

3 A. Correct.

4 199 Q. There wasn't any  
5 assumption built into this cash flow projection  
6 that BZAM, as a stand-alone entity, would be  
7 unable to continue to operate outside of  
8 insolvency restructuring in early 2024; correct?

9 A. Can you scroll down to  
10 the bottom?

11 200 Q. Okay.

12 A. There.

13 201 Q. Yes.

14 A. So this model is prepared  
15 on assumptions at the time --

16 202 Q. Yes.

17 A. -- of November --

18 203 Q. Yes.

19 A. -- based on our  
20 expectations of future revenues and costs that we  
21 had for stand-alone.

22 204 Q. Yes.

23 A. Including assumptions  
24 that we would be able to sell the Edmonton  
25 facility, which was listed and received some

1 inputs from that.

2 205 Q. Yes.

3 A. And you can see, at the  
4 latter part of the year, October/November, there  
5 was a negative cash balance expected at the end of  
6 2024.

7 206 Q. Yes.

8 A. So there was some  
9 contemplation there that, at some point in 2024,  
10 we may need to do some financing or improve  
11 results or another injection from StonePine in  
12 terms of a promissory note or something like that.

13 207 Q. That's in the Q4 2024?

14 A. Yeah.

15 208 Q. On a stand-alone basis?

16 A. On a stand-alone basis.

17 209 Q. Right. Okay.

18 If we turn now to the Project  
19 Tower PowerPoint. It's Exhibit 1 to Mr. Adams  
20 March 18th affidavit.

21 A. Right.

22 210 Q. All right. This document  
23 contains the combined pro forma information from  
24 Clarus; correct?

25 A. Correct.

1 211 Q. And this is a document  
2 you reviewed around the time it was prepared?

3 A. I believe I did, yes.

4 212 Q. Right.

5 And this was a document that  
6 BZAM, as a company, was reviewing as part of its  
7 due diligence for the transaction?

8 A. Yes.

9 213 Q. And you understood or at  
10 least you assumed Final Bell was doing the same?

11 A. I am not aware of what  
12 Final Bell's due diligence on this would have  
13 been.

14 214 Q. But you assumed they were  
15 reviewing this in the same manner as BZAM?

16 A. I don't know if they were  
17 doing it in the same manner or depth that we were,  
18 no.

19 215 Q. Okay.

20 If we turn to page -- are we  
21 on page 11 of the PowerPoint. If we look at the  
22 cash flow.

23 A. That's the cash flow.

24 216 Q. There we go. So we have  
25 that up on the screen.

1                   This is, just for the record,  
2           page 218 of Final Bell's March motion record.

3                   This projection shows positive  
4           cash flow for each quarter in 2024; correct?

5                   MR. BLINICK: What line item  
6           are you looking at?

7                   BY MR. WINTON:

8    217            Q. Well, let's look at cash  
9           flow from operations. The one that's in the  
10          orange or red box.

11                   A. Correct.

12    218            Q. Okay.

13                   And, if we look at the cash  
14          beginning and cash end area, in every quarter,  
15          it's showing a positive cash ending position;  
16          correct?

17                   A. On a consolidated pro  
18          forma basis --

19    219            Q. Yes.

20                   A. -- correct.

21    220            Q. Right. Okay.

22                   You would agree that, in  
23          reviewing this document, there's nothing to  
24          indicate to the reader that the combined entity  
25          would be experiencing an insolvency event one to

1 two months after closing?

2 A. Based on assuming the  
3 sale of Edmonton property would go ahead, which  
4 generated significant cash inflow --

5 221 Q. Yeah.

6 A. -- and based on the  
7 forecast provided by Final Bell of their revenue  
8 and costs, and based on our expectations, at that  
9 point in time, we did not -- and based on being  
10 able to achieve the synergies that were a part of  
11 the assumptions in the model, we would have  
12 expected to have sufficient cash through 2024.

13 222 Q. We can take this off the  
14 screen now.

15 BZAM has a calendar fiscal  
16 year end?

17 A. Correct.

18 223 Q. So just, I guess it's  
19 obvious. Maybe not.

20 Fiscal year ends on  
21 December 31st each year?

22 A. Correct.

23 224 Q. Budgeting for the next  
24 upcoming fiscal year would begin prior to the  
25 beginning of that year, in an ideal circumstance;

1 correct?

2 A. Ideally, yes.

3 225 Q. Right.

4 Meaning you would begin your  
5 budgeting in, say, Q4 of the fiscal year to  
6 prepare for the year coming up ahead?

7 A. Correct.

8 226 Q. Budgeting, the budgeting  
9 process takes several weeks?

10 A. At least, yes.

11 227 Q. At least.

12 Am I correct, then, in  
13 inferring the budgeting process at BZAM began  
14 prior to the closing of the Share Exchange  
15 Agreement?

16 A. We were planning it --

17 MR. BLINICK: Sorry, Counsel.

18 When you say "prior to closing of the Share  
19 Exchange Agreement", are you referring to the date  
20 of the Share Exchange Agreement or the closing of  
21 the transaction under --

22 BY MR. WINTON:

23 228 Q. So let me -- the closing  
24 of the transaction in January 2024 is what I am  
25 referring to. So the budgeting process began



1 prior to January 5th, 2024?

2 A. We began preparing, from  
3 the BZAM side, the budget while waiting for Final  
4 Bell information.

5 229 Q. Right.

6 And, in that preparation, you  
7 were reviewing or starting from either the same  
8 information or updated versions of the information  
9 that had been provided to Clarus to prepare the  
10 BZAM stand-alone model?

11 MR. BLINICK: Sorry, can you  
12 just reword the question because I am not sure I  
13 got it.

14 MR. WINTON: Okay.

15 BY MR. WINTON:

16 230 Q. During the preparations  
17 for the budgeting process that you referred to was  
18 occurring before January 5th, 2024, BZAM was  
19 reviewing and updating the forward-looking  
20 information that it had provided to Clarus that  
21 became the -- that Clarus used to prepare the BZAM  
22 stand-alone model?

23 A. The information we had in  
24 the model that was provided was the basis,  
25 starting point, for then doing the budget. There

1           weren't significant changes through November,  
2           December at all.

3           231                           Q.     Okay.

4                                   A.     Our initial budget,  
5           absent of any deal with Final Bell, was expected  
6           to use that model as the basis for the budget  
7           presentation which was going to be the third --  
8           second or third week of December to the board.

9                                   But that was put on hold  
10          because of the Final Bell deal which would entail  
11          preparing a combined budget for 2024.

12                                  So the work on the budget  
13          stopped while waiting for the actual results for  
14          Q4 and implications of synergies and everything  
15          else that had come out of the combination with  
16          Final Bell.

17                                  So that was deferred to  
18          January 2024.

19          232                           Q.     So let me try and put  
20          this in a different way maybe, just trying to  
21          distill what you said.

22                                  BZAM did as much as it could  
23          on its stand-alone basis up until closing, but had  
24          to wait until after closing to complete its  
25          budgeting process?

1                   A.     We did as much as we  
2     could up to the point of signing December 5th and  
3     then there was no point in doing additional work  
4     at that time until we got the deal closed and  
5     would then be able to analyze the inputs and  
6     revised revenues and synergies and everything in  
7     January 2024.

8     233               Q.     So between December 5th  
9     and January 5th, no further budgeting --

10                   A.     Nothing material was  
11     done.

12     234               Q.     Okay.  
13                         We are going go back to  
14     Exhibit 1 to Mr. Adams' March 18th affidavit, the  
15     Project Tower PowerPoint.

16                         Let's turn now to page 13,  
17     which is the Cortland Revolver Schedule, which is  
18     page 220 of the record.

19                         A.     Um-hmm.

20     235               Q.     And you agree that this  
21     page, this sheet in the PowerPoint shows continued  
22     availability of the Cortland credit facility at  
23     BZAM throughout 2024?

24                         A.     That was the expectation  
25     at that time, yes.

1     236                   Q.     At the time the -- under  
2           the terms of the facility, it would mature at end  
3           of March 2024; correct?

4                           A.     Correct.

5     237                   Q.     After signing the signing  
6           of the Share Exchange Agreement but before  
7           closing, BZAM negotiated a, an amendment or  
8           updates to the Cortland credit facility with  
9           Cortland; correct?

10                          A.     As part of the  
11           expectation of closing the Final Bell deal, that  
12           was the main impetus for the adjustments or the  
13           amended credit agreement, renewed credit agreement  
14           to incorporate Final Bell's collateral.

15     238                   Q.     Okay.  
16                           So the answer to my question  
17           is, yes, there was negotiation taking place?

18                          A.     Yes.

19     239                   Q.     And when you were --  
20           well, let's pull up the email.  Actually, we will  
21           hand you a copy.

22                          So what you have before you,  
23           Mr. Bovington, is an email chain containing emails  
24           exchanged between December 13th and December 11th,  
25           2023 --

1 A. Um-hmm.

2 240 Q. -- to which you were  
3 copied on all the emails; correct?

4 A. Correct.

5 MR. BLINICK: Can you just  
6 give the witness a moment to read through all the  
7 emails on the chain for you to put questions like  
8 that to him.

9 MR. WINTON: He seemed to be  
10 familiar enough with it that he was able to answer  
11 without hesitation.

12 BY MR. WINTON:

13 241 Q. But, by all means, take  
14 your counsel's advice and take a moment to confirm  
15 you're copied on all these.

16 A. Correct.

17 MR. WINTON: Can we mark this  
18 as the next exhibit.

19 MR. BLINICK: Yes.

20 MR. WINTON: So that would be  
21 Exhibit 4, and we will identify this as emails  
22 exchanged between December 11th, and  
23 December 13th, 2023, re Cortland.

24 EXHIBIT NO. 4: Emails  
25 exchanged between

1 December 11th and  
2 December 13th, 2023, re  
3 Cortland.

4 BY MR. WINTON:

5 242 Q. So, just drawing your  
6 attention to the second page of the document.

7 At the bottom, there's an  
8 email from counsel for Cortland, Cassels Brock, to  
9 BZAM and its counsel at Aird & Berlis, attaching a  
10 draft of the Second Amended and Restated Credit  
11 Agreement; correct?

12 A. Correct.

13 243 Q. In this chain, the next  
14 email is one from you sent to Mr. Scalia at  
15 Cassels Brock with questions from your review of  
16 the document; correct?

17 A. Correct.

18 244 Q. Okay. Do you want to  
19 review that email or --

20 A. I have read it.

21 245 Q. You have read it. All  
22 right.

23 And it may help if we -- yeah,  
24 if we pull up on the screen, so you have the email  
25 in front of you while we pull up on screen a copy

1 of the Second Amended and Restated Credit  
2 Agreement. Just give us a second do that.

3 We are going to throw that up  
4 on the screen and we are going to show you  
5 Section 3(c), which is the section you were asking  
6 questions about.

7 Do you have that -- do you see  
8 that on the screen in front of you?

9 A. I do see it.

10 MR. BLINICK: Sorry, if you  
11 could just give me a minute, Counsel.

12 MR. WINTON: Sure.

13 MR. BLINICK: Thank you.

14 BY MR. WINTON:

15 246 Q. This is just to assist  
16 you with the context of your question.

17 Your question concerns the  
18 fact that, in the draft Second Amended and  
19 Restated Credit Agreement, under 3(c)(ii), which  
20 is the last three lines of that section, there's a  
21 reference to the borrower making base facility  
22 prepayments on or after March 24th, 2024, on a  
23 monthly basis; correct?

24 A. Correct.

25 247 Q. But, at the time, in this

1 document, March 24, 2024, was also the maturity  
2 date of the credit facility; correct?

3 A. Correct.

4 248 Q. And so the question in  
5 your email addressed to, addressed to Anthony  
6 Scalia but copying a bunch of other folks, was  
7 whether the maturity date in the draft should be  
8 March 24th, 2025, given that, if it matured in  
9 March 24th, 2024, you wouldn't be making  
10 prepayments after that date; right?

11 A. Correct. It seemed  
12 inconsistent to me.

13 249 Q. It seemed inconsistent to  
14 you. And the assumption you formed was -- or  
15 maybe assumption is too strong.

16 You were questioning whether  
17 there was an error in the document for the  
18 maturity date; correct?

19 A. I was asking how the  
20 monthly payments were relevant if the maturity  
21 date was currently March 24th, 2024.

22 250 Q. Right.

23 You thought that, based on the  
24 way 3(c)(iii) was drafted, the maturity date in  
25 the document should be March 2025; correct?



1 A. It should be later, yes.

2 251 Q. And, turning over to  
3 page 1, you have the response from Rachel Andrew  
4 at Cortland; right? She is the director and legal  
5 counsel, according to this email; right?

6 A. Correct.

7 252 Q. And so she responds to  
8 your email on what she calls the business points.  
9 And, in point 1 of her email,  
10 she confirms the maturity date is March 24th,  
11 2024; correct?

12 A. Correct.

13 253 Q. And she wrote next:  
14 "Cortland isn't granting  
15 TGOD an extension at that  
16 time." [as read]

17 Right; that's what she wrote?

18 A. That's what she wrote.

19 254 Q. Right.  
20 Meaning, as of December 13th,  
21 2023, you'd understood there was no intention by  
22 Cortland to extend the credit facility past the  
23 maturity date?

24 A. We hadn't requested an  
25 extension, formally, at that time.

1 255 Q. Right.

2 But to the extend you were  
3 asking about an extension in your email before, as  
4 of December 13th, the position from Cortland is no  
5 extension; correct?

6 A. No extension was granted  
7 at that time at that email.

8 256 Q. Right.

9 If we turn back to --

10 A. And just, if I may  
11 clarify. We hadn't asked for an extension at that  
12 time.

13 257 Q. Well, your email asked  
14 whether the maturity date should be 2025 and the  
15 response is, no, the maturity date in this  
16 document should not be 2025, it should remain  
17 2024; correct? That's the response?

18 A. That's the response.

19 258 Q. Okay. Now let's hand out  
20 the -- we will give you a copy of Exhibit 1 which  
21 is the answers to the Redfern requests.

22 So this is Category 1 of the  
23 document.

24 MR. BLINICK: Yeah, we are  
25 there.

1 BY MR. WINTON:

2 259 Q. I just want to make sure  
3 everyone can follow along at home.

4 A. Yes, we are there.

5 260 Q. Okay.

6 So, in the first paragraph,  
7 second sentence, starting at the third line:

8 "Note that the reference  
9 to 'at that time' in the  
10 enclosed email from  
11 Rachel Andrew of Cortland  
12 December 13, 2023, is a  
13 typographical error which  
14 should read 'at this  
15 time'." [as read]

16 At any point between  
17 December 13th, 2023, so the sending of this email,  
18 January 5th, which is closing of the Share  
19 Exchange Agreement, did Ms. Andrew communicate to  
20 you that there was a typo in her email?

21 A. No.

22 MR. BLINICK: Counsel, to be  
23 fair, you omitted reading the second part of the  
24 email to the witness and the second part of the  
25 response to the Redfern which I think addresses

1 the question that you're asking.

2 MR. WINTON: I don't think it  
3 is does.

4 I think the question was  
5 whether or not the suggestion that this is a  
6 typographical error came from communication  
7 directly from Ms. Andrew. And the answer I  
8 received is it did not. That's all I wanted to  
9 know.

10 Whether there is going to be  
11 an argument over a typographical error or not is  
12 different than what the evidence will be about the  
13 position.

14 MR. BLINICK: Sorry, if you're  
15 asking the narrow position as to whether she  
16 indicated there was a typographical error  
17 specifically.

18 MR. WINTON: Yes.

19 MR. BLINICK: You have the  
20 witness's evidence on that.

21 MR. WINTON: I do.

22 MR. BLINICK: If you read the  
23 full email communication, I think you will  
24 understand the basis for BZAM's position.

25 And I would just like to note

1           you specifically avoided taking the witness to  
2           what followed Ms. Andrew's email.

3                           MR. WINTON:   So just so we are  
4           clear going forward, Mr. Blinick.

5                           I am not interested in that  
6           kind of commentary on this cross-examination.  I  
7           don't think that's a proper comment to make.  It  
8           certainly wouldn't be one you would make if we  
9           were in court.

10                          So I just ask you not do that  
11           for this cross.  Thank you.

12                          MR. BLINICK:  Understood.  
13           This is an out of court examination, Counsel.  And  
14           I just want to ensure the evidence you elicit from  
15           the witness is fair and accurate.

16                          MR. WINTON:  You will have  
17           your chance to re-examine if you think anything  
18           that comes out of this is unfair.

19                          But I don't have to have my  
20           record polluted by counsel comments when I am  
21           reading this in to the Court.  Okay.

22                          BY MR. WINTON:

23   261                    Q.    To the best of your  
24           knowledge, Mr. Bovingdon, this email exchange  
25           between yourself and Ms. Andrew was not shared

1 with Final Bell prior to closing of the Share  
2 Exchange Agreement; correct?

3 A. To the best of my  
4 knowledge, no. It would not have been shared.

5 262 Q. Right.

6 Nor was the information in  
7 this email shared with -- by you, with anyone at  
8 Final Bell prior to closing; correct?

9 A. Not that I recall.

10 263 Q. I want to turn your  
11 attention to the subject of tax matters as they  
12 concern cannabis companies.

13 A. Okay.

14 264 Q. All right.

15 I just want to make sure, to  
16 start, we are on the same page in terms of how the  
17 excise tax system works.

18 You recall Mr. Adams gave some  
19 evidence about this in his affidavit?

20 A. Correct.

21 265 Q. Okay.

22 And I take it nothing in that  
23 affidavit struck you as, when he is describing how  
24 it works, as being incorrect?

25 MR. BLINICK: Can you take him

1 to the affidavit, please?

2 THE WITNESS: Which part of  
3 his affidavit?

4 BY MR. WINTON:

5 266 Q. The part where he  
6 describes how excise tax, taxes are calculated and  
7 collected by cannabis companies.

8 MR. BLINICK: Can you point  
9 the witness --

10 BY MR. WINTON:

11 267 Q. I just want to see --

12 A. I, I just need to see it.

13 MR. BLINICK: No, he is not  
14 going to answer a general question like that about  
15 whether he agrees with what's in the Adams  
16 affidavit without you taking him to that section  
17 of the Adams affidavit.

18 MR. WINTON: I wasn't going to  
19 deny him the opportunity but he seemed like he  
20 might have been able to do so, and if he was going  
21 to be able to do so, that would be easier. But we  
22 will pull it up on the screen. I wasn't going to  
23 do this as a memory test, other than he seemed  
24 familiar with it.

25 THE WITNESS: I asked which

1 section.

2 MR. WINTON: Yes, you did. So  
3 let's pull it up.

4 BY MR. WINTON:

5 268 Q. So if you look at  
6 paragraph 32 of Mr. Adams' first affidavit. Just  
7 read that paragraph and let me know when you are  
8 done.

9 A. Okay, I have read 32.

10 269 Q. Right.

11 Do you agree with that?

12 A. Not fully, no.

13 270 Q. Okay. Which part of that  
14 do you disagree with?

15 A. The part where it says  
16 they're collected when they are sold to  
17 provincially approved distributors and retailers.

18 271 Q. Okay.

19 A. You don't collect it when  
20 you sell. You only collect it when you actually  
21 receive payment.

22 272 Q. I see.

23 So it is charged to the  
24 purchaser --

25 A. Correct.



1     273                   Q.     But if the purchaser is  
2           not paying you right away, they would only pay the  
3           tax when they pay for the goods that you sold to  
4           them?

5                           A.     Correct.

6     274                   Q.     Okay.  
7                           So to the extent that -- so  
8           rather than saying they are collected when sold,  
9           they are collected when payment's received?

10                          A.     Correct.

11                          And, secondly, it's not  
12           payable when they are sold.

13     275                   Q.     Okay.  
14                           It's payable when payment is  
15           made?

16                          A.     No.

17     276                   Q.     When are they payable?

18                          A.     No.

19                          It's payable after a month  
20           later, after you file a B300 at the end of the  
21           following month, and you identify and calculate  
22           what the tax would have been on the sales from the  
23           month prior.

24                          At which time, you then have  
25           administrative leave, you know, five days a week

1 to actually pay.

2 277 Q. Okay.

3 So you have it in front of  
4 you. Let's take that down. I just want to make  
5 sure I get that correct, then, from your  
6 understanding.

7 It's -- let's break it down to  
8 charging, collecting and payment.

9 You charge it to the purchaser  
10 when you make the sale, as in it's included on any  
11 invoice you would send them?

12 A. Correct.

13 278 Q. You receive payment of  
14 the tax from the purchaser when they pay their  
15 invoice?

16 A. Correct.

17 279 Q. You remit the tax to CRA  
18 in the month following the month in which it was  
19 charged or the month in which following, it was  
20 collected?

21 A. You remit it usually a  
22 week after submitting the B300 return, at the end  
23 of the month, after the month that it was charged.

24 280 Q. You say B300?

25 A. Yes.

1 281 Q. Return.

2 The month it was charged?

3 A. So if you sell in

4 December or charge in December --

5 282 Q. Yes.

6 A. -- the calculation of it

7 is finalized at the end of January and you pay the

8 first week of February, ordinarily.

9 283 Q. Got it.

10 A. So it becomes payable the

11 first week of February.

12 284 Q. But it's calculated, so

13 known to the seller at the end of the month

14 following. So the end of January in your

15 scenario?

16 A. Correct.

17 285 Q. Okay.

18 So let's back up.

19 If you are charging in

20 November of the calendar year -- just to make sure

21 I transpose this correctly -- you calculate the

22 excise tax payable at the end of December --

23 A. Ordinarily.

24 286 Q. Ordinarily.

25 And you pay it in the first

1 week of January, ordinarily?

2 A. Correct.

3 287 Q. And so, ordinarily,  
4 this -- assuming you are paid on time by your  
5 customers, you are -- so if you're paid within  
6 30 days of sale, you would have the funds from the  
7 customer available to pay the taxes owing;  
8 correct?

9 A. If you were -- actually.

10 Under our situation, we didn't  
11 get the money directly or keep the money directly  
12 from the customers. Because of our agreement with  
13 Cortland, all our receipts are swept under the  
14 Cortland account to Cortland, irrespective of  
15 whether they are received on 30 days, 60 days,  
16 90 days.

17 And we would draw each week  
18 under the revolver facility based on a calculation  
19 of new sales, receipts received on the roll of the  
20 sweep, week to week, and availability of  
21 collateral.

22 288 Q. So there wasn't a  
23 segregation of amounts paid by customers for  
24 excise tax. The excise tax portion of their  
25 account was not being segregated for a remittance

1 to CRA?

2 A. No.

3 289 Q. If you are charging

4 excise tax, but, for whatever reason, are not

5 paying it within that first week after the month

6 after, then you have to accrue the liability to

7 CRA for the excise tax arrears; correct?

8 A. Correct.

9 290 Q. Right.

10 You're accounting for it

11 somewhere on your --

12 A. Correct.

13 291 Q. -- cash flow, balance

14 sheet, income statements; correct?

15 A. Correct.

16 292 Q. And that is an input or a

17 data point that you would update each month;

18 correct?

19 A. As part of the month end

20 close.

21 293 Q. Right.

22 You would figure out have we

23 paid our -- are we current with our excise tax or,

24 if we are behind, we need to account for that

25 somewhere in our accounting?

1 A. Correct.

2 294 Q. Okay.

3 And as we know from the  
4 record, at certain points in TGOD/BZAM's  
5 operations prior to signing the Share Exchange  
6 Agreement, it had entered into arrangements with  
7 the CRA to pay off excise tax arrears in  
8 installments over time?

9 A. Correct.

10 295 Q. All right.

11 And two of those arrangements  
12 were disclosed to Final Bell as part of the  
13 disclosures in the Share Exchange Agreement;  
14 correct?

15 I will take you to it -- to  
16 counsel's point. This doesn't have to be a memory  
17 test.

18 A. No.

19 296 Q. Right.

20 A. There were two excise and  
21 one GST one --

22 297 Q. That were disclosed to  
23 Final Bell?

24 A. Correct.

25 298 Q. You're at, I guess, the

1 page 1 -- am I reading this right -- 99 of the  
2 record?

3 A. Correct.

4 299 Q. So let's pull that up on  
5 the screen so we are all on the same place.

6 It's reproduced on that page  
7 is the representations that were made under  
8 Section 3.31 of the Share Exchange Agreement  
9 concerning tax liabilities; correct?

10 A. Correct.

11 300 Q. Right.

12 This is actually contained  
13 more precisely, Mr. Ionis points out, in the  
14 disclosure letter, right, that was sent to Final  
15 Bell by BZAM; correct?

16 A. On December 5th.

17 301 Q. Right.

18 So I want to make sure I  
19 understand the excise -- well, all of these  
20 correctly.

21 The first bullet refers to  
22 excise taxes due for BMI; that's BZAM management  
23 Inc.?

24 A. Correct.

25 302 Q. They are under a 24-month

1 payment plan with CRA through to June 2025, which  
2 means the payment plan began in July 2023 or  
3 June 2023?

4 A. I believe it was July.

5 303 Q. July 2023.

6 With a balance remaining of  
7 3.129 million.

8 And the payment plan entered  
9 into in -- where payments began July 2023 were for  
10 accrued excise tax arrears prior to the date of  
11 the payment plan; correct?

12 A. Correct.

13 304 Q. So what happens is, at a  
14 certain point, when you have accrued a certain  
15 amount of excise tax arrears and you enter into  
16 this plan, you're agreeing to pay off what's  
17 accrued to date on a go-forward plan with interest  
18 amortized and all the rest; correct?

19 A. Correct.

20 305 Q. And so, similarly, if we  
21 look at the second bullet, past periods excise  
22 taxes due for TGOD on a 12-month payment plan  
23 through to September 2024, that's for -- that  
24 would have been a plan that began in October 2023?

25 A. I believe that's correct,



1           yes.

2       306                           Q.    For excise tax arrears  
3       that accrued prior to October 2023?

4                                   A.    Correct.

5       307                           Q.    And then, just to close  
6       it off, for the GST agreement in the third bullet,  
7       that is for GST arrears that accrued prior to  
8       July 2023?

9                                   A.    Correct.

10      308                           Q.    Thank you.

11                                   In February of 2024, BZAM  
12      entered into a payment plan arrangement with CRA  
13      for arrears that accrued after July of 2023;  
14      correct?

15                                   A.    No.

16      309                           Q.    Okay.

17                                   A.    That payment plan was a  
18      revision to the one that was disclosed on  
19      December 5th.

20      310                           Q.    Let's turn to the  
21      documents.

22                                   We are going to hand you  
23      documents we received in response to the Redfern  
24      requests.

25                                   So the first document we have

1 handed you are emails dated February 2, 2024. The  
2 first in the chain is from Ahmed Ghrairi at CRA to  
3 Preet Parmar at BZAM.

4 And the next in the chain is  
5 Preet Parmar's forwarding of that email to you and  
6 to Bonnie Chan on the same date.

7 Do you recognize that email?

8 A. I do.

9 MR. WINTON: Can we enter that  
10 as the next exhibit.

11 MR. BLINICK: Yes.

12 Is that 5?

13 MR. WINTON: Exhibit 5, emails  
14 dated February 2nd, 2024, re final payment  
15 arrangement for RD account.

16 EXHIBIT NO. 5: Emails  
17 dated February 2nd, 2024,  
18 re final payment  
19 arrangement for RD  
20 account.

21 BY MR. WINTON:

22 311 Q. And when you turn to the  
23 next document, that is the letter from CRA to BZAM  
24 Management Inc. referenced in the email; correct?

25 A. Correct.

1 MR. WINTON: Can we mark this  
2 as the next exhibit, Exhibit 6.

3 MR. BLINICK: Or we can just  
4 mark it collectively. Whatever you prefer.

5 MR. WINTON: Let's mark it as  
6 Exhibit 6.

7 So Exhibit 6 is letter from  
8 CRA to BZAM Management Inc. dated February 2nd,  
9 2024.

10 EXHIBIT NO. 6: Letter  
11 from CRA to BZAM  
12 Management Inc. dated  
13 February 2nd, 2024.

14 BY MR. WINTON:

15 312 Q. And you see that the  
16 subject line of the letter is "excise duty arrears  
17 for 08/09/10/11/2023"?

18 A. Yeah, I do see that.

19 313 Q. Right.

20 So, in this letter, it's a  
21 reference to arrears for periods following the  
22 period in which the payment plan disclosed in the  
23 disclosure letter was negotiated?

24 A. I don't recall it as that  
25 because we made the payments for August and

1 September and October.

2 So I don't think that's -- I  
3 don't recall it being specifically for those  
4 periods.

5 What I recall is we had  
6 entered into the agreement back in July where we  
7 made payments in order to get down to below the 3  
8 million mark that we had as a bond for BMI.

9 And, in those discussions, it  
10 was like we would then revisit, in February, doing  
11 a payment plan going forward at that time.

12 So there may have been some  
13 small amounts due from August, September or  
14 October that I don't recall or were captured by  
15 this subject. I would have to go back and review  
16 that.

17 314 Q. Well, let's put it this  
18 way, I guess.

19 The first line of the letter,  
20 under the subject line, reads:

21 "Thank you for proposing  
22 an arrangement to pay the  
23 amount you owe on your  
24 account." [as read]

25 Do you see that?

1 A. I do see that.

2 315 Q. Okay.

3 That proposal was made in

4 writing?

5 A. No.

6 316 Q. Orally?

7 A. On a phone call.

8 317 Q. Was it discussed within

9 BZAM by way of email prior to the making of the

10 proposal?

11 A. Between Preet Parmar and

12 myself, there had been discussions about redoing

13 the payment arrangement.

14 318 Q. Okay.

15 Any of those discussions

16 recorded by way of email or you're saying they

17 were just oral?

18 A. There -- I believe there

19 is a couple of emails.

20 319 Q. Okay.

21 A. Where she recounted to me

22 the outcome of the discussions with Ahmed.

23 320 Q. Okay.

24 Well, let's pull up the

25 answers to the Redfern request, Tab 16.

1                                    You see there was a request  
2                                    from BZAM for all relevant documentation  
3                                    concerning the negotiation of the payment plan  
4                                    entered into Feb 2, 2024?

5                                    A.     Yeah.

6     321                            Q.     Okay.

7                                    What we received in response  
8                                    to that request was Exhibit 5 and Exhibit 6 to  
9                                    your examination.

10                                   We did not receive emails  
11                                   between you and Preet Parmar concerning the  
12                                   proposal that you said you were making.

13                                   A.     It wasn't negotiation.  
14                                   It was her telling me what she said with Ahmed,  
15                                   which was concluded by this email.

16     322                            Q.     Okay.

17                                   A.     And the amount in here of  
18                                   3.2 million speaks to my understanding that this  
19                                   is the finalization or revision of the prior  
20                                   payment plan that included amounts disclosed on  
21                                   December 5th in the first payment plan bullet  
22                                   point.

23     323                            Q.     So, in the disclosure  
24                                   letter, the payment plan that is disclosed on  
25                                   page 199 of the record -- just turn back to it --

1           which speaks to monthly payments beginning in  
2           July 2023, your evidence was some payments were  
3           made and then payments stopped prior to the end of  
4           2023; correct?

5                           A.    No, payments did not  
6           stop.  We paid every monthly payment.

7   324                   Q.    Payments under the  
8           payment plan?

9                           A.    Yes, we made every  
10          payment under the payment plan.

11   325                   Q.    Okay.

12                           A.    And then that got us --  
13          this was done December 5th.

14                           If we then made the payment in  
15          December, it would get us below the 3 million bond  
16          amount that we had.

17                           At which point, Ahmed was  
18          able, then, to do an arrangement incorporating any  
19          additional interest or, I guess, this must have  
20          been small amounts of interest or whatever from  
21          those dates that are put in here, to get to the  
22          3.2 million.

23   326                   Q.    All right.

24                           I am going to ask for  
25          production of the emails, please, that

1 Mr. Bovingdon is referring to where he and  
2 Ms. Parmar are discussing the terms of this  
3 proposal?

4 U/T MR. BLINICK: I think his  
5 evidence is that he recalls having some  
6 discussions and there may have been some emails  
7 exchanged.

8 So we will undertake further  
9 searches and, to the extent there are relevant  
10 responsive communications, we will produce them.

11 MR. WINTON: Thank you.

12 BY MR. WINTON:

13 327 Q. Can we please have  
14 production of the B300 returns for BZAM Management  
15 Inc. for the period of August 2023 through  
16 November 2023?

17 U/A MR. BLINICK: We will take it  
18 under advisement.

19 MR. WINTON: Let's take a  
20 break. Maybe another ten minutes. See how much I  
21 have to do. We are almost done.

22 --- Upon recess at 12:16 p.m.

23 --- Upon resuming at 12:36 p.m.

24 MR. WINTON: Thank you very  
25 much, Mr. Bovingdon, for your attendance here



1           today. I appreciate your answers to my questions.  
2           That concludes my examination of you.

3                                   THE WITNESS: Okay. Thank  
4           you.

5                                   MR. WINTON: And there's no  
6           re-exam?

7                                   MR. BLINICK: There will be no  
8           re-examination.

9                                   MR. WINTON: So that's the  
10          conclusion of the examination. Thank you.

11                                  MR. BLINICK: Thank you,  
12          Mr. Bovingdon.

13                                  We can go off the record.  
14          --- Whereupon matter adjourned at 12:36 p.m.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

B E T W E E N:

**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  
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM  
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN  
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH  
ROAD HOLDING CORP. AND FINAL BELL CORP.**

Applicants

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**BZAM LTD.'S RESPONSES TO REDFERN REQUESTS OF FINAL BELL HOLDINGS  
INTERNATIONAL LTD.**

April 4, 2024

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## QUALIFICATIONS

1. Below are BZAM Ltd. ("**BZAM**")'s responses to the Redfern requests of Final Bell Holdings Inc. ("**Final Bell**"). Where documentation is responsive to multiple requests, it has only been produced once to avoid duplication. Where documentation already forms part of the record, it has not been produced again here.
2. Note that BZAM maintains confidentiality over certain documentation produced in response to the Redfern requests and reserves its rights to seek a sealing order over all such documentation to the extent Final Bell or any other party seeks to introduce it into the record. BZAM further relies upon the deemed undertaking rule with respect to all documentation and information produced in response to the Redfern requests of Final Bell, including as set out in Rule 30.1.01 of the *Rules of Civil Procedure*.
3. BZAM has not produced any documentation which is subject to any kind of privilege (solicitor client, litigation, etc.) and it does not, by the production of any documents contained herein or otherwise, intend to waive any privilege of any kind.

BZAM 'S RESPONSES TO REDFERN REQUESTS OF FINAL BELL

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Credit Available from Cortland</b>			
1.	All relevant correspondence between BZAM and Cortland concerning the potential renewal of the Cortland Credit Facility between November 1, 2023 and February 8, 2024.	Aff#1 of K. Jessel at para 22; Aff#1 of K. Adams at paras 23 to 31; Aff#1 of M. Milich at paras 80 to 86; Aff#3 of M. Milich at paras 67-73	Final Bell alleges BZAM misrepresented the risk of the Cortland Credit Facility not being extended and that it relied on the availability of this credit in entering the SEA. BZAM denies it made any misrepresentation, stating it had no reason to believe the Facility would not be extended. Final Bell is entitled to know what documents in BZAM's possession they rely on to support its defence.	<p>Correspondence between BZAM and Cortland concerning the potential renewal of the Cortland Credit Facility between November 1, 2023 and February 8, 2024 is enclosed. Note that the reference to "at that time" in the enclosed email from Rachael Andrew of Cortland dated December 13, 2023 is a typographical error, which should read "<i>at this time</i>", as demonstrated by the second sentence which specifically states that Cortland "would look to implement [the extension] in the future if TGOD requests an extension to the maturity date".</p> <p>There is no other correspondence that responds to this request #1 as BZAM did not need to, and did not, request an extension of the Cortland Credit Facility's maturity date throughout the noted time period. As set out in the affidavit of Matthew Milich sworn March 25, 2024 (the "<b>Milich Affidavit</b>"), and as reflected in the Cortland documents that Final Bell was provided as part of the due diligence process (including those contained in s. 3.2 of the data room), Cortland extended the maturity date of the Cortland Credit Facility four times previously. As further noted in the Milich Affidavit, at no point prior to February 2024 did BZAM have any reasonable basis to believe that the Cortland Credit Facility would not be extended again. Cortland also never declined or refused to extend the Cortland Credit Facility. Rather, since the Facility was due to mature (or be extended) in March 2024 – a fact well-known to Final Bell – and BZAM entered CCAA proceedings in February 2024, the possibility of extending the facility past March 2024 was superseded by intervening events.</p>

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
2.	All relevant documentation in BZAM's power, possession and control including, but not limited to, notes and memoranda, concerning or relating to the potential renewal of the Cortland Credit Facility, between November 1, 2023 and February 8, 2024.	Aff#1 of K. Jessel at para 22; Aff#1 of K. Adams at paras 23 to 31; Aff#1 of M. Milich at paras 80 to 86; Aff#3 of M. Milich at paras 67-73	See #1	There are no documents that responds to this request that have not already been produced. See response to request #1, above. Also see response to request # 3, below, together with the associated enclosures.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
3.	All relevant documents in BZAM's power, possession, or control, including any emails and/or notes of oral discussions, concerning the alleged oral representation referred to in paragraph 73 of Aff#3 of M. Milich.	Aff#3 of M. Milich at para 73	Final Bell alleges BZAM misrepresented to it the availability of credit under the Cortland Credit Facility and that this informed its decision to enter the SEA. BZAM denies this, and Mr. Milich claims that he "explained to Mr. Adams at the time" that the availability of credit is dependent on available collateral (accounts receivable) to borrow against. The evidence of any such disclosure by Mr. Milich should be produced.	<p>Section 3.0 of the data room contained BZAM's "Corporate Finance" documents. Within the Corporate Finance section of the data room, section 3.2 contained BZAM's "Borrowing Documents". Within section 3.2 of the Borrowing Documents section of the data room was a subfolder containing the Cortland Credit Agreements (including all amendments thereto) as at that time. All of the documents in the Cortland Credit Agreements folder in the data room are reproduced and enclosed again here.</p> <p>At its request, Final Bell's counsel was also provided with the then-current draft of the SARCA (as defined in the Milich Affidavit) that was ultimately entered into in connection with the FBC Acquisition. A copy of the correspondence between BZAM and counsel for Final Bell dated December 14, 2023 enclosing the draft SARCA is also enclosed.</p> <p>The Cortland Credit Agreements clearly set out that the revolving facility limit is dependent on having sufficient collateral to borrow against and is specifically circumscribed by, among other things, the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable (as such terms are defined in the Cortland Credit Agreements).</p> <p>Final Bell was familiar with the terms of the Cortland Credit Agreements, including those relating to the capacity available under the revolving portion of the Facility (such as the definition of "Revolving Facility Limit" and the other definitions incorporated therein by reference). As noted in the Milich Affidavit, this was not only set out directly in the Cortland Credit Agreements but it was also specifically explained to Mr. Adams in oral discussions between Mr. Milich and Mr. Adams.</p>

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Cash Flow and Financial Status in January 2024</b>			
4.	Any <i>pro forma</i> cash flow statements or other <i>pro forma</i> financial statements prepared between January 1 and February 9, 2024 in BZAM's power, possession or control.	Aff#3 of M. Milich at paras. 95-96	BZAM claims that its cash flow deteriorated rapidly in January 2024 and refers to two contemporaneous cash flow statements. Contemporaneous pro forma cash flow statements over a broader period will reveal its accounting department's internal cash flow projections during the relevant period.	See enclosed. Also see responses to requests #10 and #21, below.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Spreadsheet and PowerPoint</b>			
5.	BZAM's engagement letter with Clarus, and any other documents relevant to the establishment of Clarus' role, responsibilities, and mandate concerning the SEA transaction.	Aff#1 of K. Adams at para 12; Aff#3 of Milich at paras 29 to 30, 53 to 54, 58, 63, 104	BZAM provided Clarus work product to Final Bell as part of the due diligence process that Final Bell alleges misrepresented BZAM's forward-looking financial position. BZAM attempts to distance itself from Clarus' work product and claims Final Bell should not have relied on it. The nature of Clarus' mandate with Final Bell as part of the FBC sale, including the purpose for which Clarus was engaged / its work product was sought, is probative of the reasonableness of Final Bell's reliance.	See enclosed.



<p>6.</p>	<p>All relevant correspondence between BZAM’s directors, officers, and agents, and Clarus concerning the purpose and preparation of the “BZAM/FB Spreadsheet”, the “Project Tower PowerPoint”, and any other relevant forward-looking <i>pro forma</i> models shared by BZAM with Final Bell.</p>	<p>Aff#1 of K. Adams at para 12; Aff#3 of Milich at paras 29 to 31, 53 to 54, 58, 63, 104</p>	<p>BZAM provided the “Project Tower PowerPoint” and “BZAM/FB Spreadsheet” to Final Bell as part of the SEA due diligence process. Final Bell relied on the forward looking information about a post-integration BZAM/FBC, which was prepared by Clarus, contained therein. BZAM claims it was unreasonable for Final Bell to rely on this information “at all”. If BZAM’s position is that this information should not have been relied on, Final Bell is entitled to know what BZAM and Clarus’ views of the material were—including its purpose.</p>	<p>See enclosed.</p>
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No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
7.	All of BZAM's relevant internal correspondence concerning or relating to the preparation and purpose of the "BZAM/FB Spreadsheet", "Project Tower PowerPoint", the "BZAM Standalone" spreadsheet, and the forward looking cash flow statements contained therein.	Aff#1 of K. Adams at para 12; Aff#3 of Milich at paras 29 to 31, 53 to 54, 58, 63, 104	BZAM provided the "Project Tower PowerPoint", the "BZAM/FB Spreadsheet", and the "BZAM Standalone" spreadsheet to Final Bell as part of the SEA due diligence process. Final Bell relied on the forward-looking information contained therein. BZAM claims it was unreasonable for Final Bell to rely on this information "at all". Final Bell is entitled to understand BZAM's views of this material, including the intended purpose in providing it to Final Bell.	See enclosed. Also see responses to #5 and #6, above.

<p>8.</p>	<p>Any document not already in the record that BZAM intends to rely on at the hearing to support its allegation that Final Bell should not have relied on the forward-looking information prepared for/by BZAM and shared with Final Bell as part of the due diligence process.</p>	<p>Aff#3 of M. Milich at paras 29-31, 51</p>	<p>See #6-7          BZAM faults Final Bell for relying on forward-looking material it shared with BZAM, suggesting Final Bell should not have relied on this information "at all". Final Bell is entitled to understand why BZAM considers Final Bell's reliance unreasonable, despite being provided this material as part of the SEA due diligence, including any warnings by BZAM to this effect.</p>	<p>This request for documents misdescribes the nature of the <i>pro forma</i> models at issue and also mischaracterizes BZAM's evidence regarding those models.</p> <p>Paragraphs 29-30 of Mr. Milich's affidavit describe the models at issue. As stated in paragraph 29 of Mr. Milich's affidavit, the <i>pro forma</i> combined model was prepared by Clarus for BZAM "based on standalone models for each company, <b><u>including the model for FBC that Final Bell had prepared and provided to BZAM.</u></b>" As such, the request for documents is based on false premises, including that the forward-looking information was prepared by BZAM (or for BZAM by Clarus), when it was Final Bell who prepared the standalone model for FBC that formed part of the basis for the <i>pro forma</i> combined model prepared by Clarus for BZAM.</p> <p>Further, at paragraph 31 of Mr. Milich's affidavit, he testifies that "<b><u>At no time did BZAM represent</u></b> that these models should be exclusively relied upon by Final Bell, or relied upon at all. Moreover, in my experience, models of this nature containing forward-looking projections are commonly exchanged in advance of potential M&amp;A transactions. <b><u>Given that actual results invariably differ from forecasted projections, receiving parties will typically heavily scrutinize models, perform their own sensitivity analysis, and perform other appropriate due diligence.</u></b>"</p> <p>Paragraph 51 of Mr. Milich's affidavit states: "Despite having knowledge of BZAM's financial condition, the material uncertainty it would be able to continue as a going concern, its ongoing need for continued capital injections (including from Stone Pine), and the performance of its shares in the capital markets, it appears from the Final Bell Affidavits that Final Bell is now remarkably asserting it effectively ignored or disregarded all of this information and, instead, purportedly took comfort entirely in a pro forma combined model based on various assumptions (including forward-looking assumptions about FBC), and other representations allegedly made, before the Share Exchange Agreement was signed, which form no part of the Share Exchange Agreement."</p> <p>BZAM provided Final Bell with documents as and when it requested them. The models provided by BZAM to Final Bell were provided to Final Bell at Final Bell's request.</p>
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No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
				<p>The models prepared by Clarus for BZAM were intended for BZAM's own use; not for use by Final Bell.</p> <p>See the documents already in the record (e.g., the Milich Affidavit and the exhibits thereto) and the documents produced in response to other Redfern requests for further information and documentation that respond to this request.</p>

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
9.	The spreadsheet that Matthew Milich showed at the February 8, 2024 BZAM board meeting.	Aff#1 of K. Jessel at paras 32-33; Aff#3 of M. Milich at paras 100-102	Final Bell alleges that Matthew Milich shared and relied on an excel spreadsheet at the February 8, 2024 BZAM meeting to explain the funding gap and excise tax liability. Final Bell is entitled to this spreadsheet given its close relationship to the events ultimately leading BZAM to file for CCAA protection.	See enclosed.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Funding Gap and Tax Liability</b>			
10.	All relevant internal correspondence at BZAM between January 8 and February 8, 2024, concerning BZAM's alleged "funding gap" and "excise tax liability" referred to in paragraphs 94 to 104 of Aff#3 of M. Milich.	Aff#1 of K. Jessel at paras 30 to 38; Aff #3 of Milich at paras 94 to 104	Final Bell claims that BZAM misrepresented the status of its financial position ahead of the execution of the SEA. BZAM denies this, and claims that the additional excise tax liability and funding gap—which contributed to its need for CCAA restructuring—were discovered after the execution of the SEA. Final Bell is entitled to the correspondence concerning these issues, which will reveal when they were first discovered or became problematic.	See enclosed. Also see response to #21, below.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
11.	All relevant correspondence between Sean Bovingdon, on the one hand, and Matthew Milich and/or representatives of Clarus, on the other, concerning the BZAM financial information provided to Final Bell during the due diligence period.	Aff#1 of K. Adams at paras 11 to 12, 17, 22, 24 to 25, 29, 33 to 38, 48	Final Bell alleges that Mr. Bovingdon, BZAM's CFO at the time the SEA was negotiated and closed, made multiple misrepresentations to Final Bell that Final Bell relied on in entering the SEA. BZAM did not adduce any evidence of Mr. Bovingdon. Final Bell is entitled to documentary evidence involving its CFO whom it alleges made the misrepresentations.	See responses to #6 and #7, above.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
12.	Sean Bovingdon's consulting agreement with BZAM.	Aff#1 of K. Adams at paras 11 to 12, 17, 22, 24 to 25, 29, 33 to 38, 48	See #10-11  Given Mr. Bovingdon's central role in this litigation and the murky circumstances of the termination of his role as CFO in January 2024, Final Bell is entitled to know the terms by which he continues to receive compensation from BZAM as a "consultant".	See enclosed.



No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
13.	Internal BZAM communications/documents concerning Sean Bovingdon's resignation from BZAM and the reasons for doing so.	Aff#1 of K. Adams at paras 11 to 12, 17, 22, 24 to 25, 29, 33 to 38, 48	See #10-11 If Mr. Bovingdon's resignation was related to performance issues, this would be probative of Final Bell's claim that BZAM's CFO made misrepresentation that he either knew were false or that he was recklessness in making during the negotiations and closure of the SEA.	See enclosed.

<p>14.</p>	<p>All relevant correspondence and documents to or from Bassam Alghanim concerning the SEA from October 2023 to the present.</p>	<p>Aff#1 of K. Adams at paras 11 to 12, 17, 22, 24 to 25, 29, 33 to 38, 48; Aff#1 of K. Jessel at paras 27 to 53</p>	<p>Bassam Alghanim is BZAM's Chairman and largest shareholder. He is also the stalking horse bidder in this CCAA proceeding through a numbered company, and previously funded BZAM through Stone Pine—which he now allegedly refuses to continue. Given Bassam's central role in BZAM and this proceeding, Final Bell is entitled to know what information he received related to the SEA, what his views and instructions concerning Final Bell, FBC, or the SEA were, and what he understood was being represented to Final Bell ahead of the SEA's closure.</p>	<p>See enclosed.</p>
<p>15.</p>	<p>All relevant correspondence to which M. Milich, S. Bovingdon, and/or B. Alganim, or any one of them, are</p>	<p>Aff #1 of K. Adams at paras 32 to 47; Aff #3 of M. Milich at paras 74 to 75; Aff #1 of M.</p>	<p>This liability contributed to BZAM's insolvency.</p>	<p>There is no relevant correspondence that responds to this request. As set out in the Milich Affidavit, the increase in excise tax was a natural consequence of operating the business in the ordinary course.</p>

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	included (sent, received, cc'd, bcc'd), concerning the \$2.7 million increase in excise tax arrears referenced at paragraph 62 of Milich's Affidavit #1 and paragraphs 74 to 75 of Milich's Affidavit #3.	Milich at paras 60 to 64	Final Bell alleges that the details of BZAM's excise tax liability were misrepresented ahead of the execution of the SEA. BZAM denies this, insisting the increase is purely normal course and occurred after the transaction closed. Final Bell is entitled to know the details of this increase, including when and why it occurred.	
16.	All relevant documentation concerning the negotiation of the temporary payment plan BZAM's subsidiary entered into on February 2, 2024 in which it agreed to pay the CRA \$164,474 monthly in excise taxes.	Aff#1 of K. Adams at paras 32 to 47; Aff#3 of M. Milich at paras 74 to 75	See #15	See enclosed.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
17.	All correspondence to which M. Milich, S. Bovingdon, and/or B. Alghanim, or any one of them, are included (sent, received, cc'd, bcc'd) concerning BZAM's expectation that the intercompany transfer referenced at paragraph 76 of Aff#3 of M. Milich would not have tax consequences.	Aff#1 of K. Adams at paras 32 to 47; Aff#3 of M. Milich at para 76; Aff#1 of M. Milich at para 63	See #15	There is no relevant correspondence that responds to this request.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Alleged Integration of FBC and BZAM</b>			
18.	Documents recording the names and positions of the over 60 positions allegedly reduced at BZAM/FBC referenced in paragraph 93(a) of Aff#3 of M. Milich.	Aff#3 of M. Milich at para 93	Final Bell seeks to rescind the SEA. BZAM resists this relief, arguing that BZAM and FBC have irrevocably integrated and that this is no longer possible. BZAM offers no supporting evidence on this point, relying solely on Mr. Milich's testimony. Final Bell is entitled to the supporting documentation, if it exists.	See enclosed. Note that last names (other than first and last initials) have been redacted for privacy reasons.
19.	Documents identifying the SKUs allegedly delisted or discontinued by BZAM/FBC referenced in paragraph 93(b) of Aff#3 of M. Milich.	Aff#3 of M. Milich at para 93	See #18	A document identifying the number of SKUs delisted or discontinued with the Ontario Cannabis Store, as referenced in paragraph 93(b) of the Milich Affidavit, is enclosed. BZAM is working on providing further documentation identifying the particular SKUs that have been delisted or discontinued, and any such documentation will be provided under separate cover.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
	<b>Alternatives to CCAA Proceeding</b>			
20.	The updated cash flow statement referenced at para 96 of Aff#3 of M. Millich.	Aff#3 of M. Milich at para 96	BZAM suggests that as of January 14, it anticipated needing only \$720,000 over an 8- to 12-week period. However, at some later date, an “updated cash flow” was prepared showing a deficit of 3.36 million over a 12-week time horizon. This preceded BZAM’s decision to apply under the CCAA. Final Bell is entitled to see this document give its centrality to the CCAA proceeding and BZAM’s reliance on it to disclaim any misrepresentations.	See enclosed. Also see response to #4, above.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
21.	All relevant correspondence or documents in BZAM's power, possession and control concerning the internal review of cash flow statements referenced at Aff#3 of M. Milich and the "certain material issues with the cashflow" that were identified.	Aff#3 of M. Milich at para 98	BZAM alleges it did not consider restructuring until after the transaction closed, and that it discovered its cashflow issues at or around the same time. Given the centrality of these issues to Final Bell's allegations, Final Bell is entitled to understand what "material issues with the cashflow" that were identified and when.	See enclosed. Also see response to #10, above.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
22.	All relevant correspondence to or from Bassam Alghanim concerning BZAM's CCAA proceeding, including BZAM's decision to apply for CCAA protection and the alternatives that were considered and rejected.	Aff#3 of M. Milich at para 99	BZAM alleges that it did not consider restructuring until after the SEA closed, and that its decision was influenced by Stone Pine's decision to not provide additional funding. Final Bell is entitled to communications or documents concerning Stone Pine / its principal's decision to not provide additional funding as this will reveal when BZAM knew it faced a cashflow issue, which in turn is relevant to Final Bell's alleged misrepresentations.	See enclosed.
23.	All relevant correspondence/documents to or from Bassam Alghanim / representatives of Stone Pine concerning Stone Pine's decision to not provide additional funding to BZAM.	Aff#3 of M. Milich at para 99	See # 22	There are no relevant documents that respond to this request that have not already been produced.



No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
24.	Any board packages delivered to BZAM's board of directors concerning BZAM's decision to apply for CCAA protection and alternatives that were considered and rejected.	Aff#1 of K. Jessel at paras 27 to 46; Aff#3 of M. Milich at paras 94 to 104	BZAM claims it considered and rejected alternatives to a CCAA proceeding, and that it only realized CCAA protection would be necessary after the SEA closed. The nature, substance, and timing of documents concerning BZAM's decision to apply for CCAA is relevant to and probative of Final Bell's allegation that BZAM misrepresented its financial position at the time the SEA was negotiated and entered.	See enclosed.
25.	All relevant correspondence to or from Matthew Milich concerning BZAM's alternatives to BZAM filing for CCAA protection.	Aff#1 of K. Jessel at paras 27 to 46; Aff#3 of M. Milich at paras 94 to 104	See #24	There are no relevant documents that respond to this request that have not already been produced.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
26.	Documents concerning the drafting and approval of the meeting minutes attached as Exhibits "JJ", "LL", and "MM" to Aff#3 of M. Milich.	Aff#3 of M. Milich at para 97	It is in dispute what the nature of the various BZAM meetings was and what was discussed. Final Bell is entitled to know the circumstances surrounding the creation and approval of the minutes of these meetings.	There are no relevant documents that respond to this request that have not already been produced.

No.	Document(s) or Category of Documents Requested by Final Bell	Relevance according to Final Bell		BZAM's Response to Final Bell's Document Request
		Record Reference	Comments	
27.	Any correspondence between M. Milich and B. Alghanim sent or received between February 8, 2024 and March 1, 2024, concerning the terms of the Stalking Horse Bid.	Aff#1 of K. Jessel at para 30; Aff#1 of M. Milich at paras 149-150; Aff# 3 of M. Milich at para 99.	BZAM claims that it was driven to seek CCAA protection in part due to Stone Pine's refusal to provide further funding. The principal of Stone Pine is now the stalking horse bidder in the CCAA proceeding through a numbered company. Discussions concerning the decision to put in a stalking horse bid are probative of BZAM's earlier awareness of its true financial position and the degree to which alternatives to a CCAA proceeding were considered and rejected.	There are no relevant documents that respond to this request that have not already been produced.

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  
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC.,  
102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD  
HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**BZAM LTD.'S RESPONSES TO REDFERN REQUESTS  
OF FINAL BELL HOLDINGS INTERNATIONAL LTD.**

**BENNETT JONES LLP**

3400 One First Canadian Place  
P.O. Box 130 Toronto, Ontario M5X 1A4

**Sean Zweig** (LSO# 57307I)

Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com)

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**Mike Shakra** (LSO# 64604K)

Email: [shakram@bennettjones.com](mailto:shakram@bennettjones.com)

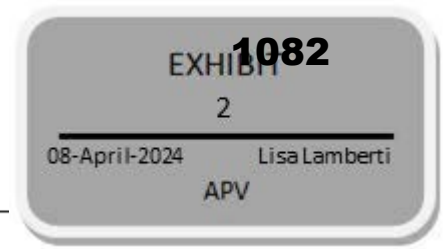
**Tom Feore** (LSO# 82456H)

Email: [feoret@bennettjones.com](mailto:feoret@bennettjones.com)

Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the BZAM Ltd. and the other Applicants



*Without Prejudice*

**Personal and Confidential  
Hand Delivered**

**Sean Bovingdon  
269 Beechfield Rd  
Oakville, ON L6J 5H9  
Canada**

January 24, 2024

Dear Sean,

Reference is made to your Executive Employment Agreement dated November 3, 2022, as amended by that certain Addendum Agreement dated March 1, 2023 (together, the "Employment Agreement"). Defined terms used herein without definition shall have the meaning set out in the Employment Agreement.

This letter confirms the mutual agreement between BZAM Ltd. (the "Company") and you that the term of your employment with the Company will end on April 30, 2024 (the "Effective Date"), unless amended by mutual written agreement.

The Company will pay you all outstanding wages, and outstanding reimbursable expenses incurred to the Effective Date, and any accrued but unused vacation to the end of the 5-week statutory notice period as required by the ESA (i.e., June 4, 2024) in accordance with the Company's standard payroll timing and processes.

- 1) The Company will provide you a severance payment equal to twelve (12) months Base Salary, payable as set out in #3 below.
- 2) The Company will pay you:
  - a. A prorated annual bonus for the fiscal year of 2024 in the amount of \$8,432.88; and
  - b. An annual bonus for the notice period of April 30, 2024 – April 30, 2025, paid at Target of 45% of Base Salary, and weighted as 90% corporate achievement (based on the Company's actual corporate achievement for 2024) and 10% individual achievement (based on 100% individual achievement), payable as set in #3 below.
- 3) The amounts set out in #1 and #2 above shall be paid in eight (8) installments as per the following:

- a. April 30, 2024: \$8,432.88 (Prorated Bonus Payment)
  - b. May 31, 2024: \$50,000
  - c. June 28, 2024: \$50,000
  - d. July 31, 2024: \$50,000
  - e. August 30, 2024: \$50,000
  - f. September 30, 2024: \$50,000
  - g. October 31, 2024: \$50,000
  - h. December 13, 2024: Notice Period Bonus Payment
- 4) Your group medical and dental coverage will continue until the earlier of June 30, 2024, or the date you commence benefits coverage with another employer. After that date, your extended health care and dental benefits will be terminated. You agree to promptly notify the Company upon you obtaining alternative benefits coverage.
- 5) *Confirmation of employment.* The Company will provide you with a letter confirming your employment with the Company in a form acceptable to the Company, should one be requested.

The offer set out above is subject to the following terms and conditions:

- a) ***Non-Disparagement.*** You will undertake and agree not to, directly or indirectly, disparage or slander the Company or any of its shareholders, affiliates, subsidiaries or any of its or their employees, officers or directors, at any time. You will refrain from making any oral or written remarks about the Company, its business or any of the Company's current or former affiliates, subsidiaries, directors, employees, consultants and advisors that are untrue, defamatory, disparaging, or otherwise derogatory or that would impair the goodwill or reputation of the Company. You acknowledge that the Company reserves all rights it has under law to enforce this Section and to seek all remedies available to it in the event of breach of this Section.
- b) ***Confidentiality.*** You will undertake and agree to comply with your on-going duty to keep in strict confidence all confidential information belonging to the Company and learned by you in connection with your employment with the Company including, without limitation, information concerning the Company's products, processes, strategy, services, sales, finances, suppliers and customers (including without limitation their names, addresses, pricing, preferences and affairs), any information pertaining to the skills or compensation of other employees of the Company, and any intellectual property, whether or not it is subject to protection under patent or copyright laws.
- c) ***Return of Property.*** You will return to the Company all property relating to or belonging to the Company including, without limitation, any computers, laptops, computer software, cameras, cell phones, printers, credit cards, keys, access cards, passwords, and any other documents or information and all copies thereof, in any format whatsoever, including electronic format, that is in your possession or control.
- d) ***Confidentiality of the Offer.*** You will agree that this offer is confidential and may only be disclosed as specifically required by law, or to your immediate family and professional

advisors on the condition that they undertake in advance to maintain this information in confidence.

- e) **Statements to the Media.** You agree not to make any public statements or statements to the media regarding your departure from the Company.

This offer is provided to you in full and final satisfaction of your entitlements to notice of termination or payment in lieu thereof, severance pay, and any other payments or benefits under contract (including but not limited to the Employment Agreement), the applicable provincial law, and common law.

You may have the option of converting certain of your group insurance policies to private coverage upon termination of these benefits. Please note that you are solely responsible for arranging a timely conversion of your benefits or obtaining replacement benefit coverage, if you choose to do so.

Your Record of Employment (“ROE”) will be submitted electronically through the Service Canada ROE website.

In accordance with the Company’s Share Option Plan, you will have ninety (90) days from the Effective Date to exercise any share options you hold that are vested as of the Effective Date. Any share options you hold that are unvested as of the Effective Date shall be terminated in accordance with the Share Option Plan. In accordance with the Company’s Restricted Share Unit Plan, any RSUs you hold that are unvested shall terminate on the Effective Date.

When accepted by you, this letter will constitute the entire agreement between you and the Company on these matters. This offer does not in any way restrict (i) the obligations contained within the Employment Agreement (including, but not limited to your confidentiality, intellectual property, non-competition, non-solicitation and non-disparagement obligations), nor (ii) the implied obligations that you owe the Company at law, in equity or otherwise. We recommend that you obtain independent legal advice before signing this letter.

Any dispute between the parties in respect of this separation agreement and/or the attached release shall be exclusively determined by final and binding arbitration before a sole arbitrator selected by the parties in accordance with the *Arbitration Act, 1991*, SO 1991, c. 17. The arbitrator shall determine the procedure related to the arbitration and the arbitrator’s fees shall be paid by the Company.

Please return one original signed letter to the Company to **Seth Mitchell, VP, People and Culture** and keep one original for your records.

Thank you for your contribution to the Company. Please accept our best wishes for your future endeavors.

Yours very truly,

A handwritten signature in black ink, appearing to be 'Seth Mitchell', written over a horizontal line.

Seth Mitchell,  
VP, People & Culture  
BZAM Ltd.  
Cc: Employee File



**Acknowledgement and Acceptance**

I have read, understand and agree with the terms and conditions set out in the above letter, including, without limitation, the obligation to notify the Company upon obtaining alternative employment. I have freely considered the offer and I have obtained whatever advice I have thought necessary.

Sean Bovingdon  
**Sean Bovingdon**

24-Jan-2024  
Date

### **Full and Final Release**

I, Sean Bovingdon, in consideration of the benefits described in the termination letter (the “Letter”) dated January 24, 2024 from BZAM Ltd. (the “Company”), the sufficiency of which is hereby acknowledged, hereby release and forever discharge the Company and its affiliates, related companies, parents, divisions, subsidiaries, predecessors, successors and assigns, and its and their respective current and former officers, directors, employees, agents, owners, advisors, administrators and insurers (hereinafter collectively referred to as the “Releasees”) from all actions, causes of action, suits, debts, demands, covenants, complaints, contracts, claims and torts (both intentional and unintentional) whatsoever that I ever had, now have, or which I may hereafter have for or by reason of any cause, matter or thing whatsoever existing up to the present time, relating to my employment with the Company or the termination of such employment with the Company, whether pursuant to statute, tort, contract (including but not limited to the employment agreement between myself and the Company, effective November 3, 2022 and amended by the Addendum Agreement dated March 1, 2023), common law or otherwise. I also agree not to make or continue any claim in respect of the claims released against any person, corporation or other entity who or which might claim contribution or indemnity from the Releasees.

I have not relied on any representations, promises, or agreements of any kind made to me in connection with my decision to accept the consideration referred to herein except for those set forth in the Letter.

Without limitation, I specifically covenant, represent and warrant to the Releasees that I have no claim against the Releasees arising out of my employment or the termination of such employment including, without limitation, any claims for pay, notice of termination, pay in lieu of such notice, severance pay, expenses, bonus, incentive plan, profit sharing plan, vacation pay, overtime pay, interest, group insured health, medical, retirement savings, or any other payments or benefits under any and all applicable Canadian or provincial law or other applicable human rights legislation in respect of my employment and/or the termination of such employment and I further represent that I have not made, nor will I make or continue to make a complaint against any or all of the Releasees in respect of the any applicable Human Rights legislation or other applicable human rights laws. If I should hereafter make or continue to make any claim or demand or commence or threaten to commence any action, claim, complaint, application or proceeding against the Releasees or any one or more of them for or by reason of any cause, matter or thing, this document may be raised as an estoppel and complete bar to any such claim, demand, action, proceeding or complaint.

I expressly acknowledge that the consideration referred to herein and set out in the Letter shall not in any way be deemed to constitute an admission of any liability by the Releasees and any such liability is expressly denied.

I expressly declare that I have no claim of any nature or kind to any entitlement whatsoever arising under or from any group health insurance policy maintained by the Company for the benefit of its employees.

I agree not to make any claim or take any proceeding against any person or corporation who might claim, pursuant to the provisions of any applicable statute or otherwise, contribution or indemnity from the Releasees.

I further covenant and agree to save harmless and indemnify the Releasees and to repay any overpayment in respect of all claims, charges, taxes, penalties or demands that may be made: by the Canada Revenue Agency requiring the Releasees to pay income tax, charges, overpayment, taxes or penalties under the *Income Tax Act* (Canada) or other applicable tax legislation in respect of income tax payable by me in excess of income tax previously withheld; or in respect of any and all claims, charges, overpayment, taxes or penalties and demands that may be made on behalf of or related to Employment Insurance or the Canada Pension Plan under applicable statutes and regulations with respect to any amounts that may in the future be found to be payable by the Releasees on my behalf.

I expressly declare that I have been given sufficient time to consider the Letter and this Release and to seek independent legal or other advice. I voluntarily accept the terms and conditions of the Letter and Release for the purpose of making full and final compromise, adjustment and settlement of all claims that I have or may have against the Releasees relating to my employment with the Company or the termination of such employment. I acknowledge that no representation of fact or opinion, threat or inducement has been made or given by the Releasees to induce the signing of this Release.

This Release shall be deemed to have been made in and shall be construed in accordance with the laws of applicable province.

**AND THE UNDERSIGNED ACKNOWLEDGES** having had an adequate opportunity to read and consider this Full and Final Release and to obtain such advice in regard to it as the undersigned considered advisable.

**IN WITNESS WHEREOF** I have hereunder set my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_ 2024. 24-Jan-2024

**ACCEPTED AND AGREED** to as of 24-Jan-2024 \_\_\_\_\_

**Date**

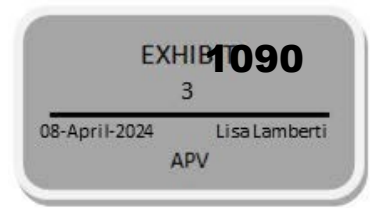
Sean Bovingdon \_\_\_\_\_

**Employee Name**

Sean Bovingdon \_\_\_\_\_

**Signature**





## CONSULTING AGREEMENT

This Consulting Agreement (the “**Consulting Agreement**”) is entered into by and between Sean Bovingdon (the “**Consultant**”) and BZAM Ltd. (the “**Company**”)

WHEREAS the Company desires to retain the Consultant to provide consulting services, upon the terms and conditions hereinafter set forth

NOW THEREFORE in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

### Article 1

**1.1 Term.** The term of this Consulting Agreement shall commence on February 29, 2024 and shall continue for a period of three calendar months thereafter, automatically ending at the close of business on May 31, 2024 (the “**Termination Date**”), unless earlier terminated in accordance with Section 10 below (the “**Term**”). The parties may amend the Termination Date by mutual written agreement.

### Article 2 Services

- 2.1** The Consultant shall provide to the Company financial consulting services akin to the services previously performed by the Consultant in support of the Company’s incoming chief financial officer and any other services as may be agreed to by the Consultant and the Company from time to time (the “**Services**”). The provision of the Services hereunder will render the Consultant an Officer of the Company during the Term of this Consulting Agreement and upon the expiration or earlier termination of this Consulting Agreement for any reason, the Consultant will be deemed to have immediately resigned any position the Consultant may have, including as an officer, of the Company and of any of its subsidiaries.
- 2.2** The Consultant shall determine the manner or means by which he performs the Services for the Company. The Consultant shall not delegate or assign the performance of the Services to any other person without the prior written consent of the Company's Chief Executive Officer, but may liaise with employees and other representatives of the Company as required in the provision of the Services.
- 2.3** Subject to Section 2.4 below, the Consultant shall furnish, at his own expense, the equipment, supplies, tools and other materials used to perform the Services.
- 2.4** The Company shall provide the Consultant with access to its premises, a Company-issued laptop and other equipment to the extent necessary for the Consultant’s performance of the Services. The Consultant shall comply with all applicable policies and procedures of the Company relating to the Company’s business, including those related to occupational health and safety and to use of

the Company's facilities, supplies, information technology, equipment, networks and other resources.

- 2.5 The Consultant shall make himself available for consultation with the Company at such times and places as are mutually agreeable to the parties.

### **Article 3 Independent Contractor Relationship**

- 3.1 The Consultant is and shall remain at all times an independent contractor and not an employee or dependent contractor of the Company and is not entitled to the rights and benefits afforded to the Company's employees, including participation in any of the Company's group insurance plans or eligibility to receive vacation pay and overtime pay. Nothing in this Consulting Agreement shall be construed to create any association, partnership, joint venture, agency, or employment relationship between the Consultant and the Company, for any purpose, and neither party has the authority to contract for or bind the other party in any manner whatsoever.
- 3.2 The Consultant shall provide the Services to the Company on a non-exclusive basis, and shall be free to provide his services to third parties outside of the Company's industry during the Term of this Consulting Agreement provided that the Consultant shall not provide such services in a way that is inconsistent with any of the provisions of this Consulting Agreement, would constitute an actual or perceived conflict of interest with the Company or could otherwise adversely affect the interests of the Company or its subsidiaries. The Consultant agrees that if the Consultant is unsure if the provision of services to a third party during the Term of this Consulting Agreement would be a breach of this Section or any other section of this Consulting Agreement, the Consultant will first discuss same with the Company's Chief Executive Officer and obtain the written approval of the Company's Chief Executive Officer (which such approval may not be withheld unreasonably) before providing such services.
- 3.3 The Company shall have no liability or responsibility for withholding or remitting any income, payroll, or other federal or provincial taxes, including employment insurance remittances, Canada Pension Plan contributions, or employer health tax or worker's compensation insurance premiums for

the Consultant with respect to any remuneration provided to the Consultant hereunder. The Consultant is responsible for these withholding, remitting and registration obligations.

#### **Article 4 Remuneration**

- 4.1 In consideration of the provision of the Services by the Consultant, the Company shall pay the Consultant a fee at the rate of \$26,000.00 per calendar month during the Term, plus any applicable HST, and to be pro-rated for any partial calendar month of Services.
- 4.2 The Consultant shall have an HST registration number and shall be responsible for deducting and remitting HST to the appropriate regulatory authorities, if applicable. It is the Consultant's sole responsibility to determine if HST is applicable.
- 4.3 The Consultant shall submit to the Company satisfactory invoices for the Services, at the end of each calendar month during the Term. Payment by the Company shall be made to the Consultant within fifteen (15) ) calendar days after the Company's receipt of a satisfactory invoice.

#### **Article 5 Intellectual Property Matters**

- 5.1 The Company is and shall be the sole and exclusive owner of all right, title and interest throughout the world in and to all the results and proceeds of the Services performed under this Consulting Agreement (collectively, the "**Deliverables**"), including all patents, copyrights, trademarks, trade secrets and other intellectual property rights (collectively "**Intellectual Property Rights**") therein. The Consultant irrevocably assigns to the Company, all rights, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein.
- 5.2 The Consultant irrevocably and unconditionally waives all moral rights that the Consultant may now have or may have in the future relating to the Deliverables.
- 5.3 The Consultant shall make full and prompt disclosure to the Company of any inventions or processes made or conceived by the Consultant alone or with others during the Term, relating in any way to the Services, whether or not such inventions or processes are patentable and whether or not such inventions or processes are made or conceived during normal working hours or on the premises of the Company. The Consultant shall not disclose to any third party the nature or details of any such inventions or processes without the prior written consent of the Company.
- 5.4 Upon the reasonable request of the Company, the Consultant shall promptly take such further actions, including execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist the Company to prosecute, register, perfect, record or enforce its Intellectual Property Rights in any Deliverables.

#### **Article 6 Confidential Information**

- 6.1 The Consultant acknowledges that in the course of providing the Services, the Consultant may create and will have access to information that is treated as confidential and proprietary by the Company, including, without limitation, information pertaining to any Deliverables, in each case whether spoken, written, printed, electronic or in any other form or medium (collectively, the "**Confidential Information**").
- 6.2 The Consultant shall treat all Confidential Information as strictly confidential and only use the Confidential Information for the purpose of providing the Services. The Consultant shall not, without

the prior written authorization of the Chief Executive Officer of the Company, either during the Term or at any time after the expiration or earlier termination, as applicable, of this Consulting Agreement:

- (a) use any Confidential Information for the benefit or purposes of the Consultant or any other person, company or organization whatsoever; or
- (b) disclose any Confidential Information to any person, company or other organization whatsoever.

- 6.3** Confidential Information shall not include information that: (a) is or becomes generally available to the public other than through the Consultant's breach of this Consulting Agreement; (b) is communicated to the Consultant by a third party that had no confidentiality obligations with respect to such information; (c) is required to be disclosed by any law or court, provided that before disclosure is made, notice of the requirement is given to the Company by the Consultant where it is within the Consultant's control to provide such notice, and to the extent possible in the circumstances, the Company is afforded an opportunity to dispute the requirement; or (d) is permitted to be disclosed pursuant to applicable regulatory whistleblowing legislation.

## **Article 7**

### **Non Solicitation, No Conflict of Interest and Non Disparagement**

- 7.1** During the term of this Consulting Agreement and for a period of 12 months following the expiration or earlier termination, as applicable, of this Consulting Agreement, the Consultant shall not, on behalf of himself or others, make any solicitation to employ the Company's personnel without the prior written consent of the Chief Executive Officer of the Company. For the purposes of this clause, a general advertisement or notice of a job listing or opening or other similar general publication of a job search or availability to fill employment positions, including on the internet, shall not be construed as a solicitation or inducement, and the hiring of any such employees or independent contractor who freely responds thereto shall not be a breach of this clause.
- 7.2** The Consultant agrees during the term of this Consulting Agreement not to accept work or enter into a contract or accept an obligation inconsistent or incompatible with the Consultant's obligations under this Consulting Agreement or the scope of services rendered for the Company. The Consultant warrants that there is no other existing contract or duty on the Consultant's part inconsistent with this Consulting Agreement, and that, during the term of this Consulting Agreement, the Consultant will ensure that it will not have any duties or obligations to any other person or entity which would affect the Consultant's ability to comply with this Consulting Agreement, and that the Consultant will notify the Company's Chief Executive Officer immediately and in writing should any such duties or obligations arise during the term of this Consulting Agreement. The Consultant further agrees not to disclose to the Company, or bring onto the



Company's premises, or induce the Company or its personnel to use any confidential information that belongs to anyone other than the Company or the Consultant.

- 7.3 During the term of this Consulting Agreement and thereafter, the Consultant shall not, directly or indirectly, disparage or slander the Company or any of its shareholders, affiliates, subsidiaries or any of its or their employees, officers or directors.

## **Article 8 Representations and Warranties**

- 8.1 The Consultant represents and warrants that:

- (a) The Consultant has the right to enter into this Consulting Agreement, to grant the rights granted herein and to perform fully the Consultant's obligations in this Consulting Agreement;
- (b) The Consultant's performance of the terms of this Consulting Agreement and the engagement of the Consultant with the Company do not and will not breach any confidentiality, non-competition, non-solicitation, proprietary rights or other agreement entered into by the Consultant with any third party;
- (c) The Consultant has the required skill, experience, licences and qualifications to perform the Services;
- (d) The Consultant shall perform the Services in a professional and workmanlike manner in accordance with best industry standards for similar services, and in compliance with all applicable federal, provincial, territorial and municipal laws and regulations. The Consultant will comply with all policies and procedures of the Company which are provided to the Consultant and which are applicable to the Services;
- (e) The Consultant shall devote such time, attention and energy as is necessary to perform the Services and implement and comply with its obligations under this Consulting Agreement;
- (f) The Consultant acknowledges and agrees that: (i) the compensation paid to Consultant under this Agreement is for and in consideration of the Services only, and imposes no obligation, express or implied, on the Consultant to purchase, prescribe, recommend, or arrange for the purchase or prescription of the Company's or any other party's products or services, nor does the compensation paid for Services hereunder represent remuneration for any past or future purchase of such products or services; and (ii) the Consultant

confirms that the compensation paid for Services hereunder does not exceed a fair market value for the Services provided.

- 8.2** The Company represents and warrants that:
- (a) The Company has the full right, power and authority to enter into this Consulting Agreement and to perform its obligations hereunder; and
  - (b) The execution of this Consulting Agreement by its representative's signature is set forth at the end of this Consulting Agreement has been duly authorized by all necessary corporate action.

## **Article 9 Insurance & License**

- 9.1** During the term of this Consulting Agreement, the Consultant shall have and maintain in good standing: (a) any compulsory worker's compensation and insurance account with the applicable provincial workers' compensation board; and (b) his professional license and designation.

## **Article 10 Termination**

- 10.1 Termination for Cause.** Either party may terminate this Consulting Agreement before the Termination Date, effective immediately for cause, without advance notice or payment or damages in lieu of such notice, except that the Company will provide the Consultant with only the base fees accrued and owing to the Consultant up to and including the effective termination date, upon the Consultant's provision of an invoice. Without restricting the generality of the foregoing, "cause" includes a material breach of the provisions of this Consulting Agreement.
- 10.2 Termination for Convenience.** Either party may terminate this Consulting Agreement for convenience before the Termination Date upon seven (7) calendar days' written notice to other party, and the Company will provide the Consultant with only the base fees accrued and owing to the Consultant up to and including the effective termination date, upon the Consultant's provision of an invoice. In addition, in the event of such termination for convenience by the Company, the Company will pay to the Consultant an amount equivalent to base fees under Section 4.1 above for the balance of the Term up to and including the Termination Date but the Consultant will have no further entitlements (including to pay in lieu of fees or damages of any kind), whether under contract, statute, common law or otherwise.
- 10.3** In the event that, contrary to the intention of the parties, a court or tribunal of competent jurisdiction determines that the Consultant is, in fact, an employee or dependent contractor of the Company, the Consultant acknowledges and agrees that the Consultant's entitlements upon termination of this Consulting Agreement will be only the minimum amount of notice or pay in lieu of notice, severance pay (if any) and all other minimum entitlements (if and as applicable) that are expressly required to be provided upon such termination pursuant to Ontario's *Employment Standards Act, 2000* and its regulations, as may be amended or replaced. In those circumstances, upon payment and provision to the Consultant of all such statutory entitlements together with all base fees accrued and owing to the Consultant up to and including the effective termination date, upon the Consultant's provision of an invoice, the Consultant further acknowledges and agrees that the Company shall have satisfied all of its obligations to the Consultant arising from or in relation to the termination of the Services and his engagement by the Company (including any claim for wrongful

dismissal damages), and the Consultant shall have no further entitlements in respect thereof from the Company, whether pursuant to common law, contract, or otherwise..

**Article 11  
General Provisions**

- 11.1 This Consulting Agreement will be binding on and shall enure to the benefit of the parties hereto and their respective successors and assigns. Nothing in this Consulting Agreement, express or implied, is intended to or shall confer upon any other person any legal or equitable right or benefit of any nature whatsoever. The Consultant shall not assign any rights under this Consulting Agreement.
- 11.2 The headings in this Consulting Agreement are inserted for convenience or reference only and are in no way intended to describe, interpret, define, affect the construction of or limit the scope, extent or intent of this Consulting Agreement or any provision of this Consulting Agreement.
- 11.3 This Consulting Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party irrevocably submits to the exclusive jurisdiction and venue of the courts located in the Province of Ontario in any legal suit, action or proceeding arising out of or based upon this Consulting Agreement or the Services provided hereunder.
- 11.4 If any term or provision of this Consulting Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall apply to the term or provision only to the extent of that invalidity or unenforceability, and shall not affect any other term or provision of this Consulting Agreement.
- 11.5 This Consulting Agreement, together with any other documents incorporated herein by reference, constitutes the sole and entire agreement of the parties to this Consulting Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this **Consulting Agreement** as of the 29th day of February, 2024.

Consultant

By Sean Bovington  
Name: Sean Bovington  
Date: 29-Feb-2024

BZAM Ltd.

By Matt Milich  
Name: Matt Milich  
Title: CEO  
Date: 29-Feb-2024

**From:** Rachael Andrew <randrew@cortlandcredit.ca>  
**Sent:** December-13-23 9:50 AM  
**To:** Sean Bovingdon; Scalia, Anthony; Matthew Milich; Sam Babe; Adria Leung Lim; Annie Xie; Meredith McCann  
**Cc:** Bozzelli, Alessandro  
**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

Hi Sean,

I'll chime in on the business points and leave the remainder to the Cassels team:

1. **Maturity Date:** maturity date is March 24, 2024 – Cortland isn't granting TGOD an extension at that time. The amort payments have been pushed out to the same date as the Maturity Date as we'd look to implement that in the future if TGOD requests an extension to the Maturity Date.
2. **Over Advance / Edmonton Property:** could you reach out to Deepak, Alex and myself via email with an update on how Edmonton sale is progressing/status update and advise what date you are requesting instead of January 15, 2024?

Thanks!

Best,

**Rachael Andrew**  
Director and Legal Counsel

T. (416) 238 6736 ext.107  
W. <http://www.cortlandcredit.ca/>  
A. Royal Bank Plaza, South Tower, 200 Bay St, Suite 3230, PO Box 68, Toronto, Ontario M5J 2J2



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**From:** Sean Bovingdon <sbovingdon@bzam.com>  
**Sent:** Wednesday, December 13, 2023 9:37 AM  
**To:** Scalia, Anthony <ascalial@cassels.com>; Matthew Milich <mmilich@bzam.com>; Sam Babe <sbabe@airdberlis.com>; Adria Leung Lim <aleunglim@airdberlis.com>; Annie Xie <axie@airdberlis.com>; Meredith McCann <mmccann@airdberlis.com>  
**Cc:** Rachael Andrew <randrew@cortlandcredit.ca>; Bozzelli, Alessandro <abozzelli@cassels.com>  
**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

Hi Anthony,

Thank you for these.

Please note the following from my review – Matt and counsel may have additional comments - :

Please advise on how section 3 (c) (iii) monthly payments from March 24, 2024 are relevant if the facility matures on March 24, 2024 per 10 (a)? Should the Maturity date be 2025?

The Over Advance is defined as available until earlier of Edmonton Sale and January 15, 2024 – given the status of the sale efforts, and cash position, we would like the January 15 date pushed out please.

There should be no agreements or licences relate to Galaxie – they have all been terminated or transferred to the new owners of Galaxie.

There is no Manitoba store – it was sold and transferred in August 2023.

No changes to the Medican Vaudreuil transaction yet – still in escrow pending receipt of a municipal permit.

Noting 4(i) and 11, BMO has begun reviewing FBC expected status as a Canadian subsidiary (will get confirmation of acceptability from their compliance in a few days), and then these timelines should be reasonable for post-closing deliverable.

Regards,  
Sean.

**Sean Bovingdon**  
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM  
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

**BZAM**

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**From:** Scalia, Anthony <[ascalial@cassels.com](mailto:ascalial@cassels.com)>

**Sent:** Tuesday, December 12, 2023 8:26 PM

**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>

**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>

**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

A&B Team,

Attached, please find a draft of the Second ARCA for your review and comment. We have included blacklines to the First ARCA and to the Conformed ARCA (inclusive of the six amendments completed to date) for your convenience.

We have also attached an updated closing agenda.

Please note that the attached remain subject to ongoing review by Cortland in all respects.

Best,

Anthony

**ANTHONY SCALIA**

Associate

t: +1 416 869 5450

e: [ascalial@cassels.com](mailto:ascalial@cassels.com)Cassels Brock & Blackwell LLP | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre – North Tower

40 Temperance St.

Toronto, Ontario M5H 0B4 Canada

**From:** Scalia, Anthony**Sent:** Tuesday, December 12, 2023 12:20 PM**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>**Subject:** RE: Cortland | BZAM - Consent [IWOV-LEGAL.FID4026212]

A&amp;B Team,

Attached, please find a draft consent for your review and comment, together with blackline to the BZAM form for your convenience.

Best,

Anthony

**ANTHONY SCALIA**

Associate

t: +1 416 869 5450

e: [ascalial@cassels.com](mailto:ascalial@cassels.com)Cassels Brock & Blackwell LLP | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre – North Tower

40 Temperance St.

Toronto, Ontario M5H 0B4 Canada

**From:** Scalia, Anthony**Sent:** Monday, December 11, 2023 12:35 PM**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>**Subject:** Cortland | BZAM - Security documents and closing agenda [IWOV-LEGAL.FID4026212]

A&amp;B Team,

Attached, please find drafts of the following documents, together with blacklines to the BZAM forms to the extent applicable:

- Confirmation of guarantee and security agreement;
- Attornment to the existing guarantee;
- General security agreement by FPCI;
- Short-form IP agreement by FPCI;
- Amendment to security agreement by Holdings;

- Completion certificate by Holdings; and
- Form of STP.

Separately, attached is an updated closing agenda.

The attached remain subject to Cortland’s review and our ongoing diligence.

Best,

Anthony

**Cassels** | **ANTHONY SCALIA**  
Associate  
t: +1 416 869 5450  
e: [ascalial@cassels.com](mailto:ascalial@cassels.com)

Cassels Brock & Blackwell LLP | [cassels.com](http://cassels.com)  
Suite 3200, Bay Adelaide Centre – North Tower  
40 Temperance St.  
Toronto, Ontario M5H 0B4 Canada

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**From:** Preet Parmar  
**Sent:** Friday, February 2, 2024 4:34 PM EST  
**To:** Sean Bovingdon; Bonnie Chan  
**Subject:** FW: Final payment arrangement for RD account  
**Attachments:** BZAM MANAGEMENT INC.\_Final PA.pdf

FYI – Ahmed was able to email the letter this time.

**Preet Parmar**  
SENIOR MANAGER, FINANCE

778-655-9413 | BZAM.COM | PPARMAR@BZAM.COM  
1570 - 200 Burrard Street, Vancouver, British Columbia V6C 3L6



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**From:** Ghrairi, Ahmed (il/he) <Ahmed.Ghrairi@cra-arc.gc.ca>  
**Sent:** Friday, February 2, 2024 12:38 PM  
**To:** Preet Parmar <pparmar@bzam.com>  
**Subject:** Final payment arrangement for RD account

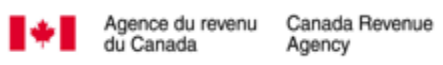
You don't often get email from [ahmed.ghrairi@cra-arc.gc.ca](mailto:ahmed.ghrairi@cra-arc.gc.ca). [Learn why this is important](#)

Hello Preet,

Please find attached the letter for our final payment arrangement related to the RD account of BZAM MANAGEMENT INC.

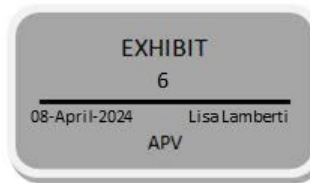
Thank you ! Merci !

**Ahmed Ghrairi (GRB726)**  
Agent des recouvrements | Collections Officer  
Recouvrement des recettes | Revenue Collections  
DGRV - BSFCSQ (Gatineau) | CVB - CSQTSO (Gatineau)  
Cell 438-462-1289 / [Ahmed.Ghrairi@cra-arc.gc.ca](mailto:Ahmed.Ghrairi@cra-arc.gc.ca)  
Tél. sans frais 833-541-3081



*N'hésitez pas à répondre dans la langue officielle de votre choix.  
Feel free to respond in the official language of your choice.*





Western Quebec TSO (Laval Site)  
Ottawa ON K1A 0L5

February 02, 2024

BZAM MANAGEMENT INC.  
1570 - 200 BARRARD ST  
VANCOUVER BC V6C 3L6

Account Number  
70583 6518 RD0004

Dear Sir or Madam:

Subject: Excise Duty arrears for 08/09/10/11, 2023  
Balance: \$3,234,494.93

Thank you for proposing an arrangement to pay the amount you owe on your account.

We confirm that the terms of your arrangement are as follows:

Due date of first payment: February 15, 2024  
Number of payments: 24  
Payment interval (days): 30  
Amount of each payment: \$164,474.00

The payment arrangement shown above is acceptable only if you meet all the following conditions:

- you file your current-year returns by the deadlines and pay any taxes owing by the due dates.

Interest will continue to add up until you pay the full amount you owe. You can find the rates at [canada.ca/taxes-interest-rates](http://canada.ca/taxes-interest-rates).

These are the ways you can pay:

- Use your financial institution's telephone or online banking services
- Use My Payment at [canada.ca/cra-my-payment](http://canada.ca/cra-my-payment) to pay with your debit card using Interac Online
- Pay by pre-authorized debit through My Business Account at [canada.ca/my-cra-business-account](http://canada.ca/my-cra-business-account)

.../2

- Pay in person at your financial institution or at an automated banking machine. You will need a personalized remittance voucher. If you do not have a voucher, you can get one by calling the Canada Revenue Agency at 1-800-959-5525

You can also mail your payment to:

Canada Revenue Agency  
PO Box 3800 STN A  
Sudbury ON P3A 0C3

If you mail your payment, write your full business number on your cheque or money order so we can process it correctly. Please make cheques and money orders payable to the Receiver General for Canada.

For other payment options, go to [canada.ca/payments](http://canada.ca/payments).

For more information about our collections policies, go to [canada.ca/cra-collections](http://canada.ca/cra-collections).

You must follow this arrangement and make your payments on time. If you don't, we may have to take legal action without further notice. For example, we may garnish your income, direct the sheriff to seize and sell your assets, and use any other legal means to collect the amount you owe.

We appreciate your immediate attention to this matter.

Yours truly,

A. Ghrairi (1246)  
Collections Officer

**TAB 9**

Court File No. CV-24-00715773-00CL

**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  
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM  
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN  
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH  
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

**UNDERTAKINGS, UNDER ADVISEMENTS AND REFUSALS CHART FROM THE  
EXAMINATION OF SEAN BOVINGDON TAKEN ON APRIL 8, 2024**

<b>UNDERTAKINGS</b>					
<b>No.</b>	<b>Page No.</b>	<b>Question No.</b>	<b>Specific Question</b>	<b>Date answered or precise reason for not doing so</b>	<b>Disposition by the Court</b>
1.	15	55	To take efforts to find and produce the fall 2022 and March or early 2023 employment documents for Mr. Bovingdon's tenure as CFO of the combined BZAM/TGOD entity.	The employment agreement from November 2022 and the amending agreement dated March 1, 2023 are enclosed at Tabs 1A and B, respectively.	
2.	87-88	326	To conduct further searches and, to the extent there are relevant responsive communications, to produce email exchanges between Mr. Bovingdon and Ms. Parmar regarding the terms of the proposal.	BZAM has undertaken searches and enclosed responsive communications at Tabs 2A-C.	

<b>UNDER ADVISEMENTS</b>					
<b>No.</b>	<b>Page No.</b>	<b>Question No.</b>	<b>Specific Question</b>	<b>Date answered or precise reason for not doing so</b>	<b>Disposition by the Court</b>
1.	88	327	To provide the B300 returns for BZAM Management Inc. for the period of August 2023 through November 2023.	Enclosed at Tabs 3A-D.	

-2-

April 11, 2024

**BENNETT JONES LLP**  
3400 One First Canadian Place  
P.O. Box 130  
Toronto, ON M5X 1A4

**Sean Zweig** (LSO# 57307I)  
Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com)

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Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the applicant

# TAB 1

# TAB A

**EXECUTIVE EMPLOYMENT AGREEMENT**

(this “**Agreement**”)

B E T W E E N:

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD. Ltd.**

(the “**Corporation**”)

- and -

**SEAN BOVINGDON**

(the “**Employee**”)

**WHEREAS** the Corporation is engaging in a share exchange transaction (the “**Transaction**”) with BZAM Holdings Inc. (“**BZAM**”), in which the Corporation will own all of the issued and outstanding common shares of BZAM following the closing of the Transaction which is scheduled for on or about November 3, 2022, or any earlier or later date as agreed to between the parties to the Transaction (the “**Closing Date**”).

**AND WHEREAS** the Employee currently hold the positions of Chief Executive Officer and interim Chief Financial Officer of the Corporation.

**AND WHEREAS** the terms of the Employee’s employment with the Corporation are currently governed by an employment agreement which was effective October 22, 2018, which agreement was amended twice, once on December 23, 2020 (the “**December 2020 Amending Agreement**”) and again on March 29, 2021 (the “**March 2021 Further Amending Agreement**”) (collectively, the “**Employment Agreement**”).

**AND WHEREAS** the Corporation wishes to continue the employment of the Employee as Chief Financial Officer under new terms and conditions of employment for a fixed term, commencing the Closing Date and ending on June 30, 2023, or any shorter or longer period as mutually agreed between the parties (the “**Transition Period**”).

**AND WHEREAS** the parties have agreed to enter into a new written employment agreement and the Employee acknowledges that this Agreement and, specifically, the proprietary rights, non-solicitation and non-competition provisions that form part of this Agreement are essential to protect the interests of the Corporation.

**AND WHEREAS** the parties acknowledge and agree that this Agreement is conditional upon the successful closing of the Transaction.

**AND WHEREAS** the parties acknowledge and agree that if the Transaction does not close, this Agreement will be of no further force and effect and the parties will have no obligations to each other under this Agreement.

**NOW THEREFORE** in consideration of the above, the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Corporation and the Employee agree as follows.



## 1. Interpretation

- 1.1 **Headings, Sections and Plural.** The inclusion of headings in this Agreement is for convenience of reference only and shall not affect its construction or interpretation. In this Agreement, references to a “Section” or to “Sections” are references to a section or sections in this Agreement, unless expressly stated otherwise. Throughout this Agreement, whenever required by context, words importing the singular include the plural and *vice versa*.
- 1.2 **Deductions, Withholdings and Taxes.** The payments to the Employee set out in this Agreement are in Canadian dollars and are subject to applicable deductions, withholdings and taxes.

## 2. Term and Duties

- 2.1 **Effective Date.** The Corporation agrees to employ the Employee on the terms and conditions set out in this Agreement for the Transition Period only. For greater certainty, this Agreement is for a fixed term which will end on the expiry of the Transition Period.
- 2.2 **Position.** The Employee will serve as the Chief Financial Officer.
- 2.3 **Duties.** The Employee will perform the duties customarily performed in his or her position and as directed by the Corporation from time to time. The Employee shall perform his duties at the offices of the Corporation, subject to travel requirements as authorized and directed from time to time by the Corporation.
- 2.4 **Good Faith.** The Employee shall devote his full time and attention to the affairs of the Corporation and will use his best efforts, skills and abilities to honestly, faithfully, diligently and in good faith promote the Corporation’s best interests, and he shall not have any interests that conflict with those of the Corporation. The Employee shall not engage in any outside employment or consulting work without the prior written content of the Corporation. The Employee shall ensure that outside activities of a charitable or other nature do not materially interfere with the proper performance of his duties and responsibilities under this Agreement. The Employee covenants and agrees not to usurp for his own benefit or to disclose to any other person(s) or entity, directly or indirectly, any corporate opportunities that the Employee became or becomes aware of by virtue of his employment, whether or not the Corporation decides to pursue such opportunities. The Employee shall observe and abide by the policies of the Corporation.

## 3. Prior Role as Chief Executive Officer

- 3.1 **Cessation of Employment as Chief Executive Officer.** The parties mutually agree that the employment of the Employee as Chief Executive Officer will end on the Closing Date and the Employee will be paid a lump sum payment on February 28, 2023 related to his prior term of service with the Corporation equal to:
- (i) accrued and outstanding base salary, calculated on annual base salary of \$350,000 (the “**Prior Term Base Salary**”) up to the Closing Date;
  - (ii) accrued and outstanding vacation pay up to the Closing Date, being \$35,532.45;

- (iii) the bonus accrued up to the Closing Date of 35% achieved of his target rate of 50% of Prior Term Base Salary in accordance with the Corporation's incentive program, being \$51,041; and
- (iv) 18 months of Prior Term Base Salary.

Further, as noted in Section 5.2 herein, the Employee will continue to participate in the group benefit plans that are provided to similarly situated employees during the Transition Period (or for a four week period, whichever is the longer period). The Employee shall not be entitled to any further payments, compensation, benefits or acceleration of vesting of any share options, in respect his employment as Chief Executive Officer coming to an end, notwithstanding Sections 5.3(d), 5.3(e) and 5.4(a) of the March 2021 Further Amending Agreement, or any other provisions of the Employment Agreement.

#### 4. **Compensation**

- 4.1 **Base Salary.** The Corporation agrees to pay the Employee an annual base salary of \$300,000 CDN ("**Base Salary**") payable in accordance with the Corporation's payroll practices.
- 4.2 **Share Option Plan Bonus. Share Option Grant.** The current Share Option Agreements between the Employee and the Corporation shall remain in place during the Transition Period, and will be governed by the terms of the Corporation's Share Option Plan, notwithstanding Section 5.3(e) of the March 2021 Further Amending Agreement.

#### 5. **Expenses, Benefits and Vacation**

- 5.1 **Expenses.** The Employee will be reimbursed for his reasonable and approved business expenses, including travel expenses, incurred by him in connection with the performance of his duties under this Agreement, upon providing appropriate receipts satisfactory to the Corporation and in accordance with the Corporation's policies.
- 5.2 **Benefit Plans.** During the Transition Period or for a four week period, whichever is the longer period, the Employee will continue to participate in the group benefit plans that are provided to similarly situated employees. The Corporation's contributions to, the Employee's participation in, and any conversion of, the group benefit plans as set out in this Agreement are subject to the terms and conditions of the benefit plans, and changes to or cancellations of such plans over time, as may be made with such notice to the Employee as is practical in the circumstances, and in the sole discretion of the Corporation.
- 5.3 **Vacation.** The Employee will be entitled to accrue, with service, four weeks of vacation time per year to be taken at times that are mutually agreeable to the Corporation and the Employee, and in accordance with the Corporation's vacation policies.

#### 6. **Termination**

- 6.1 **Termination by Employee.** The Employee may terminate his employment with the Corporation at any time by providing the Corporation with 90 days written notice. If the Corporation elects to waive all or part of the Employee's resignation notice period before the date the resignation was to be effective, the Corporation will, in full satisfaction of its obligations to the Employee: (a) pay the Employee's base salary and vacation pay accrued until the date the resignation was to be effective; and (b) reimburse the outstanding expenses properly incurred by the Employee until the date his employment ceases. Notwithstanding the foregoing,

in the event that the Employee provides notice to terminate his employment, he will still be entitled to receive, on February 28, 2023, the payments and the benefits as set out in Section 3.1.

6.2 **Termination by Corporation for Cause.** The Corporation may terminate the Employee's employment at any time if he has been guilty of wilful misconduct, disobedience or wilful neglect of duty that is not trivial and has not been condoned by the employer, as contemplated in the Ontario *Employment Standards Act* ("Cause"). On the termination of the Employee's employment for Cause, the Employee's employment shall terminate and the Corporation will, in full satisfaction of its obligations to the Employee: (a) pay the Employee's base salary and vacation pay accrued until the date his employment ceases; and (b) reimburse the outstanding expenses properly incurred by the Employee until the date his employment ceases. Notwithstanding the foregoing, in the event that the Employee's employment is terminated for Cause, he will still be entitled to receive, on February 28, 2023, the payments and the benefits as set out in Section 3.1.

6.3 **Termination by Corporation without Cause.** Notwithstanding Section 2.1 hereof, the Corporation may terminate the Employee's employment at any time without Cause and the Corporation will, in full satisfaction of its obligations to the Employee:

- (i) pay the Employee's base salary and vacation pay accrued until the date his employment ceases;
- (ii) reimburse the Employee's expenses properly incurred until the date his/her employment ceases;
- (iii) provide to the Employee only:
  - (A) the minimum statutory notice or pay in lieu thereof;
  - (B) the continuation of benefits for a one month period; and
  - (C) the minimum statutory severance (if applicable);

all in accordance with the Ontario *Employment Standards Act*.

For purposes of this Agreement, and in particular, the Employee's rights on termination of employment without Cause, the Employee acknowledges and agrees that in determining statutory entitlements, the term of service on which the calculation is based shall be a term of service commencing on the Closing Date. The Employee further acknowledges and agrees that he has been fully compensated for his prior term of service with the Corporation, in respect of any and all statutory and common law entitlements.

Notwithstanding the foregoing, in the event that the Employee's employment is terminated without Cause, he will still be entitled to receive, on February 28, 2023, the payments and the benefits as set out in Section 3.1.

6.4 **Consequences of Termination.** The termination of the Employee's employment terminates any director or officer positions the Employee may hold pursuant to Section 2.2 or otherwise, and the Employee agrees to sign any documentation necessary to give effect to this Section 6.4, or to give effect to any resolutions of the Corporation in respect of the period prior to termination of his employment.

6.5 **Compliance with Laws.** The Employee's entitlements under this Section 6 are provided in full and final satisfaction of all of the Employee's entitlements to notice of termination, pay in lieu of notice, severance pay, if any, benefits continuation, and any other payments or benefits required pursuant to applicable employment standards laws, under this Agreement, at common law or otherwise.

7. **Confidential Information and Return of Property**

7.1 **Confidentiality Obligation.** The Employee covenants and agrees that he shall not, at any time during his employment with the Corporation or any time thereafter, without the prior written consent of the Board, directly or indirectly, communicate, reveal or disclose, in any manner, to anyone, or use for any purpose other than in carrying out his duties under this Agreement in furtherance of the Corporation's business interests, any confidential or proprietary information concerning, or learned as a result of his employment with, the Corporation or its predecessors, successors, affiliates or related companies including, without limitation, information concerning their assets, businesses, affairs, pricing, costs, technical information, financial information, plans or opportunities, manufacturing, processes, sales and distribution, marketing, research and development, customers, suppliers or employees.

7.2 **Return of Property.** Upon ceasing to be employed by the Corporation or upon request of the Corporation at any time, the Employee shall return to the Corporation all property belonging to the Corporation or its predecessors, successors, affiliates or related companies including, without limitation, all documents in any format whatsoever including electronic format, that is in his possession or control, and the Employee agrees not to retain any copies of such property in any format whatsoever including electronic format.

8. **Non-Competition and Non-Solicitation Obligations**

8.1 **Non-Competition.** The Employee shall not, without the prior written consent of the Board, at any time during the Employee's employment with the Corporation and for a period of 12 months following the termination of this Agreement and/or the Employee's employment with the Corporation for any reason (the "**Restricted Period**"), either individually or in partnership or jointly or in conjunction with any person as principal, agent, consultant employee, director, or shareholder (other than an investment of less than five (5) per cent of the shares of a company traded on a registered stock exchange):

- (i) work as a director, manager, officer or any similar position for any undertaking that competes with the Business;
- (ii) have any financial or other economic interest (including by way of royalty or other compensation arrangements) in or in respect of the business of any person that competes with the Business; or
- (iii) advise, lend money to or guarantee the debts or obligations of any person that competes with the Business;

anywhere within Canada. For purposes of this Agreement, "Business" means the cultivation, production, manufacture, marketing, sale or distribution of cannabis, cannabis-related or cannabis-infused products.

8.2 **Non-Solicitation.** At any time during the Employee's employment with the Corporation and during the Restricted Period the Employee shall not, directly or indirectly, either individually

or jointly or in partnership or in conjunction with any party, as principal, agent, employee, consultant, director or shareholder:

- (a) solicit any employees of the Corporation or induce or attempt to induce any employee of the Corporation to leave his or her employment with the Corporation; or
- (b) directly or indirectly contact any customers of the Corporation for the purpose of selling to those customers any products or services that compete with the Business.

The restrictions in this Section 8.2 will only apply to the extent the Employee actually knows or should reasonably have known that a party alleged to have been solicited, enticed, persuaded or induced by the Employee was a customer, supplier, employee, agent, manager, advisor or representative of the Corporation.

- 8.3 **Non-Disparagement.** The Employee will, during the Employee's employment and following the termination of the Employee's employment, refrain from making any oral or written remarks about the Corporation, or any of the Corporation's affiliates, subsidiaries, directors, employees, consultants and advisors that are untrue, defamatory, disparaging, or otherwise derogatory or that would impair the goodwill or reputation of the Corporation.

## 9. **Proprietary and Moral Rights**

- 9.1 **Proprietary Rights.** The Employee recognizes the Corporation's proprietary rights in the tangible and intangible property of the Corporation and acknowledges that the Employee has not obtained or acquired and shall not obtain or acquire any rights, title or interest, in any of the property of the Corporation or its predecessors, successors, affiliates or related companies including, without limitation, any writing, communications, manuals, documents, instruments, contracts, agreements, files, literature, data, technical information, know-how, secrets, formulas, products, methods, procedures, processes, devices, apparatuses, trademarks, trade names, trade styles, service marks, logos, copyrights, patents, inventions, discoveries, whether or not protected by patent or copyright, which the Employee may have conceived or made, or may conceive or make, either alone or in conjunction with others, and related to the business of the Corporation or its predecessors, successors, affiliates or related companies (collectively, the "**Materials**"). The Employee agrees that during his employment with the Corporation and any time afterwards all Materials shall be the sole and exclusive property of the Corporation.
- 9.2 **Waiver of Moral Rights.** The Employee irrevocably waives to the greatest extent permitted by law, for the benefit of and in favour of the Corporation, all the Employee's moral rights whatsoever in the Materials including, without limitation, any right to the integrity of any Materials, any right to be associated with any Materials and any right to restrict or prevent the modification or use of any Materials in any way whatsoever. The Employee irrevocably transfers to the Corporation all rights to restrict any violations of moral rights in any of the Materials including, without limitation, any distortion, mutilation or other modification.
- 9.3 **Assignment of Rights.** If the Employee has acquired or does acquire, however, any right, title or interest in any of the Materials or in any intellectual property rights relating to the Materials, the Employee irrevocably assigns all such right, title and interest throughout the world exclusively to the Corporation including, without limitation, any renewals, extensions or reversions relating thereto and any right to bring an action or to collect compensation for past infringements.

9.4 **Registrations.** The Corporation will have the exclusive right to obtain copyright registrations, letters patent, industrial design registrations, trade-mark registrations or any other protection in respect of the Materials and the intellectual property rights relating to the Materials anywhere in the world. At the expense and request of the Corporation, the Employee shall, both during and after the Employee's employment with the Corporation, execute all documents and do all other acts necessary in order to enable the Corporation to protect its rights in any of the Materials and the intellectual property rights relating to the Materials.

## 10. **Consideration and Remedies**

10.1 **Consideration.** The Employee acknowledges that he has and will receive good and valuable consideration in exchange for his compliance with his obligations in Sections 7, 8 and 9, and that the Corporation would not have provided the Employee such consideration without the Employee's commitment to such obligations.

10.2 **Defences.** The Employee agrees that all restrictions in Sections 7, 8 and 9 are necessary and fundamental to the protection of the business carried on by the Corporation and that all such restrictions are reasonable and valid, and the Employee waives all defences of the Employee to the strict enforcement thereof by the Corporation.

10.3 **Injunctive Relief.** The Employee acknowledges that a breach by the Employee of any of his obligations in Sections 7, 8 and 9 will result in the Corporation suffering irreparable harm, which cannot be calculated or fully or adequately compensated by recovery of damages alone. Accordingly, the Employee agrees that the Corporation shall be entitled to interim and permanent injunctive relief without proof of actual damages, specific performance and other equitable remedies, in addition to any other relief to which the Corporation may become entitled.

## 11. **Obligations Not Exhaustive**

11.1 **Fiduciary.** The Employee acknowledges that the obligations contained in Sections 7, 8 and 9 are in addition to any obligations that the Employee may now or hereafter owe to the Corporation, at law, in equity or otherwise. Nothing contained in this Agreement is a waiver, release or reduction of any fiduciary obligations that the Employee owes to the Corporation.

## 12. **General**

12.1 **Survival.** Sections 7, 8, 9 and 10 and this Section survive the termination of this Agreement and the Employee's employment for any reason whatsoever.

12.2 **Severability.** If any provision of this Agreement is declared void or unenforceable, such provision shall be deemed severed from this Agreement to the extent of the particular circumstances giving rise to such declaration, and such provision as it applies to other persons and circumstances and the remaining terms and conditions of this Agreement shall remain in full force and effect.

12.3 **Entire Agreement.** This Agreement constitutes the entire agreement between the Corporation and the Employee on the subject-matter herein and it supersedes all prior agreements and understandings, whether written or oral. There are no representations, warranties or collateral agreements on the subject-matter herein that exist outside of this Agreement.

12.4 **Amendments.** This Agreement may only be amended by written agreement executed by the Corporation and the Employee. However, changes to the Employee's position, duties, vacation,

benefits and compensation, over the course of time, do not affect the validity or enforceability of Sections 6, 7, 8 and 9.

- 12.5 **Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the parties irrevocably attorns to the exclusive jurisdiction of the courts of Ontario and the courts of Ontario shall have the sole and exclusive jurisdiction to entertain any action arising under this Agreement.
- 12.6 **Assignment.** The Corporation may assign this Agreement to an affiliate or subsidiary, and it ensures to the benefit of the Corporation, its successors or assigns. The Employee may not assign this Agreement at any time.
- 12.7 **Independent Legal Advice.** The Employee acknowledges that he has had the opportunity to obtain independent legal advice regarding the execution of this Agreement, and that he has either obtained such advice or voluntarily chosen not to do so, and hereby waives any objections or claims he may make resulting from any failure on his part to obtain such advice.
- 12.8 **Waiver.** No waiver of any of the provisions of this Agreement shall be effective or binding, unless made in writing and signed by the party purporting to give the same. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall such waiver constitute a continuing waiver, unless expressly stated otherwise.

\* \* \* \* \*





# TAB B

March 1, 2023

Sean Bovingdon  
269 Beechfield Road  
Oakville, ON, L6J 5H9

**Re: Addendum to Employment Agreement**

Dear Sean:

Further to our recent discussion, BZAM Ltd, formerly The Green Organic Dutchman Holdings Ltd. (the "**Company**") is varying the terms of your employment agreement dated November 3, 2022 (the "**Employment Agreement**") by way of this addendum. This letter sets out the terms and conditions of your continued employment with the Company.

Once you have signed and returned this letter, it will constitute a binding amendment to your existing Employment Agreement (the "**Addendum Agreement**"). This Addendum Agreement is subject in all respects to the terms and provisions of the Agreements except to the extent that the terms and provisions of the Agreements are modified by this Addendum Agreement. For greater certainty, all provisions of the Agreements not otherwise modified by the terms of this Addendum Agreement shall be read as provisions applicable to your continued employment with the Company.

In consideration for the Addendum Agreement, you will be entitled to increased termination payments, described below.

This Addendum Agreement revises the Employment Agreement as follows:

Term. (Section 2.1)	Section 2.1 is entirely deleted and replaced with:  The Corporation agrees to employ the Employee on the terms and conditions set out in this Agreement commencing on March 1, 2023 (the " <b>Effective Date</b> ") and continuing for an indefinite period, subject to earlier termination as herein provided (the " <b>Term</b> ").
"Transition Period"	Any reference to "Transition Period" throughout the agreement shall be replaced with the " <b>Term</b> " as defined in the new Section 2.1 above.
Corporate Incentive Program (Section 4.3)	The following will be added to Section 4:  <b>4.3 Corporate Incentive Program.</b> From the Effective Date, the Employee will be eligible to participate in the Corporation's Corporate Incentive Program, if any, to be approved by the

	<p>Corporation's Board of Directors from time to time, and subject to his achievement of performance targets and any other requirements set out in the then applicable Corporate Incentive Program. To be eligible for any payments or incentives under the Corporate Incentive Program, the Employee must have been actively employed during the year in respect of which his or her performance was assessed and on the bonus payment date, unless provided otherwise in this Agreement.</p>
Vacation (Section 5.3)	"four weeks" to be replaced by "five weeks".
Termination by Employee (Section 6.1)	"90 days written notice" to be replaced with "8 weeks written notice".
Termination by Corporation without Cause (Section 6.3)	<p>The title of this section shall become "<b>Termination by Corporation without Cause or due to Change of Control</b>" and any reference within this section to "without Cause" shall also mean "due to Change of Control".</p> <p>For the purposes hereof, except in relation to the BZAM Shareholder (as defined in Share Exchange Agreement dated October 18, 2022), "<b>Change of Control</b>" shall mean (i) the sale of all or substantially all of the assets of the Corporation on a consolidated basis, in one transaction or a series of related transactions, to a person that is not an affiliate, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Corporation's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) any person or a group of persons acting jointly or in concert becoming the beneficial owner, directly or indirectly, of shares carrying at least a majority of the outstanding voting power of the Corporation, or (iv) any other transaction in which the owners of the Corporation's outstanding voting power prior to such transaction do not own at least a majority of the outstanding voting power of the Corporation or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Corporation.</p>
Termination by Corporation without Cause (Section 6.3)	<p>Section 6.3(i) is entirely deleted and replaced with:</p> <p>pay the Employee's base salary, accrued and outstanding vacation pay and any bonus accrued at target rate in accordance with Corporation's incentive program until the date the notice of termination is provided;</p>

Termination by Corporation without Cause (Section 6.3)	Section 6.3(iii) is entirely deleted and replaced with:  pay to the Employee, in a lump sum a separation payment amount equivalent to twelve (12) months of the Employee's base salary and any bonus at target rate; and continue its contributions to the group insured benefit plans for the minimum statutory notice period under the ESA and thereafter, for health and dental benefits only for an additional period of four (4) weeks. If the Corporation is unable for any reason to continue its contributions to the benefit plans as set out in this Agreement, it will pay the Employee an amount equal to the Corporation's required contributions to such benefit plans on behalf of the Employee for such period;
Termination by Corporation without Cause (Section 6.3)	Section 6.3(iv) to be added which shall read:  accelerate any options that were due to vest during the 12 months separation period in accordance with such option plan as of the notice period.

We appreciate your cooperation and look forward to a continued rewarding relationship between you and BZAM Ltd.

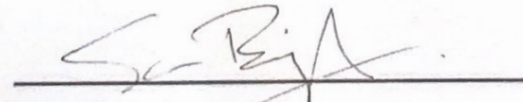
Sincerely,

BZAM Ltd.



Bassam Alghanim  
Chairman of the Board

I, **Sean Bovingdon**, accept the terms set out in this Addendum Agreement, and further acknowledge that I have been provided with adequate consideration for my acceptance of the Addendum Agreement.



Signed: **Sean Bovingdon**  
Chief Financial Officer

Feb 10th 2023

Date

# TAB 2

# TAB A

**From:** [Sean Bovingdon](#)  
**To:** [Preet Parmar](#); [Bonnie Chan](#); [Shane Kearney](#); [Danielle Prysiazny](#)  
**Subject:** RE: CRA Payment Plans  
**Date:** Wednesday, July 12, 2023 3:24:28 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)

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Sounds good. We will need that letter for Cortland for sure.

THanks,  
Sean.

---

**From:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Sent:** Wednesday, July 12, 2023 3:17 PM  
**To:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>; Shane Kearney <[skearney@bzam.com](mailto:skearney@bzam.com)>; Danielle Prysiazny <[dprysiazny@bzam.com](mailto:dprysiazny@bzam.com)>  
**Subject:** Re: CRA Payment Plans

Excise payment schedule and amount is finalized, please make a payment of \$167,204.30 to 705836518RD0004 today as well as this payment will also be due on the 15th of each month. I'll get the final CRA letter in the mail confirming these details within a week or two.

A reminder that all accounts under BMI (payroll, excise and GST) are to be paid and filed on time to keep us in good standing.

Thanks,

Preet Parmar;  
778.655.9413

---

**From:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>  
**Sent:** Wednesday, July 12, 2023 5:02:09 PM  
**To:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>; Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>; Shane Kearney <[skearney@bzam.com](mailto:skearney@bzam.com)>  
**Subject:** Re: CRA Payment Plans

Option 4 works, yes. Glad you got Ahmed to compromise for us.

Get [Outlook for iOS](#)

---

**From:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Sent:** Wednesday, July 12, 2023 6:16:21 AM  
**To:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>; Shane Kearney

<[skearney@bzam.com](mailto:skearney@bzam.com)>

**Subject:** Re: CRA Payment Plans

Hi all,

To clarify, I spoke with Ahmed this morning and was able to negotiate the below 4th payment plan option, if it suits us. I've told him I'll get back to him once Sean confirms if it works or not. Also have let Bonnie know not to worry about this and I will close out the issue and finalize with Ahmed now to avoid confusion.

4th payment plan option:

Currently, we owe \$3.965M, and our surety bond is only \$3M. As cash is low, he has agreed to forego the lien and/or additional down payment required. He is willing to set up a payment arrangement of \$167k from July to December to cover off the \$965k. Once this balance has been paid, he will then negotiate a new payment plan with us for the \$3M that is outstanding as well, and we can pay this over 24 months if necessary.

If we have extra cash around September/October, we can always pay more than \$167k and get the \$965k settled sooner and start the next payment arrangement. This should be much better for our cash flows in the short-term and we can then keep up with other AP we'd like to pay.

Let me know your thoughts on this please and I will let Ahmed know where we are at in terms of a decision.

Thanks,  
Preet

---

**From:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>

**Sent:** Wednesday, July 12, 2023 1:02:54 AM

**To:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>

**Cc:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>

**Subject:** RE: CRA Payment Plans

I have a call with Cortland and 11.30amET tomorrow morning to see if they will accept Option 2 without penalizing our drawdown.

Preet, we are >\$3M, and \$3M is the limit for a 24 month payment plan, so the \$220k per month would not work. We have to get down to \$3M somehow.

---

**From:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>

**Sent:** Tuesday, July 11, 2023 6:57 PM

**To:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>

**Cc:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>



**Subject:** RE: CRA Payment Plans

Hi Sean,

The \$3.9M is the total of excise for Apr, May and all interests incurred in arrears. See below the screen cap and all is in the excel file I sent in the last email.

## View and pay account balance

**Account number** 705836518 RD0004

**Business name** BZAM MANAGEMENT INC.

### Outstanding balance

Your amount owing: \$3,965,373.24

### Payment on filing and Interim balance ⓘ

Your current interim balance: \$0.00

### Period-end balances (select the link to view account transactions)

Period-end	Interim balance	CR/DR	Balance	CR/DR
<a href="#">2023-May-31</a>	\$0.00		\$2,200,964.72	
<a href="#">2023-Apr-30</a>	\$0.00		\$1,726,285.66	
<a href="#">2023-Mar-31</a>	\$0.00		\$20,261.64	
<a href="#">2023-Feb-28</a>	\$0.00		\$10,240.91	
<a href="#">2023-Jan-31</a>	\$0.00		\$4,299.17	
<a href="#">2022-Dec-31</a>	\$0.00		\$2,262.42	
<a href="#">2022-Nov-30</a>	\$0.00		\$0.00	
<a href="#">2022-Oct-31</a>	\$0.00		\$0.00	
<a href="#">2022-Sep-30</a>	\$0.00		\$1,058.72	
<a href="#">2022-Aug-31</a>	\$0.00		\$0.00	
<a href="#">2022-Jul-31</a>	\$0.00		\$0.00	
<a href="#">2022-Jun-30</a>	\$0.00		\$0.00	
<a href="#">2022-May-31</a>	\$0.00		\$0.00	
<a href="#">2022-Apr-30</a>	\$0.00		\$0.00	
<a href="#">2022-Mar-31</a>	\$0.00		\$0.00	

**From:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>

**Sent:** Tuesday, July 11, 2023 6:55 PM

**To:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>; Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>

**Subject:** Re: CRA Payment Plans

What makes up the \$3.965M total owing please?

Get [Outlook for iOS](#)

---

**From:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Sent:** Tuesday, July 11, 2023 3:42:37 PM  
**To:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>  
**Subject:** Re: CRA Payment Plans

Hi both - wifi is acting up but will send that document as soon as my computer is hooked up.

How about an 18-month plan? We can then pay about \$220K a month for excise which seems more reasonable and saves us cash to pay other priority bills? Ahmed has been pretty open to payment plan options, and since we're not exceeding the 24 months > \$3M this seems reasonable?

Preet Parmar;  
 778.655.9413

---

**From:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>  
**Sent:** Wednesday, July 12, 2023 12:31:58 AM  
**To:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Subject:** RE: CRA Payment Plans

Hi Sean,

I discussed with the CRA collection officer Ahmed this afternoon about the payment plan for the **total o/s excise** (Apr and May for BMI). Ahmed explained that for the 24-month payment plan, the total amount is limited to the surety bond of \$3,000,000. So as the total o/s excise is now **\$3,965,373.24**, the difference of \$965K has to be either on lien or paid in cash before the payment plan starts.

He suggested 3 options and below is the estimated monthly payment amount including the 8% interest as CRA is charging on the remaining balance. First payment will start in August. Detailed schedule please refer to the attached:

1. 6-month payment plan : **\$676,401.82** per month
2. 24-month payment plan + **\$965K on lien** (can be on property, equipment etc.), then **\$135,681.87** per month from August onwards
3. 24-month payment plan + **\$965K to be paid in cash by end of July**, then **\$135,681.87** per month from August onwards

For option 1, it means we will add another \$483K on top of the \$193K per month for the excise payment already had in our cashflow forecast, which seems feasible.

For option 2, not sure what we can put on lien and may also need Cortland to approve?  
For option 3, doesn't seem feasible from the cashflow perspective as we still need to pay the current excise on time and it will bring us to cashflow negative in week 5.

Please let me know your thoughts. The CRA officer expects us to get back by tomorrow and so he can work on the revised payment plan. I'm driving home from the office now and I can hop on a call later this evening or tomorrow morning to discuss, whenever it fits your schedule.

[@Preet Parmar](#) the attached GST Payment Plan PDF is the actually same as the Excise Payment Plan PDF. Do you remember where you have left the GST letter? Shane has asked David to look for it tomorrow when he's in the office. Cortland has not yet asked for it but just in case they needed the supporting.

Thank you.  
Bonnie

---

**From:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Sent:** Thursday, July 6, 2023 8:05 PM  
**To:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>  
**Cc:** Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>  
**Subject:** CRA Payment Plans

Hi Bonnie,

Please see the attached payment plan letters for our records and for Cortland if needed.

Once the CRA balance is updated and showing the May excise duties as in arrears (hopefully by early next week), you can contact our collections officer to coordinate an updated payment plan. Until then, we are still expected to make both payments (GST and excise) on the 15<sup>th</sup> of each month.

Excise: \$87,408 (will increase once the May excise is added)  
GST: \$97,638 (will not change)

Collections Officer:  
Ahmed Ghrairi  
1-438-462-1289 (based in Quebec)

Warm regards,

PREET PARMAR FINANCE MANAGER

---

778-655-9413 • BZAM.COM • [PPARMAR@BZAM.COM](mailto:PPARMAR@BZAM.COM)

200 BURRARD ST, SUITE 1570, VANCOUVER, BC, V6C 3L6



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**TAB B**

**From:** [Preet Parmar](#)  
**To:** [Bonnie Chan](#); [Sean Bovingdon](#)  
**Subject:** Payment Plan - Excise Duties  
**Date:** Monday, September 25, 2023 12:07:35 PM  
**Attachments:** [bzm\\_39434bcc-7873-4e07-a88a-62774a4ece1e.png](#)  
[BZAM MANAGEMENT INC. payment arrangement letter.pdf](#)

---

Hi both,

Please see the attached letter from the CRA for excise duties payment plan. They have emailed us a photo of the original mailed letter (which wasn't received at support office, yet).

Thanks,

**Preet Parmar**

SENIOR MANAGER, FINANCE

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778-655-9413 | BZAM.COM | PPARMAR@BZAM.COM  
1570 - 200 Burrard Street, Vancouver, British Columbia V6C 3L6

**BZAM**

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Western Quebec TSO (Laval Site)  
Ottawa ON K1A 0L5

July 13, 2023

BZAM MANAGEMENT INC.  
C/O PREET PARMAR  
1570 - 200 BURRARD ST  
VANCOUVER BC V6C 3L6

Account Number  
70583 6518 RD0004

Dear Sir or Madam:

Subject: Excise Duty arrears for 09/12, 2022 and 01 to 05, 2023  
Balance: \$3,965,373.24

Thank you for proposing a temporary arrangement to pay the amount you owe on your account.

We confirm that the terms of your arrangement are as follows:

Due date of first payment: July 15, 2023  
Number of payments: 06  
Payment interval (days): 30  
Amount of each payment: \$167,204.30

Interest will continue to add up until you pay the full amount you owe. You can find the rates at [canada.ca/taxes-interest-rates](http://canada.ca/taxes-interest-rates).

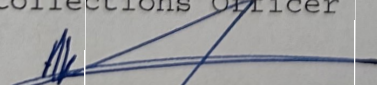
For more information about our collections policies, go to [canada.ca/cra-collections](http://canada.ca/cra-collections).

You must follow this arrangement and make your payments on time. If you don't, we may have to take legal action without further notice. For example, we may garnish your income, direct the sheriff to seize and sell your assets, and use any other legal means to collect the amount you owe.

We appreciate your immediate attention to this matter.

Yours truly,

A. Ghrairi (1246)  
Collections Officer

  
**Canada**

National ATP Office  
395 Terminal Ave.  
6th Floor  
Ottawa ON K1A 0L5

Toll Free :  
Fax :  
Web site :

1-833-541-3081  
866-956-7035  
[canada.ca/taxes](http://canada.ca/taxes)

# TAB C



**From:** [Preet Parmar](#)  
**To:** [Bonnie Chan](#); [Sean Bovingdon](#)  
**Subject:** Re: Payment Plan - Excise Duties  
**Date:** Monday, September 25, 2023 12:16:52 PM  
**Attachments:** [bzam\\_39434bcc-7873-4e07-a88a-62774a4ece1e.png](#)  
[bzam\\_39434bcc-7873-4e07-a88a-62774a4ece1e.png](#)

---

Hi Sean,

To elaborate, we will be paying \$167,204.30 for 6 months until December 31, 2023, at which point we will only be owing \$3M (security bond amount) we can then renegotiate a new payment plan with Ahmed. However, please keep in mind that we are expecting approximately \$1.3M in returns to be processed before year-end, therefore the overdue amount we have for excise duties should come down to \$1.7M (\$3M – \$1.3M) if all returns are accepted.

### **Preet Parmar**

SENIOR MANAGER, FINANCE

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778-655-9413 | [BZAM.COM](#) | [PPARMAR@BZAM.COM](#)  
1570 - 200 Burrard Street, Vancouver, British Columbia V6C 3L6

# **BZAM**

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---

**From:** Preet Parmar <[pparmar@bzam.com](mailto:pparmar@bzam.com)>  
**Date:** Monday, September 25, 2023 at 9:07 AM  
**To:** Bonnie Chan <[bchan@bzam.com](mailto:bchan@bzam.com)>, Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>  
**Subject:** Payment Plan - Excise Duties

Hi both,

Please see the attached letter from the CRA for excise duties payment plan. They have emailed us a photo of the original mailed letter (which wasn't received at support office, yet).

Thanks,

### **Preet Parmar**

SENIOR MANAGER, FINANCE

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778-655-9413 | [BZAM.COM](#) | [PPARMAR@BZAM.COM](#)  
1570 - 200 Burrard Street, Vancouver, British Columbia V6C 3L6

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# TAB 3

# TAB A



## Canada Revenue Agency

File a B300, Cannabis Duty and Information Return

# Confirmation

**Business number:** 70583 6518 RD0004  
**Business name:** BZAM MANAGEMENT INC.  
**Period covered :** 2023-08-01 to 2023-08-31  
**Filing date :** 2024-02-12



**Thank you. Your confirmation number is W664641573**

Your B300, Cannabis Duty and Information Return has been successfully filed. Please keep a copy of this confirmation for your records. Do not send us a paper copy of your return.

**Unpackaged product inventory**

**Finished cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	320,977,951.53
Total additions	109,406,698
Total reductions	81,413,426
Adjustments (+ or -)	0
Closing inventory	348,971,223.53

### **Finished edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,673,510
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	5,673,510

### **Flowering material**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,811.037
Total additions	933.552
Total reductions	1,755.232
Adjustments (+ or -)	0
Closing inventory	4,989.357

### **Non-Flowering material**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	8.282
Total additions	0
Total reductions	8.282
Adjustments (+ or -)	0
Closing inventory	0

### **Pure intermediates**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	4,686.517
Total additions	430.767
Total reductions	123.026
Adjustments (+ or -)	0
Closing inventory	4,994.258

### **Packaged product inventory**

#### **Dried/fresh cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	2,159.329
Total additions	0
Total reductions	609
Adjustments (+ or -)	0
Closing inventory	1,550.329

**Cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	138,353,095.18
Total additions	81,413,426
Total reductions	129,102,636
Adjustments (+ or -)	0
Closing inventory	90,663,885.18

**Edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	582,192
Total additions	5,009,538
Total reductions	5,060,530
Adjustments (+ or -)	0
Closing inventory	531,200



**Stamp inventory**

<b>Jurisdiction</b>	<b>Closing inventory</b>
Alberta	208,383
British Columbia	222,016
Manitoba	61,608
New Brunswick	46,310
Newfoundland and Labrador	162,578
Northwest Territories	72,016
Nova Scotia	130,662
Nunavut	75,198
Ontario	237,357
Prince Edward Island	109,633
Quebec	227,980
Saskatchewan	139,012
Yukon	90,826

## Sales and duties

### Dried/fresh cannabis

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	22,705.50	68,116.50	35,647.92
British Columbia	34,986.00	104,958.00	0.00
Manitoba	21,682.50	0.00	0.00
Newfoundland and Labrador	9,369.00	28,107.00	0.00
Nova Scotia	0.00	0.00	0.00
Ontario	53,820.00	161,460.00	25,658.83
Prince Edward Island	0.00	0.00	0.00
Saskatchewan	9,652.50	28,957.50	4,446.01
Yukon	0.00	0.00	0.00

### Edible cannabis

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	2,737.20	8,211.60	50,066.26
British Columbia	1,823.40	5,470.20	0.00
Manitoba	1,290.93	0.00	0.00
Newfoundland and Labrador	120.00	360.00	0.00
Nova Scotia	186.00	558.00	0.00
Ontario	5,571.90	16,715.70	20,210.71
Prince Edward Island	41.10	123.30	0.00
Saskatchewan	819.30	2,457.90	7,350.43
Yukon	61.50	184.50	0.00

### **Cannabis extracts**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	82,928.40	248,785.20	95,159.86
British Columbia	60,490.05	181,470.15	0.00
Manitoba	23,414.70	0.00	0.00
Newfoundland and Labrador	6,472.50	19,417.50	0.00
Nova Scotia	0.00	0.00	0.00
Ontario	137,228.79	411,686.37	27,507.27
Prince Edward Island	0.00	0.00	0.00
Saskatchewan	12,222.15	36,666.45	5,770.13
Yukon	0.00	0.00	0.00

**Duty payable :** \$487,623.42

**Additional Duty Payable :** \$1,323,705.87

**Adjustment to the additional duty payable :** \$271,817.42

**Total amount payable : \$2,083,146.71**

**Screen ID:** B-RD-B300-CNF

**Date modified:** 2021-06-29

**TAB B**



## Canada Revenue Agency

File a B300, Cannabis Duty and Information Return

# Confirmation

**Business number:** 70583 6518 RD0004  
**Business name:** BZAM MANAGEMENT INC.  
**Period covered :** 2023-09-01 to 2023-09-30  
**Filing date :** 2023-10-30



**Thank you. Your confirmation number is W696112570**

Your B300, Cannabis Duty and Information Return has been successfully filed. Please keep a copy of this confirmation for your records. Do not send us a paper copy of your return.

**Unpackaged product inventory**

**Finished cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	348,971,223.53
Total additions	147,365,661
Total reductions	141,355,330
Adjustments (+ or -)	0
Closing inventory	354,981,554.53

### **Finished edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,673,510
Total additions	5,409,100
Total reductions	5,377,046
Adjustments (+ or -)	0
Closing inventory	5,705,564

### **Flowering material**



<b>Inventory</b>	<b>Quantity</b>
Opening inventory	4,989.357
Total additions	543.889
Total reductions	226.148
Adjustments (+ or -)	0
Closing inventory	5,307.098

### **Non-Flowering material**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

### **Pure intermediates**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	4,994.258
Total additions	424.615
Total reductions	486.925
Adjustments (+ or -)	0
Closing inventory	4,931.948

### **Packaged product inventory**

#### **Dried/fresh cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	1,550.329
Total additions	0
Total reductions	275.352
Adjustments (+ or -)	0
Closing inventory	1,274.977

**Cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	90,663,885.18
Total additions	141,355,330
Total reductions	105,420,065
Adjustments (+ or -)	0
Closing inventory	126,599,150.18

**Edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	531,319
Total additions	4,709,225
Total reductions	4,191,370
Adjustments (+ or -)	0
Closing inventory	1,049,174

**Stamp inventory**

<b>Jurisdiction</b>	<b>Closing inventory</b>
Alberta	109,446
British Columbia	109,336
Manitoba	56,226
New Brunswick	46,310
Newfoundland and Labrador	146,227
Northwest Territories	71,943
Nova Scotia	117,462
Nunavut	75,198
Ontario	325,416
Prince Edward Island	105,313
Quebec	227,980
Saskatchewan	89,060
Yukon	88,122

## Sales and duties

## Dried/fresh cannabis

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	15,850.50	47,551.50	20,718.46
British Columbia	12,936.00	38,808.00	0.00
Manitoba	16,218.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	18,889.50	56,668.50	9,248.94
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	4,186.50	12,559.50	1,704.71

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Yukon	757.50	2,272.50	0.00

### **Edible cannabis**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	2,073.60	6,220.80	40,191.17
British Columbia	2,199.90	6,599.70	0.00
Manitoba	1,125.33	0.00	0.00
Newfoundland and Labrador	135.00	405.00	0.00
Nova Scotia	330.00	990.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	3,474.30	10,422.90	13,556.19

**1156**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Prince Edward Island	108.00	324.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	975.30	2,925.90	8,611.39
Yukon	57.00	171.00	0.00

### **Cannabis extracts**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	25,495.50	76,486.50	25,669.24
British Columbia	26,847.15	80,541.45	0.00
Manitoba	21,670.35	0.00	0.00
Newfoundland and Labrador	2,091.00	6,273.00	0.00

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Nova Scotia	0.00	0.00	0.00
Nunavut	420.00	1,260.00	582.40
Ontario	173,440.05	520,320.15	32,915.20
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	13,394.11	40,182.34	6,307.78
Yukon	192.00	576.00	0.00

**Duty payable :** \$342,866.59

**Additional Duty Payable :** \$911,558.74

**Adjustment to the additional duty payable :** \$159,505.48

**Total amount payable : \$1,413,930.81**



**TAB C**



## Canada Revenue Agency

File a B300, Cannabis Duty and Information Return

# Confirmation

**Business number:** 70583 6518 RD0004

**Business name :** BZAM MANAGEMENT INC.

**Period covered :** 2023-10-01 to 2023-10-31

**Filing date :** 2023-11-28



**Thank you. Your confirmation number is W136624692**

Your documents have been successfully filed. Please keep a copy of this confirmation for your records. Do not send us a paper copy of your return/refund.

## Summary of B300, Cannabis Duty and Information Return

▼ Return details

## Unpackaged product inventory

### Finished cannabis extracts

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	354,981,554.53
Total additions	
Total reductions	119,001,350
Adjustments (+ or -)	0
Closing inventory	329,946,731.53

### Finished edible cannabis

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,821,425
Total additions	
Total reductions	5,657,317
Adjustments (+ or -)	0
Closing inventory	3,820,162

### Flowering material

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,307.098
Total additions	
Total reductions	90.693
Adjustments (+ or -)	0
Closing inventory	5,600.333

### Non-Flowering material

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	8.282
Total additions	
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

**Pure intermediates**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	4,931.948
Total additions	
Total reductions	612.468
Adjustments (+ or -)	0.00
Closing inventory	5,128.968

**Packaged product inventory****Dried/fresh cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	1,274.977
Total additions	17.077
Total reductions	292
Adjustments (+ or -)	0
Closing inventory	1,000.054

**Cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	232,018,950.2
Total additions	101,214,945
Total reductions	105,948,060
Adjustments (+ or -)	0
Closing inventory	227,285,835.2

**Edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	1,049,174
Total additions	4,052,198
Total reductions	3,929,760
Adjustments (+ or -)	0
Closing inventory	1,171,612

**Stamp inventory**

<b>Jurisdiction</b>	<b>Closing inventory</b>
AB	105,748
BC	163,259
MB	136,452
NB	46,310
NL	140,792
NT	70,791
NS	98,414
NU	75,198
ON	411,522
PE	103,393
QC	227,980
SK	52,708
YT	85,800

## Sales and duties

## DFC

Province/territory where sale was made	Duty (\$)	Additional duty (\$)	Adjustment to the additional duty (\$)
AB	16,501.5	49,504.5	26,227.16
BC	9,717	29,151	0.00
MB	7,549.5	0.00	0.00
NL	8,400	25,200	0.00
NT	0.00	0.00	0.00
NS	0.00	0.00	0.00
ON	27,873	83,619	17,557.48
PE	210	630	0.00
SK	2,257.5	6,772.5	1,078.3
YT	567	1,701	0.00

## ECA



**1166**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
AB	2,032.8	6,098.4	40,477.55
BC	2,055	6,165	0.00
MB	1,414.2	0.00	0.00
NL	0.00	0.00	0.00
NT	28.8	86.4	0.00
NS	474	1,422	0.00
ON	3,000.9	9,002.7	12,880.8
PE	24	72	0.00
SK	752.4	2,257.2	6,668.06
YT	42.3	126.9	0.00

**CAE**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
---	------------------	-----------------------------	---

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
AB	66,104.4	198,313.2	72,469.4
BC	45,777	137,331	0.00
MB	19,244.4	0.00	0.00
NL	5,160	15,480	0.00
NT	0.00	0.00	0.00
NS	0.00	0.00	0.00
ON	120,545.7	361,637.1	23,523.45
PE	1,076.25	3,228.75	0.00
SK	5,914.2	17,742.6	2,752.24
YT	1,048.2	3,144.6	0.00

**Duty payable :** 347,770.05

**Additional Duty Payable :** 958,685.85

**Adjustment to the additional duty payable :** 203,634.44

Total amount payable : 1,510,090.34

## Summary of B301, Application for a Refund of Cannabis Duty

### ▼ Refund details 1

Period covered : 2023-10-01 to 2023-10-31

#### DFC

Province or territory where sale was made	Duty (\$)	Additional duty (\$)	Adjustment to additional duty (\$)	Claimed amount (\$)
BC	2,100	6,300	0.00	8,400

Total refund amount : 8,400

#### CAE

<b>Province or territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to additional duty (\$)</b>	<b>Claimed amount (\$)</b>
BC	6,615	19,845	0.00	26,460
ON	5.25	15.75	1.75	22.75
ON	23,257.5	69,772.5	3,780.99	96,810.99

Total refund amount : **123,293.74**

### **ECA**

<b>Province or territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to additional duty (\$)</b>	<b>Claimed amount (\$)</b>
ON	7.2	21.6	31.7	60.5

Total refund amount : **60.5**

# Refund options

Amount to be reimbursed : **\$131,754.24**

## Summary of this submission :

<b>Total amount payable :</b>	1,510,090.34
<b>Total refund amount claimed :</b>	131,754.24
<b>Total amount to be reimbursed :</b>	131,754.24
<b>Total amount to be transferred to another account :</b>	0.00
<b>Net amount payable :</b>	<b>1,378,336.1</b>

**Screen ID:** B-RD-B300/B301-CNF

**Date modified:** 2021-06-29

**TAB D**



## Canada Revenue Agency

File a B300, Cannabis Duty and Information Return

# Confirmation

**Business number:** 70583 6518 RD0004  
**Business name:** BZAM MANAGEMENT INC.  
**Period covered :** 2023-11-01 to 2023-11-30  
**Filing date :** 2024-02-12



**Thank you. Your confirmation number is W972474665**

Your B300, Cannabis Duty and Information Return has been successfully filed. Please keep a copy of this confirmation for your records. Do not send us a paper copy of your return.

**Unpackaged product inventory**

**Finished cannabis extracts**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	329,946,731.53
Total additions	21,511,751.73
Total reductions	43,878,221.16
Adjustments (+ or -)	-33,261.02
Closing inventory	307,547,001.08

### **Finished edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	3,680,243.04
Total additions	5,090,413.63
Total reductions	3,623,761.24
Adjustments (+ or -)	-672
Closing inventory	5,146,223.43

### **Flowering material**



<b>Inventory</b>	<b>Quantity</b>
Opening inventory	5,581.26
Total additions	797.9
Total reductions	614.65
Adjustments (+ or -)	0
Closing inventory	5,764.51

### **Pure intermediates**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	4,802.987
Total additions	25.84
Total reductions	1,080.213
Adjustments (+ or -)	-35.745
Closing inventory	3,712.869

## Packaged product inventory

### Dried/fresh cannabis

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	969.63
Total additions	326.58
Total reductions	1,039.42
Adjustments (+ or -)	0
Closing inventory	256.79

### Cannabis extracts

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	227,285,835.2
Total additions	58,641,249
Total reductions	140,772,389.93
Adjustments (+ or -)	0
Closing inventory	145,154,694.27

**Edible cannabis**

<b>Inventory</b>	<b>Quantity</b>
Opening inventory	21,384,380
Total additions	7,101,970
Total reductions	24,448,270
Adjustments (+ or -)	135,850
Closing inventory	4,173,930

**Stamp inventory**

<b>Jurisdiction</b>	<b>Closing inventory</b>
Alberta	303,827
British Columbia	262,946
Manitoba	77,466
New Brunswick	46,266
Newfoundland and Labrador	145,555
Northwest Territories	70,862

<b>Jurisdiction</b>	<b>Closing inventory</b>
Nova Scotia	77,352
Nunavut	73,194
Ontario	340,625
Prince Edward Island	96,051
Quebec	227,980
Saskatchewan	70,333
Yukon	84,675

## Sales and duties

### Dried/fresh cannabis

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	19,761.00	59,283.00	20,029.79
British Columbia	11,046.00	33,138.00	0.00
Manitoba	21.00	0.00	0.00

**1178**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Newfoundland and Labrador	315.00	945.00	0.00
Northwest Territories	840.00	2,520.00	0.00
Nova Scotia	0.00	0.00	0.00
Ontario	6,645.00	19,935.00	3,942.65
Prince Edward Island	420.00	1,260.00	0.00
Saskatchewan	94.50	283.50	75.26
Yukon	0.00	0.00	0.00

**Edible cannabis**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	2,066.40	6,199.20	40,346.79

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
British Columbia	2,223.00	6,669.00	0.00
Manitoba	1,686.30	0.00	0.00
Newfoundland and Labrador	30.00	90.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	150.00	450.00	0.00
Ontario	2,756.10	8,268.30	11,004.33
Prince Edward Island	174.00	522.00	0.00
Saskatchewan	774.00	2,322.00	6,906.41
Yukon	24.30	72.90	0.00

### **Cannabis extracts**

**1180**

<b>Province/territory where sale was made</b>	<b>Duty (\$)</b>	<b>Additional duty (\$)</b>	<b>Adjustment to the additional duty (\$)</b>
Alberta	20,203.32	60,609.96	20,564.58
British Columbia	28,884.00	86,652.00	0.00
Manitoba	6,725.55	0.00	0.00
Newfoundland and Labrador	3,390.00	10,170.00	0.00
Northwest Territories	1,448.40	4,345.20	0.00
Nova Scotia	0.00	0.00	0.00
Ontario	73,585.92	220,757.75	17,700.09
Prince Edward Island	420.00	1,260.00	0.00
Saskatchewan	9,336.30	28,008.90	4,236.15
Yukon	0.00	0.00	0.00

**Duty payable : \$193,020.09**

<b>Additional Duty Payable :</b>	\$553,761.71
<b>Adjustment to the additional duty payable :</b>	\$124,806.05
<b>Total amount payable :</b>	<b>\$871,587.85</b>

**Screen ID:** B-RD-B300-CNF

**Date modified:** 2021-06-29



Date modified: 2021-06-29

**1182**

# TAB 10

Court File No. CV-24-00715773-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

BETWEEN:

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 BZAM LTD., BZAM HOLDINGS INC., BZAM  
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE  
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE  
GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC.,  
HIGH ROAD HOLDING CORP., and FINAL BELL CORP.

Applicants

CROSS-EXAMINATION OF MATTHEW MILICH  
on his affidavit sworn March 25th, 2024  
held at the offices of Arbitration Place  
333 Bay Street, Suite 900, Toronto, Ontario  
on Monday, April 8, 2024, at 1:44 p.m.

## APPEARANCES:

Andrew Winton on behalf of the Applicants,  
David Ionis Final Bell Corp.

Joseph Blinick on behalf of the Applicants  
Thomas Feore  
Michael Shakra

Colin Pendrith on behalf of Cortland Credit  
Jonathan Shepherd Lending Corporation

Maria Konyukhova Court-Appointed Monitor,  
Nick Avis (appearing via Zoom)

## ALSO PRESENT:

Deepak Alappatt Cortland (appearing via Zoom)

Keith Merker BZAM (appearing via Zoom)

Robert Meyer Final Bell (appearing via Zoom)

Jeffrey Rosenberg FTI Consulting (appearing via  
Zoom)

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2	Emails exchanged between December 11th and December 13th, 2023, re Cortland	43

1 Toronto, Ontario

2 --- Upon commencing on Monday, April 8, 2024 at

3 1:44 p.m.

4 AFFIRMED: MATTHEW MILICH

5 CROSS-EXAMINATION BY MR. WINTON:

6 1 Q. Good afternoon,

7 Mr. Milich.

8 A. Hello.

9 2 Q. You've sworn an affidavit  
10 on March 25th, 2024, in response to Final Bell's  
11 claim to rescind the Share Exchange Agreement;  
12 correct?

13 A. Let me just check the  
14 date. Yes.

15 3 Q. And you attached to that  
16 affidavit two affidavits you previously sworn in  
17 the CCAA proceeding; correct?

18 MR. BLINICK: Sorry, Counsel.  
19 He didn't attach it to his affidavit. It forms  
20 part of the record. But there are two other  
21 affidavits in the record.

22 BY MR. WINTON:

23 4 Q. Okay.

24 So you refer to those  
25 affidavits, though, and incorporate the evidence

1 given in those affidavits to the evidence you were  
2 delivering in response to Final Bell's motion to  
3 rescind; correct?

4 A. Yes.

5 5 Q. You understood that all  
6 three affidavits formed your sworn evidence in  
7 response to the Final Bell effort to rescind?

8 A. Yes.

9 6 Q. All right.

10 And, in your March 25th  
11 affidavit, you did not correct or otherwise, in  
12 your mind, contradict the evidence given in the  
13 two prior affidavits?

14 A. I don't believe so.

15 7 Q. Okay.

16 Let's just talk a bit about  
17 your background, for the record.

18 You, again, if our research is  
19 right, you have a bachelor in fine arts from New  
20 York University?

21 A. That's correct.

22 8 Q. And you have an MBA from  
23 UCLA?

24 A. That's correct.

25 9 Q. You graduated around



1           2008?

2                                   A.    From UCLA?

3    10                           Q.    Yes.

4                                   A.    Yes.

5    11                           Q.    And you worked for a

6           while as an investment manager?

7                                   A.    Yes.  Family office

8           manager.

9    12                           Q.    I see.  Okay.

10                                So managing investments for

11           wealthy individuals?

12                                A.    Yes.  I was a managing

13           director of a family office.

14   13                           Q.    Okay.

15                                For someone related or

16           involved in this proceeding?

17                                A.    Yeah, it was Mr. Alghanim

18           family office.

19   14                           Q.    Okay.

20                                And so what years were you the

21           managing director of Mr. Alghanim's family office?

22                                A.    I believe it would have

23           been around 2009, 2010 through when we started

24           BZAM.

25   15                           Q.    Approximately 2019 or so?

- 1 A. That sounds right.
- 2 16 Q. Okay. So approximately  
3 ten years?
- 4 A. Approximately.
- 5 17 Q. Okay.  
6 Why don't we assist Madam  
7 Reporter and spell Mr. Alghanim's name for the  
8 record. And I will defer to you.
- 9 A. Sure.  
10 It's A-L-G-H-A-N-I-M.
- 11 18 Q. Okay.  
12 In your role as managing  
13 director of the family office, you reviewed  
14 investment opportunities?
- 15 A. Among other things, yes.
- 16 19 Q. Yes.  
17 And reviewed financial  
18 statements?
- 19 A. I wasn't a financial  
20 analyst, if that's your question.
- 21 20 Q. No. I am just asking if  
22 you reviewed financial statements.
- 23 A. Well, I looked at them  
24 sometimes, yeah.
- 25 21 Q. Right.

1                                   And looked at them, in part,  
2       to form an understanding as to the attractiveness  
3       of investment opportunities?

4                                   A.    I wasn't a stock picker.  
5       We weren't investing in individual, like, stock  
6       names, if that makes sense.

7    22                            Q.    Right.

8                                   A.    So I wasn't looking at  
9       company financial statements, in that sense.

10   23                           Q.    Well, not in that sense,  
11       because you're, like you said, not investing in  
12       publicly-traded stocks; you are investing in  
13       private opportunities?

14                                A.    No, it would be more like  
15       investing in other investment funds.

16   24                           Q.    Okay.

17                                A.    And/or, you know,  
18       occasionally real estate.

19   25                           Q.    Got it. Got it.  
20                                So bringing us to BZAM.  
21                                You have been the chief  
22       executive officer of BZAM since March 2019?

23                                A.    Approximately.

24   26                           Q.    Approximately. Okay.

25                                And BZAM, from the outset, was

1 a corporation formed for operating within the  
2 cannabis space?

3 A. Yes.

4 27 Q. Did you have any cannabis  
5 experience prior to 2019? Meaning in a business  
6 sense. I am not interested in anything else.

7 A. No.

8 28 Q. As the CEO of BZAM, you  
9 oversaw all of BZAM's operations?

10 A. Yeah.

11 And, just to clarify. I don't  
12 think I went by that title.

13 29 Q. Okay.

14 A. When we started.

15 30 Q. What was your title when  
16 you started?

17 A. I think we just used the  
18 corporate title, like president, like an officer.

19 31 Q. Okay.

20 Were you the senior-most  
21 management executive?

22 A. Yes.

23 32 Q. Okay.

24 So whether it was CEO,  
25 president, managing director, or some other title,

1       you were the senior-most person in management at  
2       BZAM?

3                           A.    I wasn't a director of  
4       the company.

5    33                    Q.    Right.  But that's why I  
6       am saying within management.

7                           So not the board of directors  
8       but for those people who were involved in the  
9       operations of the company?

10                        A.    Yes.

11    34                    Q.    Okay.

12                           So that included being --  
13       supervising the CFO of BZAM or the chief-most  
14       financial officer?

15                        A.    Over time.  I mean, I  
16       didn't start as a -- there wasn't that many  
17       employees.

18    35                    Q.    Okay.

19                           But over time?

20                        A.    Over time.

21    36                    Q.    Right.

22                           In 2022, BZAM merged with  
23       TGOD; correct?

24                        A.    Sorry, which date?

25    37                    Q.    I said in 2022.  I just

1           went to the year.

2                                   A.    2022.

3    38                           Q.    I believe it was fall of

4           2022?

5                                   A.    Yeah, that's right.

6    39                           Q.    And, as part of that

7           merger, the combined entity -- TGOD was a

8           publicly-traded company and the combined entity

9           remained a publicly-traded company; correct?

10                                A.    That's correct.

11   40                           Q.    And you became the CEO of

12           the merged entity?

13                                A.    That's correct.

14   41                           Q.    Mr. Bovington, who had

15           been the CEO of TGOD, became the CFO of the merged

16           entity?

17                                A.    That is correct.

18   42                           Q.    And, together, the two of

19           you were responsible for certifying the accuracy

20           of the merged entity's financial statements;

21           correct?

22                                A.    I believe that's so,

23           yeah.

24   43                           Q.    Right.

25                                Under securities regulations,

1       you and Mr. Bovingdon were required to sign;  
2       right --

3                                   A.    Yeah.

4    44                           Q.    -- that you were  
5       certifying the accuracy of financial statements?

6                                   A.    Yeah. That is the first  
7       time I was an officer of a public company.

8    45                           Q.    My next question. All  
9       right.

10                                But you understood that's an  
11       important obligation of a signing officer of a  
12       publicly-traded company, the certification of the  
13       financial statements?

14                                   A.    Yes.

15    46                           Q.    Initially, when the  
16       merger occurred and the combined entity is formed,  
17       you were not a member of the board of directors;  
18       correct?

19                                   A.    That is correct.

20    47                           Q.    You were appointed to the  
21       board of directors of the merged entity in late  
22       January 2024?

23                                   A.    That is correct.

24    48                           Q.    Okay.

25                                   Replacing Mr. Bovingdon's seat

1 on the board?

2 A. I mean, he stepped down  
3 from the board at the same time, so.

4 49 Q. Right.

5 In the same meeting where his  
6 resignation is communicated to the board, you are  
7 appointed as a new director of the company?

8 A. Correct.

9 50 Q. Okay.  
10 Just to confirm, you were in  
11 attendance this morning when I examined  
12 Mr. Bovingdon?

13 A. Yes.

14 51 Q. So you heard the evidence  
15 he gave in response to my questions?

16 A. Yes.

17 52 Q. Okay.

18 You recall I asked  
19 Mr. Bovingdon questions surrounding the  
20 circumstances of his departure or the termination  
21 of his position as CFO at BZAM?

22 A. Yes.

23 53 Q. And his evidence was he  
24 first learned of the change in his employment  
25 status in a conversation with you held



1 January 11th, 2024; right?

2 A. Yes. It didn't change at  
3 that time.

4 54 Q. Well, you told him that  
5 there was going to be a transition where he was  
6 going to depart from the role of CFO?

7 A. Yeah. I mean, we had an  
8 open discussion about it.

9 55 Q. Right.  
10 And that was a decision that,  
11 as Mr. Bovingdon testified this morning, that  
12 discussion was initiated by you; correct?

13 A. That's correct.

14 56 Q. And the fact that there  
15 was going to be a change was a change initiated by  
16 you, as CEO of the company; correct?

17 A. I mean, it would need  
18 board approval as well. But we started the  
19 dialogue around the transition.

20 57 Q. Right.  
21 But you understood and you  
22 heard Mr. Bovingdon say it wasn't -- the timing  
23 wasn't initiated by him; you agree with that?

24 A. Yes.

25 58 Q. Okay.

1                                   And I take it that if the  
2       discussion you had with Mr. Bovingdon was held  
3       January 11th, that this is something you had been  
4       thinking about for some period prior to  
5       January 11th?

6                                   A.     As Mr. Bovingdon  
7       mentioned, it had been something that we had  
8       talked about even from the beginning.

9       59                           Q.     Right.

10                                  But his evidence was, from the  
11       time of the execution of his amending agreement,  
12       which is a document we know is dated March 1st,  
13       2023.

14                                  A.     Um-hmm.

15       60                           Q.     So from March 2023 to  
16       January 2024, he did not have any discussions with  
17       you about the timing of his transition; is that  
18       fair?

19                                  A.     Yeah, we didn't have any  
20       in-depth conversations about it.

21       61                           Q.     Okay.

22                                  And so back to my question.  
23                                  January 11th, you have that  
24       discussion with Mr. Bovingdon, it wasn't as if you  
25       woke up that morning and said let's have -- it

1       wasn't out of the blue. You had been thinking  
2       about that for some period of time prior to  
3       January 11th; right?

4                   A. I am not sure for how  
5       long because, as he mentioned, it was sort of --  
6       we were also doing, you know, head count reduction  
7       in association with the, you know, acquisition.

8                   So it might have been that it  
9       sort of -- it might have been that it, you know,  
10      sort of all the thought came up all at the same  
11      time.

12   62            Q. That head count reduction  
13      was sort of planned or at least discussed to some  
14      extent for a few weeks prior to closing?

15                   A. It came together pretty  
16      quickly.

17   63            Q. Right.

18                   But it was before closing so  
19      the plans were already in place before the closing  
20      of the transaction, that there was going to be a  
21      head count reduction and you had to think about  
22      who was going to be let go on account of these  
23      synergies; correct?

24                   A. There was probably some  
25      discussions, yeah.

1 64 Q. Discussions among whom?

2 A. It would have been

3 various people, I think.

4 65 Q. Okay.

5 Can you give me a couple

6 names? Was it members of the board?

7 A. Well, if you're

8 talking -- not so much because it's more

9 operationally, you know, between redundant

10 positions.

11 66 Q. Yeah.

12 A. So conversations with

13 Greg from Final Bell Canada, other people on the

14 team at BZAM.

15 67 Q. So who at Final Bell

16 Canada, sorry?

17 A. Greg Boone. Because he

18 was incoming. You know, he came in as the

19 president of the company.

20 68 Q. Right. Okay.

21 And people within BZAM, can

22 you give me a couple names of the people within

23 BZAM with whom you were having discussions about

24 the redundancies?

25 A. I am sure I would have

1       talked to Jordan about it.

2       69                   Q.     Jordan, last name?

3                         A.     Winnett.

4       70                   Q.     Okay.

5                         A.     I would have talked to

6       Sean about it.

7       71                   Q.     Okay.

8                         A.     I certainly would have

9       talked to Seth about it.  He is the VP of people

10      and culture.

11      72                   Q.     Seth Mitchell; right?

12                         A.     That's correct.

13      73                   Q.     M-I-T-C-H-E-L-L?

14                         A.     That's correct.

15      74                   Q.     Okay.  Got it.

16                         And these are discussions that

17      would have taken place prior to the Jan 5th

18      closing of the transaction; correct?

19                         A.     They must have, yeah.

20      But I don't think too much prior because it's

21      obviously a delicate subject.

22      75                   Q.     Right.

23                         You mentioned the concept of

24      board approval of Mr. Bovingdon's termination as

25      CFO; correct?

1 A. Um-hmm.

2 76 Q. You have to say "yes" for  
3 the record. "Um-hmm" doesn't come through.

4 A. Yes. Sorry.

5 77 Q. No problem.

6 You were engaged in  
7 discussions with certain members of the board  
8 prior to the signing of the separation agreement  
9 with Mr. Bovingdon; correct?

10 A. Yes.

11 78 Q. And we can maybe, just to  
12 give an example.

13 We are pulling up one of the  
14 documents -- we are going to hand you hard copies  
15 that was provided to us in response to the Redfern  
16 requests.

17 And you will see it's an email  
18 chain containing emails exchanged between  
19 January 19th, 2024, which is on the fourth page of  
20 the document, January 22nd, 2024.

21 And it appears that the chain  
22 is among yourself, Mr. Mitchell, Keith Merker and  
23 Chris Schnarr, concerning Mr. Bovingdon's  
24 departure; do you see that?

25 A. Um-hmm.

1     79                   Q.    You recognize this  
2     document?

3                         A.    Yes.

4                         MR. WINTON:   Can we mark this  
5     as the first exhibit to this examination, please.

6                         MR. BLINICK:   Yes.

7                         MR. WINTON:   Thank you.

8                         Exhibit 1 will be emails  
9     exchanged among Matthew Milich, Seth Mitchell,  
10    Chris Schnarr and Keith Merker between  
11    January 19th and January 22nd, 2024, re Sean.

12                        EXHIBIT NO. 1:   Emails  
13                        exchanged among Matthew  
14                        Milich, Seth Mitchell,  
15                        Chris Schnarr and Keith  
16                        Merker between  
17                        January 19th and  
18                        January 22nd, 2024, re  
19                        Sean

20                        BY MR. WINTON:

21    80                   Q.    Fine for you to take the  
22    time to read this as much as you feel you need to,  
23    but I really just have a high-level question for  
24    you to begin.

25                        A.    Sure.

1 81 Q. I will suggest to you  
2 what's apparent from this document is that you  
3 were engaged in discussions with Mr. Schnarr  
4 and -- sorry, let me back this up and build it one  
5 piece at a time.

6 Mr. Schnarr and Mr. Merker are  
7 members of the board of directors of BZAM;  
8 correct?

9 A. Yes, they are.

10 82 Q. Okay.

11 And so, prior to the signing  
12 of the separation agreement, they were involved in  
13 the negotiation of the terms of separation with  
14 Mr. Bovingdon; correct?

15 A. I mean, I was consulting  
16 with them and working with them on it, yeah.

17 83 Q. Right.

18 And you were keeping them  
19 apprised of the terms and getting their input as  
20 to those terms; correct?

21 A. Yes.

22 84 Q. Right.

23 And you understood, at this  
24 point, that they were on board with the concept of  
25 terminating Mr. Bovingdon's employment at BZAM?



1                                   A.    Yeah.  I mean, they would  
2    have been aware of the discussions already dating  
3    back previously.

4                                   So to talk now about, at this  
5    point in time, about the transition, I don't  
6    know -- I don't know if "on board" is the right  
7    word, but.

8    85                            Q.    You understood you  
9    already had their approval to the concept of  
10   Mr. Bovingdon leaving BZAM; correct?

11                                A.    I don't think I had their  
12   formal approval.

13   86                            Q.    Right.  And I am not  
14   asking about formal approval.

15                                But you had already floated  
16   the idea by them; correct?

17                                MR. BLINICK:  Sorry, just to  
18   be clear.  You are speaking about Mr. Merker and  
19   Mr. Schnarr?

20                                MR. WINTON:  Correct.

21                                THE WITNESS:  Yeah, I would  
22   have discussed it with them.

23                                BY MR. WINTON:

24   87                            Q.    Right.

25                                And you understood, and these

1 emails seem to indicate, they are not against the  
2 idea; correct?

3 A. Correct.

4 MR. BLINICK: Counsel, why  
5 don't we let him -- I think he had said, at the  
6 outset, he hadn't had an opportunity to read  
7 through the whole thing, so let's give him the  
8 opportunity.

9 BY MR. WINTON:

10 88 Q. Yeah, if you feel you  
11 time to review this to answer those questions, by  
12 all means, let me know.

13 A. Yes. So what's the  
14 question?

15 89 Q. I actually don't remember  
16 but let me just ask this question:

17 You had understood, at this  
18 point, while these emails are being exchanged, you  
19 had understood they were agreeable to the concept  
20 that Mr. Bovingdon's employment was being  
21 terminated with BZAM; correct?

22 A. That seems a fair way to  
23 say it.

24 90 Q. Yes.

25 And I think, to the point you

1 raised a couple of minutes ago, these emails were  
2 preceded by some discussions you'd already had  
3 with them where you had apprised them of your  
4 discussion with Mr. Bovingdon; correct?

5 A. I don't recall  
6 specifically but it -- I don't recall  
7 specifically. But I had a conversation with Sean  
8 on the 11th.

9 91 Q. Right.

10 A. And it would seem I would  
11 have spoken to them, yeah.

12 92 Q. So if you look at the  
13 first email in the chain on page 4, it's from you,  
14 January 19th, 2024, and it says:

15 "Hi, both --"[as read]

16 A. Yeah, I would have spoken  
17 to them.

18 93 Q. Right.

19 It says "just a quick update"  
20 which suggests that there are emails -- sorry,  
21 there was some form of communication, written or  
22 oral, preceding this January 19th email where you  
23 had relayed to them, at whatever level, high level  
24 or not, this idea that Mr. Bovingdon's employment  
25 was being terminated?

1 A. Yeah, I recall. I talked  
2 to them by phone after I spoke with Sean.

3 94 Q. On or around  
4 January 11th?

5 A. Yeah, sometime on or  
6 around.

7 95 Q. Right.  
8 So close to that date -- if  
9 not specifically on the 11th, very close to it?

10 A. Probably.

11 96 Q. Okay.

12 And the response from them,  
13 without getting into any details, didn't give you  
14 any indication they were against the idea?

15 A. No. They didn't seem  
16 against it.

17 97 Q. Okay.

18 Now, Mr. Alghan(ph), is that  
19 how you pronounce it?

20 A. Al-ghan-im.

21 98 Q. Thank you.

22 Mr. Alghanim is chair of the  
23 board of BZAM at this time; correct, meaning in  
24 January 2024?

25 A. Yes.

1 99 Q. And its single largest  
2 shareholder; correct?

3 A. Yes.

4 100 Q. And a significant  
5 unsecured creditor; correct? Or was he secured?

6 A. I think he is secured --

7 MR. BLINICK: Sorry, Counsel.

8 MR. WINTON: Let's just --

9 MR. BLINICK: Are you  
10 referring to any specific --

11 BY MR. WINTON:

12 101 Q. Well, he is the  
13 controlling principal of StonePine; correct?

14 A. Yes.

15 102 Q. Okay.

16 So he has got three different  
17 hats that I can identify: Chair of the board,  
18 largest shareholder, and significant creditor; is  
19 that fair?

20 MR. BLINICK: Well, sorry. I  
21 think there's just a distinction that you are  
22 failing to draw between StonePine and the  
23 individual, amongst potentially --

24 MR. WINTON: I am not sure  
25 about that. That's why I am putting it to the

1 witness. But let me explore that.

2 BY MR. WINTON:

3 103 Q. StonePine is wholly owned  
4 by Mr. Alghanim or other entities under his  
5 control that he owns?

6 A. I actually don't have  
7 visibility on the ownership structure.

8 104 Q. Okay.  
9 Is he the controller of  
10 StonePine? Does he make the decisions for  
11 StonePine?

12 A. I mean, you're asking me  
13 to speculate at this point because it's been a  
14 long time since I have been involved with those  
15 things.

16 105 Q. I am not asking you to  
17 guess. So that's okay. If you don't know, you  
18 don't know. That's all right.

19 A. Yeah, I don't know for  
20 sure.

21 106 Q. Okay.  
22 Let's leave StonePine out of  
23 it. That's somewhere in the record and we will  
24 track that down if we need to.

25 Chair of the board and largest

1           shareholder; correct?

2                                   A.    Yes.

3    107                           Q.    And --

4                                   A.    Well, StonePine is the  
5    largest shareholder, I believe.

6    108                           Q.    Okay.    Okay.

7                                   Let's just -- did you have any  
8    discussions with Mr. Alghanim, prior to  
9    January 19th or the date of the emails in this  
10   exhibit, concerning the termination of  
11   Mr. Bovingdon's employment?

12                                  A.    Just to know, you keep  
13   calling it termination.   But it was sort of a  
14   planned transition.

15   109                           Q.    Well, okay.   Whatever you  
16   call it --

17                                  A.    Right.

18   110                           Q.    -- his employment was  
19   terminated.   It wasn't -- I don't mean anything  
20   pejorative in the term but his employment came to  
21   an end; correct?

22                                  A.    Well, we set a date in  
23   the future for it to end.

24   111                           Q.    Right.

25                                  A date, certain at which it

1 would end, that was negotiated and arranged in  
2 January 2024; correct?

3 A. Yes.

4 112 Q. Right.

5 And with the announcement on  
6 Jan 25th that he is leaving the company; correct?

7 A. Sorry, the announcement,  
8 when?

9 113 Q. On January 25th, 2024,  
10 there's the public announcement that Mr. Bovingdon  
11 is leaving BZAM effective April 30th; right?

12 A. That sounds right.

13 114 Q. Okay.

14 Was there any discussion in  
15 that January 11th to 19th period with Mr. Alghanim  
16 about the departure of Mr. Bovingdon from BZAM?

17 A. I am sure I would have  
18 had a conversation with him about it.

19 115 Q. Right.

20 Because his approval certainly  
21 would be required as well; right?

22 A. Yeah. As a board member,  
23 similar to Chris and Sean, so.

24 116 Q. I assume you wouldn't  
25 want to be engaging in these kinds of operational



1 decisions without the approval of Mr. Alghanim,  
2 both as a board member but also as a significant  
3 stakeholder of the company?

4 A. If your question is did I  
5 talk to him about it, the answer is yes.

6 117 Q. Okay.

7 And would not have pursued the  
8 transition, however you want to call it, if he had  
9 voiced opposition to the concept; fair?

10 A. I mean, if board  
11 members -- you know, if multiple -- how do you say  
12 it. I mean, it's something you do with the  
13 collective, like, consent of the board, so.

14 118 Q. Okay.

15 You don't recall him  
16 communicating any opposition to the idea; fair?

17 A. No.

18 119 Q. Meaning I am correct in  
19 my proposition?

20 A. I don't recall him  
21 communicating any opposition.

22 120 Q. Okay.

23 At the January 24th, 2024,  
24 board meeting, that is where the board approves  
25 the transition agreement entered into with

1 Mr. Bovingdon; correct?

2 A. Yes.

3 121 Q. Okay.

4 So that's the board approval  
5 that you referred to earlier that you felt you  
6 needed in order to kind of finalize the departure  
7 arrangements; fair?

8 A. I don't know if it's felt  
9 I needed. But my understanding was it's required.

10 122 Q. Okay.

11 So whether -- if it's  
12 required, that was the approval you were telling  
13 me about earlier you required?

14 A. Yes.

15 123 Q. Okay.

16 And we know from reviewing the  
17 documents provided to us that -- and it's  
18 Exhibit 2 to Mr. Bovingdon's examination; we don't  
19 need to make it an exhibit now -- that the  
20 separation agreement was dated -- your counsel is  
21 showing it to you now, but you see it's dated  
22 January 24th.

23 And we turn to the second last  
24 page of the document. It's DocuSigned on  
25 January 24th by Mr. Bovingdon; correct?

1 A. Um-hmm.

2 124 Q. Yes? You have to say

3 "yes" for the record.

4 A. Oh, sorry, yes.

5 125 Q. I know it's one of those

6 things that takes getting used to. Okay.

7 Did you -- prior to

8 January 24th, 2024, did you obtain written consent

9 from Cortland to the separation agreement with

10 Mr. Bovingdon?

11 A. Written consent. I don't

12 believe so.

13 126 Q. Okay.

14 Between January 24th and

15 February 28th, did you obtain written consent from

16 Cortland to Mr. Bovingdon's terms of separation?

17 A. Sorry, which dates?

18 127 Q. So the date of signing

19 so, the 24th --

20 A. Um-hmm.

21 128 Q. -- to Feb 28th which is

22 the date of the CCAA filing is the bookends; did

23 you get Cortland's written consent to

24 Mr. Bovingdon's departure?

25 A. I don't believe so. I

1 mean, we talked about it.

2 129 Q. Okay.

3 But you don't have a written  
4 consent from them?

5 A. No.

6 130 Q. Okay.

7 A. I don't believe so.

8 131 Q. Okay. Let's talk about a  
9 different subject for a bit.

10 You're familiar with the brand  
11 Jeeter when it comes to sort of cannabis products?

12 A. I am familiar with it.

13 132 Q. J-E-E-T-E-R; correct?

14 A. Yes.

15 133 Q. There was a point in time  
16 where BZAM was seeking a licensing deal with  
17 Jeeter; correct?

18 A. There was a time.

19 134 Q. Right.

20 And Jeeter actually entered  
21 into a licensing agreement with Final Bell Canada;  
22 correct?

23 A. They ultimately did, yes.

24 135 Q. When the concept of a  
25 merger-type transaction with Final Bell Canada

1           arose, one of the attractions of that arrangement  
2           was the opportunity for BZAM to now have the  
3           Jeeter brand within its family of cannabis brands;  
4           correct?

5                           A.    It was -- I mean, it was,  
6           it was interesting when Greg called and said he  
7           had made the license agreement with Jeeter.

8                           I subsequently found out he  
9           didn't actually do it until later.

10                          But, yeah, it was interesting.

11    136                   Q.    It was a point in favour  
12           of the transaction; fair?

13                          A.    Yes.

14    137                   Q.    Okay.

15                          And you understood, at some  
16           point, in the review of the -- in conducting the  
17           due diligence on Final Bell Canada, that a large  
18           load-in with Ontario Cannabis Retail Corporation  
19           was required some point in January or  
20           February 2024; correct?

21                          A.    Yeah, I think Greg would  
22           have even mentioned it when I spoke to him.

23    138                   Q.    Right.

24                          And a load-in is providing --  
25           why don't you tell me, in your words, what the

1 load-in to OCS is?

2 A. I think, at that time,  
3 Greg explained that they had gotten the SKUs  
4 listed and that they needed to -- there was a  
5 window where they had to deliver what, on whatever  
6 POs they were going to receive. I don't know that  
7 they had them at that time.

8 139 Q. So this is an opportunity  
9 to load product into, on to the Ontario Cannabis  
10 Stores product listing?

11 A. It's really just the  
12 first deliveries of the product to the OCS.

13 140 Q. Right.  
14 The timing of the load-in  
15 requirement was a relevant consideration in terms  
16 of determining the timing of the BZAM Final Bell  
17 merger?

18 A. Yeah, I think it made it  
19 extremely urgent for Final Bell because they  
20 weren't able to actually do it.

21 So they would sign an  
22 agreement with Jeeter they couldn't fulfil.

23 141 Q. But it also makes it  
24 attractive to BZAM because BZAM could fulfil that  
25 and realized the benefit of the revenues that

1 Jeeter opportunity offered; correct?

2 A. Uh, that's a tough  
3 question because there's also a large cost to it.

4 So it wasn't clear, it wasn't  
5 clear, at that time, what, you know, what the  
6 benefits would be.

7 142 Q. It was perceived as a  
8 benefit to the transaction that this was an  
9 opportunity for BZAM to take advantage of this  
10 load-in requirement that Final Bell Canada might  
11 not, otherwise, be able to achieve?

12 A. No, I wouldn't frame -- I  
13 wouldn't frame it that way or think of it that  
14 way.

15 It was more they reached out.  
16 Greg reached out. He was, you know, fairly  
17 desperate. Acknowledged he couldn't get it done.

18 And so it was more -- we  
19 talked about ways, was there ways we could help.  
20 Is there other ways we could do it  
21 co-manufacturing, et cetera.

22 So it just sort of landed on  
23 that as a potential route. And that's then led to  
24 a discussion with Tom and then, you know, the  
25 discussions just continued.

1 143 Q. Okay.

2 When it came to negotiating  
3 the terms of the transaction and conducting due  
4 diligence, BZAM had counsel and advisors  
5 representing and assisting it; correct?

6 A. Negotiating the Final  
7 Bell transaction?

8 144 Q. Yeah.

9 A. We had counsel and we  
10 engaged Clarus, yes.

11 145 Q. Right.

12 It appears, from the record,  
13 that counsel was Aird & Berlis; is that right?

14 A. That's correct.

15 146 Q. Okay.

16 Between signing the letter of  
17 intent and signing the Share Exchange Agreement,  
18 both sides conducted due diligence on each other;  
19 correct?

20 A. Between signing the LOI  
21 and the Share Exchange Agreement?

22 147 Q. Yes.

23 A. Yes, there was a due  
24 diligence period.

25 148 Q. Right.



1                                   And that due diligence period  
2           included the exchange of financial information  
3           by -- or the delivery of financial information by  
4           both sides; correct?

5                                   A.     Both sides delivered  
6           information.

7   149                           Q.     Right.

8                                   And you were aware there were  
9           conversations occurring between employees of Final  
10          Bell and employees of BZAM about that financial  
11          information?

12                                  A.     Which employees?

13   150                           Q.     Well, for instance, you  
14          heard, earlier this morning, Mr. Bovingdon  
15          referencing having one-on-one emails and  
16          discussions with Mr. Adams; you heard that? You  
17          remember that?

18                                  A.     Yeah, he had a few.

19   151                           Q.     And you knew that, at the  
20          time, that those discussions were taking place?

21                                  A.     Yes.

22   152                           Q.     Right.

23                                  And I think, if I am  
24          understanding your evidence from earlier this  
25          afternoon correctly, not being the financial

1 analyst type, you weren't the one generating the  
2 financial information that was being disclosed to  
3 Final Bell; fair?

4 A. Clarus was doing it.

5 153 Q. Well, Mr. Bovingdon's  
6 evidence -- and this is what I want to check with  
7 you.

8 Clarus was providing  
9 information, but BZAM was providing information to  
10 Clarus; right?

11 A. Yeah, Clarus would have  
12 got information from both sources. Final Bell or  
13 BZAM.

14 154 Q. Right. Right.

15 But they are not generating  
16 the inputs that go into their models. They are  
17 drawing on information provided to them by each of  
18 Final Bell and BZAM; right?

19 A. Yeah. But they are also  
20 doing their own work.

21 155 Q. Right.

22 But their work is based on the  
23 inputs from BZAM and Final Bell? I just want to  
24 make sure we are agreed on that.

25 A. It uses inputs, right,

1 and then they synthesize it.

2 156 Q. Right. Right.

3 And the synthesized

4 information Clarus was producing was information  
5 that BZAM was reviewing and relying upon as part  
6 of its analysis of the attractiveness of the  
7 transaction; right?

8 A. Clarus was doing their  
9 work for BZAM, yes.

10 157 Q. Right. They were  
11 advising BZAM?

12 A. That's correct.

13 158 Q. So, when they are  
14 conducting a synthesis of information, you're  
15 expecting them to do so, to the best of their  
16 abilities, in order to give BZAM the best  
17 opportunity to evaluate the -- whether or not it  
18 wants to continue with this transaction?

19 A. I don't know if I would  
20 word it exactly like that.

21 But they are an advisor so  
22 they are putting together a pro forma model to  
23 share with their client.

24 159 Q. Right.

25 The pro forma information that

1 both in the BZAM stand-alone model, Final Bell  
2 stand-alone model, and in the combined model,  
3 included both historic and forward-looking  
4 information; correct?

5 A. In the Clarus model? I  
6 don't recall off the top of my head.

7 160 Q. Okay.

8 Let's pull up if you have it.  
9 Exhibit 4 to Mr. Bovingdon's examination.

10 MR. BLINICK: To be clear,  
11 this is the Rachel Andrews email chain?

12 MR. WINTON: Correct. Rachel  
13 Andrew, no S.

14 BY MR. WINTON:

15 161 Q. You were included on the  
16 emails in this document; correct, you are copied  
17 on them?

18 A. Yes.

19 162 Q. Why don't we, just to be  
20 as thorough as possible, make this an exhibit to  
21 Mr. Milich's examination as well.

22 MR. BLINICK: Sure.

23 MR. WINTON: So we will call  
24 this Exhibit 2. And it will have the same title  
25 as Exhibit 4 to Mr. Bovingdon. Thank you.

1 EXHIBIT NO. 2: Emails  
2 exchanged between  
3 December 11th and  
4 December 13th, 2023, re  
5 Cortland

6 BY MR. WINTON:

7 163 Q. If you need a moment, why  
8 don't you take a minute to review this. I don't  
9 really have lots of questions about the contents.  
10 But I want to make sure you're familiar about its  
11 contents when I ask my next questions.

12 So tell me when you're ready.

13 A. I'm ready.

14 164 Q. Fantastic.

15 You didn't forward this email  
16 to anyone at Final Bell; correct?

17 A. No.

18 165 Q. As in my proposition is  
19 correct?

20 A. I didn't forward it.

21 166 Q. Right. Sorry, there is  
22 always that issue with negative questions. I  
23 apologize.

24 So I am correct in stating  
25 that you did not forward this to anyone at Final

1 Bell?

2 A. No. I did not forward  
3 it.

4 167 Q. Bingo. Thank you.

5 A. Just to clarify an  
6 earlier question you asked about the model.

7 168 Q. Yeah.

8 A. I think, just to be  
9 clear, it certainly had forward-looking  
10 projections in it.

11 169 Q. Okay.

12 A. So I don't know exactly  
13 what your question was but --

14 170 Q. That was my question.  
15 Whether we agreed it contained forward-looking  
16 projections?

17 A. It certainly did, yeah.

18 171 Q. Right. Okay.  
19 And the forward-looking  
20 projections --

21 A. But I think you asked the  
22 question like two things put together.

23 172 Q. I might have done that  
24 and I apologize if I did. So let's break it down.  
25 The Clarus combined model

1 contained forward-looking information.

2 A. That is correct.

3 173 Q. The BZAM stand-alone  
4 model contained forward-looking information?

5 A. That is correct.

6 174 Q. And the Final Bell  
7 stand-alone model contained forward looking  
8 information?

9 A. That is correct.

10 175 Q. The BZAM stand-alone  
11 model which contains forward-looking  
12 information -- pausing there. That information,  
13 in part, came from BZAM?

14 A. That Clarus produced?

15 176 Q. Clarus produced the model  
16 but --

17 A. Based on information.

18 177 Q. From BZAM?

19 A. Yeah, I don't know to  
20 what extent they, you know, put their own sense  
21 check or modifications. You know, I don't know to  
22 what extent they modified it, bu, yes.

23 178 Q. Okay.

24 A. Do you have any other  
25 questions about this email?

1 179 Q. No, you can put that  
2 away. Thank you.

3 A. You don't want to ask  
4 about the typo in it?

5 180 Q. No. That's okay.

6 A. It is clearly a typo,  
7 though.

8 181 Q. You should wait until I  
9 ask you questions.

10 Well, actually, you have  
11 raised it. Let me ask you that in response to  
12 that comment.

13 Do you have an email from  
14 Ms. Andrew informing you that there was a typo in  
15 her email sent December 13th, 2023?

16 A. I do not have an email  
17 but it's so obvious on the face of it that I don't  
18 think it needs, like, any sort of confirmation.

19 182 Q. Okay. This is -- I have  
20 asked a very specific question. I think you have  
21 answered it, though.

22 MR. BLINICK: Counsel, he is  
23 still in the process of answering so I suggest you  
24 not cut the witness off as he is midstream.

25 BY MR. WINTON:



1 183 Q. If there is anything more  
2 you want to say about whether or not there is an  
3 email from Ms. Andrew. I didn't ask you to infer  
4 or give your interpretation. That would have been  
5 my next question.

6 The suggestion there is a typo  
7 is based on your reading of the email, not on any  
8 information you received from Ms. Andrew; is that  
9 fair?

10 A. Yeah, not just my reading  
11 but several people. But, yes.

12 184 Q. To the extent it's your  
13 opinion, it's not based on information you  
14 received from Ms. Andrew?

15 A. No, I didn't directly  
16 contact her about it.

17 185 Q. And she never told you  
18 that?

19 A. No.

20 186 Q. Okay.

21 MR. BLINICK: If you did want  
22 to finish your thought, you're entitled to that,  
23 Mr. Milich.

24 MR. WINTON: I don't think he  
25 is if it's not responsive to my question. I don't

1 think, in a cross-examination, the witness should  
2 be just speaking at liberty. He should be  
3 answering questions that are put to him.

4 MR. BLINICK: I think he was  
5 until you cut him off. But the record will speak  
6 for itself.

7 MR. WINTON: I disagree. You  
8 can re-examine him, if you wish.

9 Let's take a ten-minute break.  
10 Go off the record.

11 --- Upon recess at 2:35 p.m.

12 --- Upon resuming at 2:46 p.m.

13 BY MR. WINTON:

14 187 Q. A couple of questions  
15 back to the Bovingdon transition situation. Okay.

16 One, when you had the  
17 conversation with Mr. Bovingdon on January 11th,  
18 and you'd formed the decision, at some point prior  
19 to that that this is the time to initiate this  
20 transaction discussion with him, the decision was  
21 not performance-related; correct?

22 A. No.

23 188 Q. Let me try this again.

24 Meaning I am correct that it  
25 was not performance-related or am I incorrect in

1 that statement?

2 A. It was not

3 performance-related.

4 189 Q. Thank you.

5 Second, you referenced, as  
6 part of the redundancies discussions you had prior  
7 to January 11th, that you had had discussions, I  
8 think it was with Mr. Boone at Final Bell?

9 A. Um-hmm.

10 190 Q. Yes; right?

11 A. Yes, with Mr. Boone.

12 191 Q. And, in those  
13 discussions, I take it, you didn't tell Mr. Boone  
14 about your plan to initiate the transition  
15 discussion with Mr. Bovingdon after closing?

16 A. I don't know if I  
17 mentioned it.

18 192 Q. Okay. You don't know.

19 Okay. That's fine.

20 Am I correct -- I don't know  
21 just -- that, in recent days or weeks, the  
22 senior-most employees of Final Bell Canada who  
23 came over with the company have since left, either  
24 resigned or been terminated?

25 A. Greg Boone resigned.

- 1 193 Q. Yes.
- 2 A. Christy Zhou resigned.
- 3 And Lana MacKenzie resigned.
- 4 194 Q. Okay.
- 5 Why don't we go through their
- 6 positions so we understand. Who were they at
- 7 Final Bell, what were their roles at Final Bell
- 8 Canada?
- 9 A. Greg Boone was the
- 10 president.
- 11 195 Q. Yes.
- 12 A. Or, sorry. He was the
- 13 CEO of Final Bell Canada.
- 14 196 Q. Yes.
- 15 A. I believe he was also a
- 16 director of Final Bell.
- 17 197 Q. Okay.
- 18 Christy. How do you spell
- 19 Christy; do you know?
- 20 A. The Christy part or the
- 21 Zhou part?
- 22 198 Q. Well, we will go one at
- 23 the time. Let's start with the Christy part.
- 24 A. Okay. C-H-R-I-S-T-Y.
- 25 199 Q. Yes.

1 A. Zhou, Z-H-O-U.

2 200 Q. Okay.

3 And what was her role?

4 A. She was the chief legal

5 officer of Final Bell Canada.

6 201 Q. Okay.

7 And then I think, last, you

8 said Lana MacKenzie; is that right? Did I get

9 that name right?

10 A. Lana MacKenzie, yes.

11 202 Q. L-A-N-A?

12 A. L-A-N-A.

13 203 Q. M-C-capital-K-E-N-Z-I-E?

14 A. I believe it's spelled

15 M-A-C-K-E-N-Z-I-E.

16 204 Q. Okay.

17 What was her role at Final

18 Bell Canada?

19 A. VP of sales.

20 205 Q. Okay.

21 And do you know where, if they

22 resigned for other opportunities, do you know

23 where they are going to?

24 A. I don't know. Some of it

25 is secondhand, but I heard Lana was pursuing

1 another opportunity.

2 206 Q. Yes, okay.

3 A. But the other folks, I  
4 don't know. They didn't say anything.

5 207 Q. No information that,  
6 whatever they are doing, they aren't returning to  
7 the Final Bell family of companies?

8 A. Not that I am aware of.

9 MR. WINTON: Right. Okay.  
10 Those are my questions.

11 I do intend to have -- I have  
12 more questions for you but we are going to reserve  
13 anything more I intend to ask you for the oral  
14 hearing on the 22nd, 23rd.

15 So this is -- I am not sure of  
16 Mr. Bovingdon but I definitely have much more to  
17 ask Mr. Milich down the road.

18 Not that we still did discuss  
19 but just, for the record, that we are treating  
20 these as two separate examinations. So we are not  
21 suggesting you are on ice or otherwise unable to  
22 speak to counsel at the conclusion of today's  
23 portion of your examination.

24 I just want to make sure there  
25 is no dispute about that.

1 MR. BLINICK: That's  
2 understood.

3 MR. WINTON: Thank you.

4 MR. BLINICK: Why don't we  
5 give me one minute off the record and I will  
6 consider whether I want to do any re-exam.

7 --- Upon recess at 2:51 p.m.

8 --- Upon resuming at 2:53 p.m.

9 MR. BLINICK: No re-exam here.  
10 So that concludes the examination.

11 Thank you, Counsel.

12 --- Whereupon matter adjourned at 2:53 p.m.

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**From:** Matthew Milich  
**Sent:** Monday, January 22, 2024 8:18 PM EST  
**To:** Seth Mitchell; Chris Schnarr  
**CC:** Keith Merker  
**Subject:** Re: Sean

Sure, we can tweak those. Was hoping there would be some goodwill on his part, given that he just got a lump sum equal to 18 months salary + bonus less than a year ago.

---

**From:** Seth Mitchell <[smitchell@bzam.com](mailto:smitchell@bzam.com)>  
**Date:** Monday, January 22, 2024 at 5:15 PM  
**To:** Chris Schnarr <[cschnarr@loriangroup.com](mailto:cschnarr@loriangroup.com)>, Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>  
**Cc:** Keith Merker <[keithmerker@gmail.com](mailto:keithmerker@gmail.com)>  
**Subject:** Re: Sean

Hi Matt,

It looks good from my end. I'd recommend we keep the release language given we are changing the conditions of the contract, we could add it.

Per Chris' comment, it is very common to extend benefits for the duration of the notice period provided and isn't a huge cost.

Seth

Seth Mitchell, VP, People & Culture

**Seth Mitchell**  
VICE PRESIDENT, PEOPLE & CULTURE

---

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**From:** Chris Schnarr <[cschnarr@loriangroup.com](mailto:cschnarr@loriangroup.com)>  
**Sent:** Monday, January 22, 2024 8:12:16 PM  
**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>  
**Cc:** Keith Merker <[keithmerker@gmail.com](mailto:keithmerker@gmail.com)>; Seth Mitchell <[smitchell@bzam.com](mailto:smitchell@bzam.com)>  
**Subject:** Re: Sean

---

You don't often get email from [cschnarr@loriangroup.com](mailto:cschnarr@loriangroup.com). [Learn why this is important](#)



Thanks Matt. My understanding is his severance was to be a single lump sum. Since we aren't doing that, for obvious reasons, some sort of trade should probably be made (whether in the offer or your negotiations with Sean). Perhaps considering extending his benefits (not a huge cost, and two weeks feels too short for a senior exec in any case), and some combination of vesting any unvested options or RSU's and/or extending the expiry date to a year (no real cost to this, but potential benefit to him - assuming the exercise prices are economically relevant, not sure of the details though).

Chris Schnarr

On Jan 22, 2024, at 7:56 PM, Matthew Milich <mmilich@bzam.com> wrote:

Hi all, here is a draft of the separation agreement that we would propose sending Sean following a conversation with him tomorrow.

---

**From:** Matthew Milich <mmilich@bzam.com>  
**Date:** Sunday, January 21, 2024 at 1:47 PM  
**To:** Keith Merker <keithmerker@gmail.com>, Chris Schnarr <cschnarr@loriangroup.com>  
**Cc:** Seth Mitchell <smitchell@bzam.com>  
**Subject:** Re: Sean

Hi all, thanks, will update the letter and send for review tomorrow.

---

**From:** Keith Merker <keithmerker@gmail.com>  
**Date:** Sunday, January 21, 2024 at 7:22 AM  
**To:** Chris Schnarr <cschnarr@loriangroup.com>  
**Cc:** Seth Mitchell <smitchell@bzam.com>, Matthew Milich <mmilich@bzam.com>  
**Subject:** Re: Sean

Hey guys,  
Also happy to help where needed, but agree that Matt should have the conversation with Sean to firm up the transition plan (and severance) prior to getting him a letter, which should come shortly after the conversation (IMO). I'm happy to review the letter agreement when prepared.  
Also agree that we should get this done asap now that it's in the open.  
Cheers,  
Keith

Sent from my iPad

On Jan 20, 2024, at 6:49 PM, Chris Schnarr <cschnarr@loriangroup.com> wrote:

Happy to help through the process but it needs to be Matt who speaks with him about the deal.

Chris Schnarr

On Jan 20, 2024, at 6:43 PM, Seth Mitchell <smitchell@bzam.com> wrote:

Hi Chris,

I would agree. At least if we can align on who will be speaking to him / when, we can get something in the calendar and put him at ease. Then we can work on the details.

Seth

Seth Mitchell, VP, People & Culture

**Seth Mitchell**  
VICE PRESIDENT, PEOPLE & CULTURE

---

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**From:** Chris Schnarr <cschnarr@loriangroup.com>  
**Sent:** Saturday, January 20, 2024 6:21:31 PM  
**To:** Matthew Milich <mmilich@bzam.com>  
**Cc:** Keith Merker <keithmerker@gmail.com>; Seth Mitchell <smitchell@bzam.com>  
**Subject:** Re: Sean

I feel like, net net, since it's in motion, might as well just get it done asap. If it's Weds that's great, if it takes a few more days, that should be ok too. But might as well get on it. No?

Chris Schnarr

On Jan 20, 2024, at 6:14 PM, Matthew Milich <mmilich@bzam.com> wrote:

Hi Chris,

I agree it is a bit arbitrary. It seemed to come up organically in our initial conversation, but not sure if he brought it up in the context of his director resignation (which I guess could be

separate from resolving his employment situation, depending on his view of that) or if I mentioned it as a potential (arbitrary) timeline. Board meeting aside, I think he is the type of person that likes resolution on things like this. You may want to reach out to Seth for his take, as Sean might approach his conversations with Seth differently than he does with me.

Best,

Matt

---

**From:** Chris Schnarr <cschnarr@loriangroup.com>  
**Date:** Saturday, January 20, 2024 at 2:53 PM  
**To:** Matthew Milich <mmilich@bzam.com>  
**Cc:** Keith Merker <keithmerker@gmail.com>, Seth Mitchell <smitchell@bzam.com>  
**Subject:** Re: Sean

I get that it makes sense to do and announce sooner than later, to provide a smooth transition window for public markets, but I'm not sure I get the Board meeting trigger. It feels arbitrary to me. Matt, how was it treated (if at all) in the draft budget sent out, in terms of severance?

Chris Schnarr

On Jan 19, 2024, at 5:48 PM, Matthew Milich <mmilich@bzam.com> wrote:

Hi both,

Just a quick update, Sean reached out to Seth (copied here) and he seems to be expecting some sort of letter prior to the board meeting on Wednesday.

Best,

Matt

<Separation Agreement - SBOVINGDON - DRAFT.docx>

**From:** Rachael Andrew <randrew@cortlandcredit.ca>  
**Sent:** December-13-23 9:50 AM  
**To:** Sean Bovingdon; Scalia, Anthony; Matthew Milich; Sam Babe; Adria Leung Lim; Annie Xie; Meredith McCann  
**Cc:** Bozzelli, Alessandro  
**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

Hi Sean,

I'll chime in on the business points and leave the remainder to the Cassels team:

1. **Maturity Date:** maturity date is March 24, 2024 – Cortland isn't granting TGOD an extension at that time. The amort payments have been pushed out to the same date as the Maturity Date as we'd look to implement that in the future if TGOD requests an extension to the Maturity Date.
2. **Over Advance / Edmonton Property:** could you reach out to Deepak, Alex and myself via email with an update on how Edmonton sale is progressing/status update and advise what date you are requesting instead of January 15, 2024?

Thanks!

Best,

**Rachael Andrew**  
Director and Legal Counsel

T. (416) 238 6736 ext.107  
W. <http://www.cortlandcredit.ca/>  
A. Royal Bank Plaza, South Tower, 200 Bay St, Suite 3230, PO Box 68, Toronto, Ontario M5J 2J2



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**From:** Sean Bovingdon <sbovingdon@bzam.com>  
**Sent:** Wednesday, December 13, 2023 9:37 AM  
**To:** Scalia, Anthony <ascalial@cassels.com>; Matthew Milich <mmilich@bzam.com>; Sam Babe <sbabe@airdberlis.com>; Adria Leung Lim <aleunglim@airdberlis.com>; Annie Xie <axie@airdberlis.com>; Meredith McCann <mmccann@airdberlis.com>  
**Cc:** Rachael Andrew <randrew@cortlandcredit.ca>; Bozzelli, Alessandro <abozzelli@cassels.com>  
**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

Hi Anthony,

Thank you for these.

Please note the following from my review – Matt and counsel may have additional comments - :

Please advise on how section 3 (c) (iii) monthly payments from March 24, 2024 are relevant if the facility matures on March 24, 2024 per 10 (a)? Should the Maturity date be 2025?

The Over Advance is defined as available until earlier of Edmonton Sale and January 15, 2024 – given the status of the sale efforts, and cash position, we would like the January 15 date pushed out please.

There should be no agreements or licences relate to Galaxie – they have all been terminated or transferred to the new owners of Galaxie.

There is no Manitoba store – it was sold and transferred in August 2023.

No changes to the Medican Vaudreuil transaction yet – still in escrow pending receipt of a municipal permit.

Noting 4(i) and 11, BMO has begun reviewing FBC expected status as a Canadian subsidiary (will get confirmation of acceptability from their compliance in a few days), and then these timelines should be reasonable for post-closing deliverable.

Regards,  
Sean.

**Sean Bovingdon**  
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM  
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

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**From:** Scalia, Anthony <[ascalial@cassels.com](mailto:ascalial@cassels.com)>

**Sent:** Tuesday, December 12, 2023 8:26 PM

**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>

**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>

**Subject:** RE: Cortland | BZAM - Second ARCA [IWOV-LEGAL.FID4026212]

A&B Team,

Attached, please find a draft of the Second ARCA for your review and comment. We have included blacklines to the First ARCA and to the Conformed ARCA (inclusive of the six amendments completed to date) for your convenience.

We have also attached an updated closing agenda.

Please note that the attached remain subject to ongoing review by Cortland in all respects.

Best,

Anthony

**ANTHONY SCALIA**

Associate

t: +1 416 869 5450

e: [ascalial@cassels.com](mailto:ascalial@cassels.com)Cassels Brock & Blackwell LLP | [cassels.com](http://cassels.com)

Suite 3200, Bay Adelaide Centre – North Tower

40 Temperance St.

Toronto, Ontario M5H 0B4 Canada

**From:** Scalia, Anthony**Sent:** Tuesday, December 12, 2023 12:20 PM**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>**Subject:** RE: Cortland | BZAM - Consent [IWOV-LEGAL.FID4026212]

A&amp;B Team,

Attached, please find a draft consent for your review and comment, together with blackline to the BZAM form for your convenience.

Best,

Anthony

**ANTHONY SCALIA**

Associate

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Toronto, Ontario M5H 0B4 Canada

**From:** Scalia, Anthony**Sent:** Monday, December 11, 2023 12:35 PM**To:** Matthew Milich <[mmilich@bzam.com](mailto:mmilich@bzam.com)>; Sean Bovingdon <[sbovingdon@bzam.com](mailto:sbovingdon@bzam.com)>; Sam Babe <[sbabe@airdberlis.com](mailto:sbabe@airdberlis.com)>; Adria Leung Lim <[aleunglim@airdberlis.com](mailto:aleunglim@airdberlis.com)>; Annie Xie <[axie@airdberlis.com](mailto:axie@airdberlis.com)>; Meredith McCann <[mmccann@airdberlis.com](mailto:mmccann@airdberlis.com)>**Cc:** Rachael Andrew <[randrew@cortlandcredit.ca](mailto:randrew@cortlandcredit.ca)>; Bozzelli, Alessandro <[abozzelli@cassels.com](mailto:abozzelli@cassels.com)>**Subject:** Cortland | BZAM - Security documents and closing agenda [IWOV-LEGAL.FID4026212]

A&amp;B Team,

Attached, please find drafts of the following documents, together with blacklines to the BZAM forms to the extent applicable:

- Confirmation of guarantee and security agreement;
- Attornment to the existing guarantee;
- General security agreement by FPCI;
- Short-form IP agreement by FPCI;
- Amendment to security agreement by Holdings;

- Completion certificate by Holdings; and
- Form of STP.

Separately, attached is an updated closing agenda.

The attached remain subject to Cortland’s review and our ongoing diligence.

Best,

Anthony

**Cassels** | **ANTHONY SCALIA**  
Associate  
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e: [ascaliam@cassels.com](mailto:ascaliam@cassels.com)

Cassels Brock & Blackwell LLP | [cassels.com](http://cassels.com)  
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Toronto, Ontario M5H 0B4 Canada

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# TAB 11



Court File No. CV-24-00715773-00CL

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BETWEEN:

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 BZAM LTD., BZAM HOLDINGS INC., BZAM  
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE  
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE  
GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC.,  
HIGH ROAD HOLDING CORP., and FINAL BELL CORP.

Applicants

CROSS-EXAMINATION OF DEEPAK ALAPPATT  
on his affidavit sworn March 25, 2024  
held at the offices of Arbitration Place  
333 Bay Street, Suite 900, Toronto, Ontario  
on Monday, April 8, 2024, at 3:37 p.m.



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CROSS-EXAMINATION BY MR. IONIS	9

LIST OF REFUSALS AND  
UNDER ADVISEMENTS

Refusals (REF) found at pages: 17, 20

Under Advisement (U/A) found at page: 32

LIST OF EXHIBITS

NO.	DESCRIPTION	PAGE
1	Second Amended and Restated Credit Agreement	14
2	Fourth Amended and Restated Credit Agreement	16

1 Toronto, Ontario

2 --- Upon commencing on Monday, April 8, 2024 at

3 3:37 p.m.

4 AFFIRMED: DEEPAK ALAPPATT

5 CROSS-EXAMINATION BY MR. BLINICK:

6 1 Q. Good afternoon,  
7 Mr. Alappatt. My name is Joseph Blinick with  
8 Bennett Jones LLP. I am counsel for BZAM Limited,  
9 the Green Organic Dutchman Limited, and the other  
10 applicants in the CCAA proceeding bearing court  
11 file number CV-24-00715773-00CL.

12 And just for clarity for the  
13 record and for simplicity's sake today, I will  
14 refer to Applicants, generally, as BZAM; and you  
15 will understand what I am referring to?

16 A. Yes.

17 2 Q. So it's nice to meet you,  
18 sir. How are you doing?

19 A. Good. How are you?

20 3 Q. I am doing well. Thanks.  
21 I have just a couple questions  
22 I am going to ask you today.

23 I understand that you're the  
24 managing director risk with Cortland Credit  
25 Lending Corporation; is that right?

1 A. That is correct.

2 4 Q. And between November 2022  
3 and February 2024, what was your general role with  
4 Cortland insofar as its lending relationship with  
5 BZAM was concerned?

6 A. So I was the director of  
7 risk, promoted to managing director risk in  
8 November 2023.

9 And my relationship with BZAM  
10 was extensive communication with regards to the  
11 general operation -- the lending relationship with  
12 TGOD and then with BZAM.

13 5 Q. So is it fair to say, at  
14 Cortland, you had primary carriage of that file?

15 A. That's fair to say in --  
16 also with Bruce Sherk, Alex Preobrazenski and Sean  
17 Rogister.

18 6 Q. Understood.

19 Now, sir, to your knowledge,  
20 what requests, if any, were made by BZAM, or any  
21 of its representatives of Cortland, to extend the  
22 March 24th, 2024, maturity date of the credit  
23 facility that BZAM had with Cortland between the  
24 time that the facility was last amended in  
25 November of 2022 and the time that the Share

1 Exchange Agreement that's at issue in this  
2 proceeding was entered into on December 5th, 2023?

3 A. There were no requests  
4 made for an extension.

5 7 Q. Sorry, I think I cut you  
6 off. You said there were no requests made --

7 A. There were no requests  
8 made for an extension by BZAM.

9 8 Q. Understood.

10 And what decisions, if any,  
11 had been made by Cortland as to whether to extend  
12 the maturity date of the facility in that time  
13 period being November 2022 to December 5th, 2023?

14 A. There were no discussions  
15 with regards to an extension as there was no  
16 requests that came through for an extension from  
17 BZAM.

18 9 Q. I will just ask you about  
19 sort of the next time period which is  
20 December 5th, 2023, until BZAM made a filing in  
21 the CCAA proceeding on February 28th, 2024.

22 What requests, if any, were  
23 made by BZAM or any of its representatives of  
24 Cortland in that time period to extend the  
25 maturity date of the facility?

1                                   A.    Again, there were no  
2    requests that were made to extend the maturity  
3    date.

4    10                           Q.    And what decisions, if  
5    any, had been made by Cortland as to whether or  
6    not to extend the facility during that time  
7    period?  Again, December 5th, 2023, to  
8    February 28th, 2024?

9                                   A.    So, prior to  
10   February 28th -- so I think we may have to split  
11   that up into two.

12                                 Because we are a DIP lender as  
13   well, there were discussions that were had on how  
14   the DIP would function.

15                                 And, as part of the DIP  
16   discussions, the process was supposed to be to  
17   May 25th, I believe.

18                                 And so those discussions did  
19   take place prior to Feb 28th.

20                                 So between December 5th and  
21   probably the first week of February, there were no  
22   requests, no discussions.

23                                 The first week of February to  
24   Feb 28th, there were discussions with regards to a  
25   DIP facility.



1 11 Q. Understood.

2 And, to your knowledge, what  
3 inquiries, if any, did Final Bell -- and, by that,  
4 I mean any Final Bell entity, including Final Bell  
5 International, Final Bell Canada, any Final Bell  
6 entity whatsoever or its representatives, make of  
7 Cortland, either directly or indirectly, between  
8 October 6th, 2023, and February 28th, 2024, about  
9 extending the maturity date of the facility?

10 A. There was no request  
11 made. There was no questions asked directly to  
12 Cortland about extension by any Final Bell  
13 employee.

14 MR. BLINICK: Thank you, sir.  
15 Those are all my questions.

16 CROSS-EXAMINATION BY MR. IONIS:

17 12 Q. Hello, Mr. Alappatt. Can  
18 you hear me clearly?

19 A. Yes, I can.

20 13 Q. Perfect.

21 My name is David Ionis and I  
22 am here on behalf of Lax O'Sullivan who is counsel  
23 for Final Bell in this proceeding.

24 A. Hi, David.

25 14 Q. I'd like to start with a

1 few questions about your work experience.

2 I understand you started at  
3 Cortland in September 2019?

4 A. That's correct.

5 15 Q. From September 2019 to  
6 December 2023, you were a director of risk  
7 analysis?

8 A. That's correct.

9 16 Q. And, from December 2023  
10 to the present, you have been the managing  
11 director of risk?

12 A. That's correct.

13 17 Q. You're a senior member of  
14 the risk management team at Cortland; correct?

15 A. I would like to think so;  
16 that's correct.

17 18 Q. You have a team comprised  
18 of five people, including yourself, and four of  
19 those people report to you?

20 A. That is correct.

21 19 Q. You don't, generally,  
22 conduct your own individual analyses of risk;  
23 correct?

24 A. That is not correct.

25 20 Q. That is not correct.



1                                   So, at paragraph 4 of your  
2       affidavit in this proceeding, you indicate that  
3       The Green Organic Dutchman Limited, which I will  
4       refer to as TGOD for convenience, entered a credit  
5       agreement with Cortland on March 31st, 2020?

6                                   A.    That's correct.

7    24                            Q.    And TGOD is a  
8       wholly-owned subsidiary of BZAM Ltd.?

9                                   A.    Not as of March 31st,  
10       2020.

11   25                            Q.    Now?

12                                   A.    Now, yes.

13   26                            Q.    You say the original  
14       credit agreement was amended and restated on  
15       September 29, 2021?

16                                   A.    That's correct.

17   27                            Q.    Followed by six  
18       amendments?

19                                   A.    That is correct.

20   28                            Q.    Then amended and restated  
21       again on January 8th, 2024?

22                                   A.    That is correct.

23   29                            Q.    I understand the Jan 8th  
24       amendment and restatement was done to incorporate  
25       the assets of Final Bell Canada into the security

1 collateral under the preexisting agreement?

2 A. That is correct. That  
3 was the primary, primary change that was done on  
4 that, on that amendment.

5 30 Q. And you described the  
6 January 8th amendment/restatement as the second  
7 ARCA?

8 A. That is correct.

9 31 Q. So the second ARCA was  
10 the then-current agreement governing BZAM's  
11 pre-CCAA filing credit facility?

12 A. That is correct.

13 32 Q. The second ARCA had a  
14 maturity date?

15 A. That is correct.

16 33 Q. The date was March 24th,  
17 2024?

18 A. That is correct.

19 34 Q. I ask my colleague to  
20 pull up the second ARCA. Give us one moment.

21 Sir, do you recognize this  
22 document on the screen?

23 A. Yes.

24 35 Q. This is the second ARCA?

25 A. That is correct.

1 MR. IONIS: I would like to  
2 enter this as the first exhibit to this  
3 examination.

4 MR. PENDRITH: That's fine.  
5 EXHIBIT NO. 1: Second  
6 Amended and Restated  
7 Credit Agreement

8 BY MR. IONIS:

9 36 Q. If we scroll down to  
10 Section 10(a), we see here that the agreement  
11 states:

12 "The term of the  
13 revolving facility  
14 expires on March 24th,  
15 2024."[as read]

16 This conforms with what we  
17 have just discussed about the maturity date of  
18 this agreement.

19 A. That is correct.

20 37 Q. Am I correct that this  
21 maturity date, being March 24th, 2024, was  
22 originally set, in the various lineage of  
23 amendments and restatements, under the fourth  
24 amendment to the ARCA dated November 3rd, 2022?

25 A. I wouldn't know exactly

1       which amendment, so I will have to go and -- I  
2       will have to refer to it.

3       38                   Q.    I can pull up -- sorry,  
4       please continue.

5                           A.    Yeah, sure.

6                           I was just going to say, like,  
7       I would assume it is that ARCA but I wouldn't know  
8       that off the top of my mind.

9       39                   Q.    I don't want you to  
10      assume.  So I can pull it up for you, if that's  
11      helpful to you.

12                          If we scroll here to  
13      Section 2.7 of this amendment.  I think we have  
14      just passed it.

15                          We see here:

16                          "Section 10(a) of the  
17                          credit agreement is  
18                          hereby deleted in its  
19                          entirety and replaced  
20                          with the following."[as  
21                          read]

22                          And we see the reference to  
23      March 24th, 2024.

24                          A.    Yes, that's correct.

25                          MR. IONIS:  I'd like this, the

1 fourth amendment, added as the next exhibit.

2 MR. PENDRITH: That's fine.

3 EXHIBIT NO. 2: Fourth  
4 Amended and Restated  
5 Credit Agreement

6 BY MR. IONIS:

7 40 Q. I would next like to pull  
8 up an email thread titled "re Cortland BZAM second  
9 ARCA". We will have that on the screen in just  
10 one moment.

11 If we scroll down to an email  
12 from Anthony Scalia dated December 12th, 2023, we  
13 see that he writes:

14 "Attached, please find a  
15 draft of the second ARCA  
16 for your review and  
17 comment." [as read]

18 Do you see that, sir?

19 A. Yes.

20 41 Q. I understand Cassels was  
21 counsel to Cortland during the negotiation of this  
22 agreement?

23 A. That is correct.

24 42 Q. If we scroll up, the  
25 immediate following email is dated December 13th,



1           2023. This is from Mr. Sean Bovingdon.

2                                   A.    Okay.

3    43                           Q.    Mr. Bovingdon was then  
4    BZAM's CFO?

5                                   A.    That's correct.

6    44                           Q.    From Mr. Bovingdon's  
7    email, we can see that he is offering comments on  
8    the second ARCA; correct?

9                                   A.    Yes.

10   45                           Q.    We have already  
11   established that the second ARCA was dated  
12   January 8th, 2024?

13                                   A.    That's correct.

14   46                           Q.    So we know this  
15   conversation preceded the finalization of the  
16   second ARCA, being December 12th and now  
17   December 13th?

18                                   A.    That is correct.

19   47                           Q.    It is, in fact, taking  
20   place during BZAM and Cortland's negotiation of  
21   that agreement?

22   REF                           MR. PENDRITH: I am not sure,  
23   Counsel, he can answer that.

24                                   The dates speak for  
25   themselves.

1                                   As to what was going on  
2       negotiation-wise, I don't know that he can add  
3       anything. So I am not sure that's a fair question  
4       for this witness.

5                                   BY MR. IONIS:

6       48                           Q.     So I won't ask my next  
7       couple of questions then.

8                                   But we see that Mr. Bovingdon  
9       is emailing a group, including Rachel Andrew from  
10      Cortland?

11                                  A.     That is correct.

12      49                           Q.     And Rachel is a director  
13      and legal counsel with Cortland?

14                                  A.     That is correct.  
15      Internal with Cortland.

16      50                           Q.     Correct.

17                                  And Mr. Bovingdon writes:

18                                    "Please advise on how  
19                                    Section 3(c)(iii) monthly  
20                                    payments from March 24th,  
21                                    2024, are relevant if the  
22                                    facility matures on  
23                                    March 24, 2024, per  
24                                    10(a). Should the  
25                                    maturity date be

1 2025?"[as read]

2 Do you see that?

3 A. Yes, I do.

4 51 Q. So he is asking -- or,  
5 from your understanding, reading this email today,  
6 he appears to be asking why there is a term  
7 providing for monthly payments after March 24th if  
8 the facility matures on March 24th?

9 A. That is correct.

10 52 Q. And he suggests that the  
11 maturity date should instead be in 2025?

12 MR. PENDRITH: In fairness,  
13 Counsel, he doesn't suggest it. He asks the  
14 question, should it. It is a question. It's not  
15 a suggestion.

16 MR. IONIS: Is that an  
17 objection, or.

18 MR. PENDRITH: I am clarifying  
19 the record because you misstated.

20 BY MR. IONIS:

21 53 Q. Sorry, the email states  
22 "should the maturity date be 2025"; correct?

23 MR. PENDRITH: Thank you.

24 BY MR. IONIS:

25 54 Q. So, from his review of

1 this section, he is clarifying whether the  
2 maturity date, which is currently written as 2024,  
3 should be substituted for 2025?

4 A. That's a clarification  
5 question that is he is requesting, yes.

6 55 Q. Put differently, he is  
7 suggesting an extension to the maturity date from  
8 what is currently written in the draft ARCA from  
9 2024 to 2025 --

10 A. That is not --

11 REF MR. PENDRITH: Counsel, he is  
12 stating what he's stating. You had an opportunity  
13 to examine Mr. Bovingdon as to what he was asking  
14 or what he was suggesting. You could have asked  
15 those questions. This witness can read what's on  
16 the page.

17 If you want to ask how he  
18 interpreted it, that's a different question.

19 BY MR. IONIS:

20 56 Q. Scrolling up, we see a  
21 response from Ms. Andrew.

22 And she writes:

23 "I will chime in on the  
24 business points and leave  
25 the remainder to the

1 Cassels team."[as read]

2 And, under bullet 1, "maturity

3 date", Ms. Andrew says:

4 "Maturity date is

5 March 24, 2024."[as read]

6 Then:

7 "Cortland isn't granting

8 TGOD an extension at that

9 time."[as read]

10 A. I understand --

11 57 Q. Sorry, please go ahead.

12 A. I just wanted to check if

13 that was a question, but go ahead.

14 58 Q. I would just like to

15 confirm that you are reading the same part of the

16 email that I am leading you to.

17 A. Yes, I can see that.

18 59 Q. Thank you.

19 I understand counsel for BZAM

20 has taken the position that Ms. Andrew made a typo

21 in her email indicating that "as at that time"

22 should be at "this time".

23 Do you know, sitting here

24 today, if BZAM's counsel has ever asked Ms. Andrew

25 whether "at that time" was a typo?

1 A. Not to my knowledge.

2 60 Q. Thank you.

3 A. There was no -- sorry,  
4 let me clarify that question again.

5 Are you asking if BZAM's  
6 counsel requested if it was a typo at that time,  
7 December 13th time frame?

8 61 Q. That time or any time.

9 A. Any time.

10 I am not aware of that request  
11 going to Ms. Rachel Andrew. I will have to check  
12 with her.

13 I know that there was no  
14 requests that were done to check if it's a typo  
15 around the December 13th time frame.

16 62 Q. Thank you --

17 A. And these discussions  
18 were going on.

19 63 Q. Thank you.

20 And no need for you to check.  
21 If you don't know today, that's helpful.

22 Do you know if Ms. Andrew,  
23 separate from a request being made of her, ever  
24 communicated that she made a typo to BZAM?

25 A. Communicated with me?

1 64 Q. Or -- no, sorry.

2 If Ms. Andrew ever  
3 communicated that she made a typo to BZAM?

4 A. To my knowledge, she  
5 wasn't -- she was unaware of the typo. So there  
6 was no communication about the typo.

7 65 Q. Do you know if anyone at  
8 Cortland ever communicated that this was a typo to  
9 BZAM?

10 A. We were unaware of the  
11 typo until very recently.

12 66 Q. So, as far as you know,  
13 then --

14 Paragraph 9, you note that the  
15 availability of credit under Cortland's credit  
16 agreement and DIP loan includes a facility limit?

17 A. That is correct.

18 67 Q. And that limit is  
19 calculated based on, among other things, the  
20 margining of eligible account receivables of the  
21 Applicants in this proceeding?

22 A. That is correct.

23 68 Q. Including Final Bell  
24 Corp.?

25 A. Subsequent to the

1 transaction, yes. That is correct.

2 69 Q. And you write that  
3 Cortland relied upon the fact that Final Bell  
4 Corp. accounted for at least 30 percent of the  
5 Applicant's borrowing base in extending them  
6 credit?

7 A. Approximately that is  
8 correct.

9 70 Q. Am I right in  
10 understanding that, conversely, Cortland would  
11 have extended only 70 percent of the credit that  
12 it did if BZAM did not own Final Bell Corp.?

13 A. It would depend on the  
14 borrowing base without Final Bell being included.  
15 And it will have to be calculated out without  
16 Final Bell being included. And we will have to  
17 come up with the numbers without that.

18 We haven't done that math.

19 71 Q. Fair enough.

20 And, at paragraph 11 of your  
21 affidavit, you note that Cortland would not have  
22 been willing to extend, to the same extent, under  
23 the credit agreement and DIP loan without Final  
24 Bell Corp. forming part of the borrowing base.

25 A. We had made decisions



1 based on the transaction being completed and those  
2 decisions included Cortland relying on Final Bell  
3 assets being included in the borrowing base.

4 72 Q. So you're saying BZAM's  
5 ownership of Final Bell Corp. made Cortland  
6 willing to extend it greater credit than if BZAM  
7 did not own Final Bell Corp.?

8 A. I don't know if that  
9 question is two sided -- because the facility  
10 limit did not change. It was always 34 million.

11 They had the ability to borrow  
12 more within the \$34 million limit based on the  
13 assets that were included in the borrowing base.

14 So when you ask me you were  
15 willing to increase our lending -- our commitment  
16 amount remained the same. It was 34 million,  
17 before and after the transaction.

18 So I don't know if I am  
19 answering the right question but like, you know,  
20 if I am not, please let me know.

21 73 Q. So, if I am understanding  
22 you correctly, BZAM had access to greater funds  
23 under the facility because of the transaction but  
24 the limit didn't change?

25 A. That is correct. Because

1       there was additional AR from Final Bell that was  
2       included in the borrowing base.

3       74                   Q.    Paragraph 7, you indicate  
4       that Cortland extended 18 million to BZAM under  
5       the facility between BZAM's acquisition of Final  
6       Bell Corp. and BZAM's filing for CCAA protection.

7                           A.    That is accumulative  
8       advances that have been made, yes.

9       75                   Q.    And you term these the  
10      prefiling advances?

11                          A.    This is, sorry, for  
12      clarifying, this is bullet Number 7?

13      76                   Q.    Correct.

14                          A.    Let me just look at that.  
15      Yes, that is correct.

16      77                   Q.    And you drew the total  
17      number of prefiling advances from documents in  
18      Cortland's power, possession and control?

19                          A.    That is correct. That is  
20      based on the advances that we've done, yes.

21      78                   Q.    And, in that same  
22      paragraph, you state that the net outstanding  
23      amount of BZAM's prefiling advances is  
24      approximately 5 million?

25                          A.    That is meant to be the

1 net difference.

2 So the way this works is we  
3 have a revolver in place. We have done 18 million  
4 of advances. There were repayments that were  
5 done. And the net increase to the facility was  
6 around \$5 million since the transaction closed.

7 79 Q. Thank you. That's  
8 helpful.

9 And you sourced the 5 million  
10 figure from documents in Cortland's possession,  
11 power or control?

12 A. That is correct --

13 80 Q. In paragraph -- sorry.  
14 Please. I didn't mean to cut you off.

15 A. No, go ahead. Sorry.

16 81 Q. In paragraph 8, you state  
17 that, approximately, 6.9 million has been advanced  
18 to BZAM under its DIP loan?

19 A. At that time, yes.

20 82 Q. That time being the time  
21 of your affidavit?

22 A. That is correct.

23 83 Q. And you sourced the  
24 6.9 million figure from documents in Cortland's  
25 power, possession and control?

- 1 A. That is correct.
- 2 84 Q. And, at paragraph 10, you  
3 write that:  
4 "As of the date of this  
5 affidavit, approximately  
6 \$31,463,189 of principal  
7 is owing under the credit  
8 agreement and DIP  
9 loan." [as read]
- 10 A. Combined. That is  
11 correct.
- 12 85 Q. With \$307,272 owing as  
13 interest?
- 14 A. That is correct.
- 15 86 Q. And, again, you sourced  
16 these figures from documents in Cortland's power,  
17 possession and control?
- 18 A. That is correct.
- 19 87 Q. In your affidavit, you  
20 state that the rescission of the Share Exchange  
21 Agreement between Final Bell and BZAM would be  
22 "prejudicial and unfair" to Cortland?
- 23 A. That is correct.
- 24 88 Q. Because Cortland's  
25 ability to recover the amounts owing would be

1           impaired if rescission occurred?

2                                   A.    That is correct.

3    89                           Q.    Final Bell Corp. receipts  
4    would not be payable to Cortland?

5                                   A.    That is our  
6    understanding.

7                                   At the end of the day, we have  
8    made decisions and lent money to the combined  
9    entity and we are unaware of a way -- it feels  
10   like everything is now scrambled. Like it is both  
11   entities' assets being included and it is  
12   scrambled now.

13                                  And to unscramble that asset  
14   and the benefits of it is going to be extremely  
15   difficult, is my assumption. Like, and we, at  
16   Cortland, wouldn't be able to do that.

17                                  So we are worried about the  
18   rescission, for sure. And our collateral gets  
19   diminished.

20   90                           Q.    I assume that Cortland  
21   has actually conducted its own analysis and, from  
22   that analysis, concluded that Cortland's ability  
23   to recover the amounts owing under the facility  
24   and DIP loan would be impaired if rescission  
25   occurred?

1                   A.    We are unable to kind of  
2    do a detailed analysis of trying to get to a  
3    dollar amount, and that is our concern.  Because  
4    it is so scrambled now, we just don't know how we  
5    can unscramble it.

6                   So the ability to do that and  
7    the decisions that we have made, to date, after  
8    the transaction has closed, is getting impacted.

9    91             Q.    But, presumably, either  
10   you or someone on your team has done some sort of  
11   analysis if, perhaps, an incomplete one, of the  
12   extent to which Cortland's ability to recover the  
13   amounts owing would be impaired.

14                  You have written that it will  
15   be impaired in your affidavit.

16                  So I assume you have done some  
17   sort of analysis to justify that statement.

18                  A.    We tried to.

19   92             Q.    You tried to.

20                  A.    We tried to, yeah.

21                  And look at documents, we  
22   tried to do that.  But to rewind back to the  
23   January 8th date and see what the impact is  
24   without the transaction taking place was close to  
25   impossible.  So we -- or at least we didn't know

1       how to do it.

2                               So we kind of tried to do  
3       that, to an extent, but couldn't really figure  
4       that out.

5                               But, as of today, we are  
6       lending to the combined entity with Final Bell  
7       being included and we just don't know what the  
8       impact is. We know that we will be impacted, but  
9       we just don't know to what extent.

10    93                       Q.    Understood.

11                               You're aware that there is a  
12       stalking horse bid before the Court in this  
13       proceeding?

14                               A.    That is correct.

15    94                       Q.    And, under this bid, the  
16       stalking horse bidder will pay cash consideration  
17       that, among other things, will repay, in full, the  
18       amounts owing under Cortland's DIP facility and  
19       the prefiling credit facility?

20                               A.    That is correct. The DIP  
21       facility, yes.

22    95                       Q.    Both the DIP facility and  
23       the prefiling credit facility?

24                               A.    Back to the \$34 million  
25       limit; that is correct.

1 96 Q. And, from your review of  
2 the evidence in this case, have you seen anything,  
3 from the stalking horse bidder, indicating it will  
4 withdraw its bid if Final Bell's claim for  
5 rescission is granted?

6 A. Not that I am aware of.

7 97 Q. So we would like an  
8 unredacted version of the second ARCA, please.  
9 The only version we have has redactions.

10 U/A MR. PENDRITH: We will  
11 consider giving that to you initially on a  
12 counsel's eyes only basis and we will take it from  
13 there.

14 MR. IONIS: Understood.

15 BY MR. IONIS:

16 98 Q. I just have one final  
17 question for you.

18 Has StonePine, BZAM or any  
19 entity associated with BZAM ever provided any form  
20 of security to Cortland for the prefiling credit  
21 facility?

22 A. No, not that I am aware  
23 of.

24 MR. IONIS: Thank you. I  
25 appreciate your time today. That's the end of my



1 questions.  
2 MR. BLINICK: Let's take ten  
3 minutes.  
4 --- Upon recess at 4:15 p.m.  
5 --- Upon resuming at 4:24 p.m.  
6 MR. PENDRITH: We have no  
7 re-examination.  
8 MR. BLINICK: Likewise, no  
9 re-examination for this witness.  
10 Thank you, Mr. Alappatt.  
11 THE WITNESS: Thank you.  
12 --- Whereupon matter adjourned at 4:24 p.m.  
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## SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of January 8, 2024

Among:

Cortland Credit Lending Corporation,  
in its capacity as administrative agent (the **Agent**)  
for the Lenders (as defined herein)  
200 Bay St., Suite 3230  
Royal Bank Plaza South Tower  
Toronto, ON, M5J 2J2

And:

The Green Organic Dutchman Ltd. (the **Borrower**)  
Suite 402 – 5520 Explorer Drive  
Mississauga, ON L4W 5L1

And:

Those lenders from time to time party hereto in accordance with Section 30 (collectively, the **“Lenders”**, and each a **“Lender”**).

**WHEREAS** the Agent and the Borrower entered into a credit agreement dated March 31, 2020, as amended by a first amendment dated May 27, 2020, a second amendment dated October 1, 2020 and a third amendment dated July 30, 2021 (as amended, the **“Original Credit Agreement”**).

**AND WHEREAS** the Agent and the Borrower amended and restated the Original Credit Agreement in its entirety by way of an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022, a third amendment dated April 29, 2022, a fourth amendment dated November 3, 2022, a fifth amendment dated June 30, 2023, and a sixth amendment dated August 30, 2023 (as amended, the **“First ARCA”**).

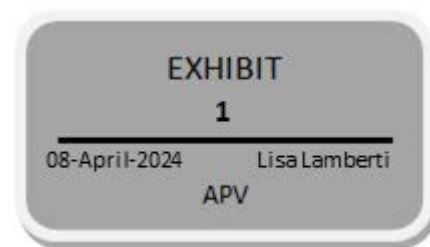
**AND WHEREAS** the Borrower and the Lenders wish to amend and restate the First ARCA in its entirety by way of this second amended and restated credit agreement (this **“Agreement”**).

**AND WHEREAS** terms used and not otherwise defined have the meanings given to such terms in Schedule “C” attached hereto.

**IN CONSIDERATION** of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. **Funding Commitment.**

- (a) Subject to the satisfaction of the terms and conditions set out in this Agreement, the Agent, on behalf of the Lenders, hereby agrees to continue to provide the Borrower with the Revolving Facility, by way of Loan Advances, provided that the aggregate amount of Loan Advances outstanding at any time shall not exceed the Revolving Facility Limit.



- (b) The Borrower acknowledges and agrees that the proceeds of the Revolving Facility will be used to finance the working capital requirements of the Obligors, including the payment of ordinary course payables of the Obligors, including fees and expenses relating to the transactions contemplated by this Agreement.

2. **Agent Compensation.** In consideration of, among other things, amending the Revolving Facility as provided for under this Agreement, the Agent shall be entitled to the following fees or reimbursement of the following costs (which fees and costs shall be in addition to any other amounts payable to the Agent and/or Lenders hereunder, including interest):

(a) **[Reserved].**

- (b) Any documented out-of-pocket expenses incurred in connection with (i) the Agent's due diligence, and (ii) the monitoring of the Revolving Facility while the Revolving Facility is made available to the Borrower, shall be payable upon demand.

- (c) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the Maximum Revolving Facility Limit) and multiplying the difference by the Utilization Fee Rate.

3. **Loan Advances.**

- (a) Subject to satisfaction of the terms and conditions set out in this Agreement, the Agent shall, from time to time, upon request of the Borrower made in accordance with the terms and conditions of this Agreement, make one or more Loan Advances available to the Borrower provided that the aggregate principal amount of such Loan Advances does not exceed, at any given time, the Revolving Facility Limit at such time. If at any time the aggregate principal amount of all Loan Advances outstanding (collectively, the "**Total Exposure**") exceeds the Revolving Facility Limit at such time, then the Borrower will promptly repay such Loan Advances in cash by an amount required to reduce the Total Exposure to an amount less than or equal to the Revolving Facility Limit.

- (b) Each Loan Advance will bear interest at the Interest Rate, which interest will be due and payable in cash on the last Business Day of each month.

- (c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that: (i) the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit.; (ii) any repayment made in respect of the Base Facility Amount prior to the Maturity Date (each such repayment, a "**Base Facility Prepayment**") shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit) by an amount equal to such Base Facility Prepayment; and (iii) on and after March 24, 2024, the Borrower shall make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Agent acting reasonably.

- (d) The Collection Account will be swept daily as provided for in Section 8(w).

- (e) Interest owing on the Loan Advances shall be calculated daily and not in advance on the basis of the then current calendar year of three-hundred and sixty-five (365) or three-hundred and sixty-six (366) days for the actual number of days elapsed, and in the case of a leap year, the annual interest rate corresponding to the interest calculated on a three-hundred and sixty-five (365) day year is equal to the interest rate thus calculated multiplied by three-hundred and sixty-six (366) and divided by three-hundred and sixty-five (365). Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the Interest Rate. Interest on all overdue interest calculated as aforesaid and compounded monthly at the aforesaid rate from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgement. The Borrower acknowledges and agrees that for the purposes of the *Interest Act* (Canada), the information provided to it hereunder with respect to the calculation of interest hereunder or under any other Transaction Document shall constitute an express statement of the yearly rate or percentage of interest to which such interest rate (including the Interest Rate) or percentage is equivalent. The Borrower hereby irrevocably agrees not to plead or assert, whether by way of defence or otherwise, in any proceeding relating to this Agreement or any other Transaction Document, that the interest payable under this Agreement (including the Interest Rate) or any other Transaction Document and the calculation thereof has not been adequately disclosed to the Borrower, whether pursuant to section 4 of the *Interest Act* (Canada) or any other Applicable Law.
- (f) Where the rate of interest payable under any Loan Advance is found by a competent court of law, governmental agency or other tribunal to exceed the maximum rate of interest permitted by the laws of any applicable jurisdiction or the rules or regulations of any appropriate regulatory authority, then during the time that the rate of interest would exceed the permissible limit, that portion of each interest payment attributable to the portion of the interest rate that exceeds the permissible limit shall be deemed to be a voluntary prepayment of principal.
- (g) The Agent's books and records relating to the Loan Advances and any related interest shall be *prima facie* evidence of same, absent manifest error.

4. **Conditions Precedent to the Effectiveness of this Agreement.** The effectiveness of this Agreement will be subject to receipt by the Agent of an executed copy of this Agreement together with the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed copy of a perfection certificate by the FBC Obligors;
- (b) an executed copy of a confirmation of guarantee and security agreement from each Obligor (other than the FBC Obligors);
- (c) an executed copy of an attornment agreement to the Guarantee to be delivered by each FBC Obligor;
- (d) an executed copy of each of the Security Agreements by each FBC Obligor;
- (e) an executed copy of an amendment agreement to the Security Agreement previously delivered by Holdings;

- (f) an executed copy of a completion certificate in respect of the FBC SEA by Holdings together with:
  - (i) a copy of the release by the FBC Vendor (and all subsidiaries of the FBC Vendor except for the FBC Obligors) of any and all amounts owing by the FBC Obligors (other than the FBC Unsecured Loan); and
  - (ii) copies of each employee release required under or pursuant to the FBC SEA;
- (g) until view access has been granted pursuant to Section 11(c), deliver, or caused to be delivered, to the Agent a bank statement with respect to the FBC Obligor bank accounts daily and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (h) documents evidencing the equity conversion of the loan made by Stone Pine to Holdings pursuant to the secured demand promissory note dated September 26, 2022 in the principal amount of \$2,200,000, including:
  - (i) executed copies of any and all documents relating to the equity conversion;
  - (ii) executed copies of any and all documents releasing Holdings from the security granted in favour of Stone Pine, including that certain general security agreement dated September 26, 2022;
  - (iii) executed copies of any and all documents confirming payment in full of the Stone Pine indebtedness incurred pursuant to such note; and
  - (iv) copies of the discharges for any registrations or filings that may be outstanding in favour of Stone Pine against Holdings in connection with Section 4(h)(ii) immediately above.
- (i) receipt by the Agent of all information necessary for the Agent to comply with its legal and internal requirements in respect of applicable money-laundering legislation, proceeds of crime legislation and “know your customer” requirements;
- (j) completion of and satisfaction with all necessary financial, insurance and legal due diligence (including the Agent’s satisfaction with the nature and scope of any Liens affecting the FBC Obligors);
- (k) a corporate organizational chart for the Obligors;
- (l) a certificate of a senior officer of the Borrower, Holdings and each FBC Obligor to which are appended: (i) copies of the articles of incorporation, certificate of formation and by-laws or constitution (if applicable), operating agreement or shareholder agreement governing the affairs of such Obligor (if applicable), (ii) an incumbency certificate setting out the names and offices of all directors and officers of such Obligor, together with specimen signatures of same, and (iii) certified copies of the resolutions of the shareholders or directors of such Obligor authorizing the execution, delivery and performance of the Transaction Documents to which each is a party and the transactions contemplated thereby, and the granting of security;
- (m) certificates of status or good standing or equivalent, as applicable, of each Obligor in respect of its jurisdiction of formation;

- (n) opinions regarding corporate status of the Borrower, Holdings and each FBC Obligor, the due authorization, execution and delivery of the Transaction Documents to which such Obligor is a party, all registrations in respect of such security and the enforceability of such Transaction Documents (all such opinions to be in form and substance satisfactory to the Agent);
- (o) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects;
- (p) no Material Adverse Change has occurred since the date of the last financial statements provided by the Obligors to the Agent;
- (q) evidence that all security given to the Agent is registered and perfected in all such jurisdictions satisfactory to the Agent in order to provide the Agent with a first-ranking security interest (subject only to Permitted Encumbrances) in the Collateral;
- (r) the Agent shall have received payment in full of all fees and expenses required under this Agreement;
- (s) the Agent shall have received, in form and substance satisfactory to the Agent, delivery of any estoppel letters, releases, discharges, subordinations and postponements (in registerable form where appropriate) with respect to any Liens affecting the Collateral;
- (t) the Agent shall have received copies of all Material Agreements and Material Permits; and
- (u) such other conditions and/or documents or instruments as the Agent may reasonably require.

5. **Conditions Precedent to Loan Advances.** The obligation of the Lenders to make any Loan Advance (subsequent to the initial Loan Advance) will be subject to receipt by the Agent of the following, each in a form satisfactory to the Agent, and/or satisfaction of the following, in each case, without duplication, unless waived by the Agent on terms satisfactory to the Agent:

- (a) an executed Advance Request Certificate and a Borrowing Base Certificate shall have been received not less than 1 Business Day before the date of the proposed Loan Advance;
- (b) all representations and warranties provided for in the Transaction Documents being true, accurate and complete, in all material respects, as of the date of such Loan Advance, except to the extent specified to be made as of a specific date; and
- (c) no Default or Event of Default shall have occurred as of the date of such Loan Advance.

6. **Representations and Warranties.** Each Obligor represents and warrants to the Agent as follows:

- (a) **Status.** It has been duly organized and is a valid and subsisting legal entity in good standing under the laws of its jurisdiction of formation and has full capacity and power to carry on its business as the same is presently conducted and, to own and lease property.
- (b) **Power and Authority.** It has the power and is duly authorized to enter into, execute, deliver and perform its obligations under this Agreement and each other Transaction Document

to which it is a party, and it has the power and is duly authorized to borrow as herein contemplated and to provide the security interests herein contemplated.

- (c) Ownership of Assets. It owns, leases or has rights in all assets required in order to carry on its businesses as presently conducted. All such assets are owned by it free and clear of all Liens other than Permitted Encumbrances.
- (d) Compliance with Laws. It is in compliance in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws).
- (e) Litigation, Judgments and Executions. There are no actions, suits or proceedings pending, or to the knowledge of it threatened, against it in any court or before or by any federal, provincial, municipal or other Governmental Authority, except: (A) the litigation disclosed in Schedule "D" attached hereto; and (B) other litigation in which all amounts claimed against the Obligors do not in the aggregate exceed Fifty Thousand Dollars (\$50,000). There are no judgments or executions against it. Without limiting the generality of the foregoing:
  - (i) the matter involving Panni Management and Technology Corporation has been resolved and the settlement was not material, and did not cause a Material Adverse Change or result in the occurrence of a Default or Event of Default; and
  - (ii) any amount owing or which may become owing by any Obligor pursuant to or in connection with the Tambakos Litigation Matter (as defined in Schedule "D" attached hereto) is fully indemnified by a Person (other than an Obligor) pursuant to the FBC SEA.
- (f) Environmental Laws. Except to the extent disclosed in Schedule "E" attached hereto:
  - (i) each Obligor and its business, operations, assets, equipment, property, leaseholds and other facilities is in compliance in all material respects with all Requirements of Environmental Law, specifically including all Requirements of Environmental Law concerning the storage and handling of Hazardous Materials;
  - (ii) each Obligor holds all material permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials and all other Requirements of Environmental Law;
  - (iii) there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing any premises, of any Hazardous Materials at or from any of the properties owned or leased by any of the Obligors;
  - (iv) no material written complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Obligor with respect to any of the properties owned or leased by any of the Obligors in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the properties owned or

leased by any of the Obligors, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting any of the properties owned or leased by any of the Obligors;

- (v) there are no material legal or administrative proceedings, investigations or claims now pending, or to the Borrower's knowledge, threatened in writing, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the properties owned or leased by any of the Obligors, the atmosphere, or any watercourse or body of water, of any Hazardous Material; nor are there any material matters under discussion between any Obligor and any Governmental Authority relating thereto; and there is no factual basis for any such proceedings, investigations or claims; and
- (vi) the Obligors have no material indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal.
- (g) Bankruptcy Events. No Bankruptcy Event has been initiated by it or occurred in respect of it, and no Bankruptcy Event has been threatened against it.
- (h) Anti-Terrorism and Corruption Laws. It has conducted its business in compliance with Anti-Terrorism and Corruption Laws and has instituted and maintained policies and procedures reasonably designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws.
- (i) Subsidiaries. As of the date hereof, the only Subsidiaries it has are listed in Schedule "F" attached hereto.
- (j) Corporate Information. Schedule "F" attached hereto contains a true and complete list as of the date hereof of the following information in respect of each Obligor:
  - (i) all prior names and predecessor corporations;
  - (ii) jurisdiction of incorporation;
  - (iii) registered office, chief executive office, principal place of business, and all locations at which it has places of business or owns assets;
  - (iv) the number and classes of its issued and outstanding shares, except in the case of Holdings; and
  - (v) a list of all shareholders including the number and class of shares held by each and a list of all of its subsidiaries.
- (k) Solvency. It is Solvent.
- (l) No Pending Corporate Changes. Except as disclosed on Schedule "G" attached hereto, or in the public filings of Holdings, as of the date hereof, no Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible



obligations of any nature, for the purchase of any properties or assets of any Obligor out of the ordinary course of business or for the purchase, subscription, allotment or issuance of any debt or equity securities of any Obligor.

- (m) Material Agreements and Material Permits. Its Material Agreements and Material Permits are listed in Schedule “H” attached hereto (as such Schedule may be updated from time to time to reflect any Material Agreements or Material Permits entered into or obtained in compliance with the terms hereof) and true, correct and complete copies of each have been delivered to the Agent. Each such Material Agreement and Material Permit is in good standing, in full force and effect and there are no defaults thereunder, except to the extent any such Material Agreement has terminated as scheduled in the ordinary course in accordance with its terms.
- (n) No Conflicts under Material Agreements or Material Permits. The execution and delivery by each Obligor of those Transaction Documents to which it is a party, and the performance of its obligations thereunder, will not conflict with, result in a breach of or require any approval or consent under any Material Agreement or Material Permit to which it is a party.
- (o) Real Properties. Its real property interests as of the date hereof, both owned and leased, and subject to a warehouse contract or held with a bailee, are listed in Schedule “I” attached hereto.
- (p) No Guarantees. It has not granted any Guarantees, other than Permitted Guarantees.
- (q) Statutory Liens. It has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax and employment insurance), goods and services tax and all other amounts, which if not paid when due could result in the creation of a statutory lien against any of its property.
- (r) No Default or Event of Default. No Default or Event of Default has occurred and is continuing.
- (s) Financial Statements and No Material Change. The financial statements of the each Obligor that have been made available to the Agent have been prepared in accordance with GAAP, and fairly present the financial position and results of operations of such Obligor for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Agent, there has been no event which would reasonably be expected to result in a Material Adverse Change.
- (t) Related Party Transactions. Except as (A) disclosed in the financial statements or other public disclosure of the Obligors or (B) as permitted by this Agreement, no Obligor: (i) is a creditor under a loan or otherwise committed to make any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than another Obligor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between an Obligor and a related party (other than another Obligor) has been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Obligor, than if the

transaction was with a Person dealing at arm's length with such Obligor, as the case may be.

- (u) U.S. Cannabis. It has no direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Activities of the Canadian Securities Administrators.
- (v) Internal Controls. It has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of it; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of it are made only in accordance with authorizations of management its directors; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of its property or assets that could have a material adverse effect on its financial statements.
- (w) Full Disclosure. All information (including, without limitation, financial information and financial statements) furnished by or in respect of the Obligors to the Agent for the purposes of or in connection with this Agreement and each of the other Transaction Documents was true and correct in all material respects as at the date such information is stated to have been given, and is not incomplete by omitting to state any material fact necessary to make the statements contained in such information not misleading in any material respect in light of the circumstances under which the statements contained in such information were made.
- (x) Warrants. In respect of the Warrants and the Warrant Shares:
  - (i) Warrants. That the Agent, or its Affiliates, are the holders of the Warrants and that the Warrants are fully earned.
  - (ii) Warrant Shares. That Holdings (A) is duly authorized and has the corporate and lawful power and authority to create and issue the Warrant Shares upon the exercise of the Warrants and to perform its obligations thereunder and that the certificate(s) representing the Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms; and (B) has agreed to, at all times, reserve and keep available out of its authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants, it will cause the Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued and delivered as directed and such Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
  - (iii) Actions to Issue Warrant Shares. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the

applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.

- (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to preserve and maintain its corporate existence and its status as a reporting issuer not in default in the provinces and territories of Canada.
- (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) and to have the Warrant Shares issued pursuant to the exercise of the Warrants listed and posted for trading on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the Warrants or the Agent) as expeditiously as possible and in any event prior to the issuance of such common shares.
- (vi) Issuance of Warrant Shares. That Holdings has agreed that upon exercise of the Warrants, the Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.
- (y) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to remain a reporting issuer not in default in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.
- (z) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent).
- (aa) Excluded Subsidiaries. Each of the Excluded Subsidiaries does not hold any assets.
- (bb) 102172093 Saskatchewan Ltd. Without the prior written consent of the Agent, at its sole discretion, the Borrower shall not permit 102172093 Saskatchewan Ltd. to, at any time, own or acquire any material assets that exceed \$50,000 in value individually or in the aggregate.

## 7. **Reporting Covenants**.

- (a) The Borrower will provide to the Agent the following financial information:
  - (i) quarterly consolidated financial statements, within sixty (60) days of each fiscal quarter of the Borrower;
  - (ii) copies of management updates, budgets and other related reports on the operational results of the Obligors which have been provided to the board of directors of the Borrower at such directors' regular board meetings and all such other financial information relating to the foregoing as the Agent reasonably requires to assess the liquidity of the Obligors and the Obligors' performance against such budgets;

- (iii) a quarterly business review on such terms, and such basis, as is required by the Agent, such to determine the status of business as it relates to the Obligors, and in particular compliance with the terms of this Agreement;
  - (iv) annual audited consolidated financial statements within one hundred twenty (120) days of the end of each fiscal year of the Borrower;
  - (v) on a monthly basis, within thirty (30) days of the end of each calendar month:
    1. unconsolidated financial statements of each Obligor;
    2. unconsolidated general and ledger trial balance for each Obligor;
    3. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
    4. an accounts payable summary for each creditor of the Obligors, aged by invoice date;
    5. bank reconciliations, including for greater certainty, bank statements and a complete listing of outstanding cheques;
    6. confirmation of payment of all taxes owing by any Obligor; and
  - (vi) on a weekly basis, on Friday of each week (as of Thursday of such week);
    1. an accounts receivable summary for each debtor of the Obligors, aged by invoice date;
    2. an accounts payable summary for each creditor of the Obligors, aged by invoice date; and
  - (vii) any addition financial and reporting information as the Agent may reasonable request from time to time, in its sole discretion.
8. **Covenants**. Each Obligor covenants and agrees with the Agent that it:
- (a) will pay all interest, principal, fees and other amounts due under the terms of this Agreement and any other Transaction Document to which it is a party;
  - (b) will satisfy, in all material respects, all the terms and conditions of this Agreement and any other Transaction Document to which it is a party;
  - (c) will immediately advise the Agent of any Default or Event of Default;
  - (d) will file all tax returns which are or will be required to be filed by it, pay or make provision for payment of all taxes (including interest and penalties) and Potential Priority Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
  - (e) it will comply in all material respects with all Applicable Laws (specifically including, for greater certainty, all applicable Cannabis laws) and use the proceeds of all Loan Advances hereunder for legal and proper purposes; and without limiting the generality of the foregoing the Borrower shall and shall cause each other Obligor to:

- (i) engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);
  - (ii) ensure that all activities of the Obligors relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and
  - (iii) ensure that all activities of the Obligors relating to the sale of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions.
- (f) will: (i) immediately, with respect to Material Agreements and/or Material Permit; and (ii) promptly, and in any event within three (3) Business Days, notify the Agent of any material action requests or material violation notices received by it from any Person (including, without limitation, from any Governmental Authority) concerning it (including, without limitation, any notices or requests in connection with the protection or preservation of the environment) and hold the Agent and the Lenders harmless from and against any losses, costs or expenses which the Agent or any Lender may suffer in connection therewith;
- (g) will promptly advise the Agent of any Material Adverse Change;
- (h) will keep its assets (including, without limitation, the Collateral) fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- (i) will, at reasonable times and upon reasonable notice (provided that upon the occurrence of an Event of Default that is continuing, the Agent is permitted to do the following at any time and without notice) permit the Agent or its representatives, from time to time, (i) to visit and inspect any Obligor's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, and (ii) to discuss the Obligors' affairs with the auditors of the Obligors (in the presence of the Obligors' representatives as it may designate); the Obligors hereby authorize and direct any such third party to provide to the Agent or its representatives all such information, records or documentation reasonably requested by the Agent;
- (j) except for Permitted Encumbrances, will not, without the prior written consent of the Agent, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- (k) will not, without the prior written consent of the Agent, sell, transfer, convey, lease or otherwise dispose of any of its:
- (i) accounts receivables; or
  - (ii) other than accounts receivables, properties or assets (excluding obsolete or otherwise superfluous assets) other than (i) in the ordinary course of business and on commercially reasonable terms, or (ii) to another Obligor, (iii) to the extent the

proceeds of such sale are promptly reinvested in assets useful to the business of the Obligors, or (iv) if such disposition would not materially impact the operation, business or financial condition of any Obligor.

- (l) will not, without the prior written consent of the Agent, provide any Guarantees (other than Permitted Guarantees);
- (m) will not, without first obtaining the prior written consent of the Agent, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person and it will cause any such resulting Person to become an Obligor hereunder and to grant such security and enter into such Transaction Documents and other agreements as the Agent may require, provided that (i) upon ten (10) days' prior written notice to the Agent any Obligor may merge, amalgamate or wind-up with or into another Obligor, and (ii) concurrently with such merger, amalgamation or winding-up the Borrower shall provide, or cause to be provided to the Agent all additional or replacement Security Agreements as the Agent may reasonably require in connection therewith;
- (n) will not pay any dividends, other corporate distributions, or any interest or principal on subordinated debt other than (i) to another Obligor, (ii) in respect to Permitted Indebtedness, or (iii) with the prior written consent of the Agent *provided that* notwithstanding the foregoing: (i) no payments may be made in respect of the FBC Unsecured Loan if a Default or Event of Default has occurred hereunder and is continuing or would occur upon the making of any such payment; (ii) no payments may be made other than as set out in the FBC Unsecured Promissory Note.
- (o) will not acquire or move any material Collateral or change its chief executive office or principal place of business to any jurisdiction outside of the jurisdiction of each such respective Obligor listed in Schedule "F" attached hereto without first executing and delivering all such security and other documentation and completing all registrations, recordings and filings to grant in favour of the Agent a security interest in such Collateral and to render effective the security interest granted thereby, all in form and substance satisfactory to the Agent;
- (p) will not incur additional indebtedness other than Permitted Indebtedness;
- (q) will not enter into any swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other derivative transactions for investment or speculative purposes (for greater certainty, the entering into of any such swaps, futures, hedges, foreign exchange or commodity transactions for spot or forward delivery, contracts or other transactions for protection against fluctuation in currency or interest rates or commodity prices is permitted);
- (r) will not, without the prior written consent of the Agent, make, cause or permit any amendment to any Material Agreement if the effect of such amendment would be reasonably likely to result in a Default or Event of Default;
- (s) will provide written notice to the Agent of each of the following promptly after the occurrence thereof:
  - (i) all proposed amendments to Material Agreements and Material Permits;

- (ii) all correspondence and notices received from any Governmental Authority or stock exchange with respect to any Material Agreement, Material Permit or any regulatory or other investigations into the Obligors' business practices which could have a material and negative effect on any of the Obligors or their business, or any of the Obligors' ability to repay the obligations owing under this Agreement or would be likely to result in a Default;
- (iii) any changes in the identity of Responsible Persons, which materially effect the Obligors together with satisfactory evidence of security clearances for such Responsible Persons under the Cannabis Act or the Cannabis Regulations; and any rejection notice for new or renewal security clearance applications for each Responsible Person;
- (t) will conduct its business in compliance with Anti-Terrorism and Corruption Laws and institute and maintain policies and procedures designed to promote and achieve compliance with such Anti-Terrorism and Corruption Laws;
- (u) will (i) where an Account Debtor makes a payment in the form of a cheque, deposit such cheque into the Collections Account, (ii) where an Account Debtor makes a payment by electronic funds transfer, direct such Account Debtor to make such transfer to the Collections Account;
- (v) will not (i) amend, vary or terminate the Collections Account or the Blocked Account Agreement, and (ii) amend, modify or otherwise change any banking instructions provided to the financial institution maintaining the Collections Account, which would result in the application of any funds from any Account Debtor to an account other than the Collections Account;
- (w) the Borrower shall sweep the Collections Account at the end of each day and use such funds to repay all or any portion of the Loan Advances under the Revolving Facility outstanding at such time;
- (x) will grant the Agent and the Lenders the first right of refusal to provide any debtor in possession financing during any applicable Bankruptcy Event;
- (y) not amend, supplement (in a way that is detrimental to the Lender), terminate, abandon, allow to expire or fail to renew any Material Permits, or permit any other Person to use, become party to or otherwise have an interest in, any Material Permits, or take any action in furtherance of, or fail to take any action, which failure could be reasonably expected to result in, any of the foregoing;
- (z) not enter into any transaction with any Affiliate, other than the another Obligor, except on terms no less favourable than could be obtained in an arm's-length transaction;
- (aa) change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;
- (bb) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and

purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings;

- (cc) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (dd) to cause a news release of Holdings announcing this Agreement and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing;
- (ee) to cause Holdings to provide a draft of any other news release related to this Agreement and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing of any such other new release;
- (ff) in respect of the Warrants, will:
  - (i) cause Holdings to, at all times, reserve and keep available out of Holdings' authorized common shares a sufficient number of Warrant Shares to satisfy the right of purchase pursuant to the Warrants and to issue and deliver the Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the Warrants to be issued as fully paid and non-assessable common shares of Holdings; and
  - (ii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (gg) will maintain positive EBITDA on a rolling 3-month average;
- (hh) with respect to the BZAM Edmonton Property:
  - (i) it shall not or shall not permit, as applicable, the charge on the Existing BZAM Edmonton Property Charge to be increased from such amount existing as of November 3, 2022;
  - (ii) it shall not or shall not permit, as applicable, any charges to be placed on the BZAM Edmonton Property (other than Permitted Encumbrances); and
  - (iii) to the extent the Existing BZAM Edmonton Property Charge is discharged at any time, it shall provide or cause to be provided (as applicable) a first charge on the BZAM Edmonton Property in favour of the Agent.
- (ii) will provide, or cause to be provided, in respect of any Excluded Subsidiary to the extent it holds any assets, all Guarantees and Security Agreements required to be provided under this Agreement. For greater certainty, to the extent any such Subsidiary no longer qualifies as an Excluded Subsidiary, such Subsidiary shall cease to be an Excluded Subsidiary and shall be an Obligor for the purposes of this Agreement;



- (jj) will remit to the Agent no less than \$4,000,000 from the net proceeds of the sale of the BZAM Edmonton Property to be applied as follows by the Agent: (i) \$3,000,000 to repay the [REDACTED]; and (ii) no less than \$1,000,000 to be applied as a Base Facility Prepayment (which for greater certainty shall reduce the Base Facility Amount by an amount equal to such Base Facility Prepayment); and
- (kk) will provide evidence, in form and substance satisfactory to the Agent, of the amalgamation of Médican Biologique Inc. and 9430-6347 Quebec Inc. within two (2) Business Days following the release of the Medican SPA (as defined in Schedule "G") from escrow.

9. **Use of Insurance Proceeds.** The parties agree that the proceeds of any insurance policies received by the Agent in connection with insurable events relating to the Collateral shall be applied to repay the outstanding fees, interest and principal in respect of the LoanAdvances.

10. **Term and Termination.**

- (a) The term of the Revolving Facility expires on March 24, 2024 (the "**Maturity Date**").
- (b) The Agent shall have the right to terminate the Revolving Facility:
  - (i) upon immediate notice, if an Event of Default has occurred and is continuing;
  - (ii) upon one hundred and eighty (180) days notice, if a material adverse change in market conditions is negatively affecting the liquidity of any Lender; and
  - (iii) upon immediate notice, if the Revolving Facility shall become, in whole or in part, illegal or in contravention of any Applicable Law.
- (c) The Revolving Facility may be terminated upon the mutual agreement of the Agent and the Borrower, at which time, all accrued interest, principal and unpaid fees owing shall be paid in cash by the Borrower to the Agent on such date; provided that if any such termination is at the request of the Borrower, the term "unpaid fees" in the preceding sentence shall include, without limitation, the Termination Fee.
- (d) If there is a Bankruptcy Event of the Borrower, then this Agreement shall be forthwith ended and terminated.
- (e) If the Revolving Facility is terminated for any reason, with respect to any outstanding Loan Advances, the Agent shall retain all of its rights and remedies, under the Transaction Documents.
- (f) If the Revolving Facility is terminated for any reason, then at the election of the Agent by way of immediate notice to the Borrower, all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees will be due and payable under this Agreement, and the Borrower will pay such amounts to the Agent forthwith.
- (g) the Borrower shall have the right to terminate this Agreement without the Agent's consent upon not less than ninety (90) days written notice, subject to the payment in full all accrued and/or unpaid interest, all outstanding Loan Advances, and all unpaid fees, such amounts shall be payable in cash by the Borrower to the Agent forthwith upon such termination.

11. **Post-Closing Undertaking.** The Borrower, on behalf of each Obligor, hereby agrees that it shall take (or cause to be taken, as applicable) the following actions within the applicable time periods set out below, and further agrees that any failure of the Borrower to take such actions or satisfy any of the following post-closing conditions within such time period shall constitute (subject to any written extensions granted by the Agent) an Event of Default:

- (a) cause to be delivered to the Agent, within thirty (30) days of the date of this Agreement, Collateral Access Agreements;
- (b) grant to the Agent, within two (2) Business Days view access on all FBC Obligor bank accounts and the Borrower will, or will cause the FBC Obligors to, manually sweep such accounts weekly to the Agent;
- (c) move, or cause to be moved, within thirty (30) days of the date of this Agreement, all FBC Obligor bank accounts from Alterna Savings and Credit Union Limited to Bank of Montreal (or such other financial institution acceptable to the Agent in its sole discretion);
- (d) cause to be delivered to the Agent, within ten (10) days of the date that Section 11(b) immediately above has been satisfied (and in any event within forty (40) days of the date of this Agreement), Blocked Account Agreements;
- (e) deliver to the Agent immediately upon completion (and in any event within three (3) Business Days of the date of this Agreement) evidence of the name change of any of the FBC Obligors;
- (f) deliver to the Agent or its counsel, within three (3) Business Days of the date of this Agreement, original share certificates for any and all equity interests in the capital of FBC, together with duly executed stock transfer powers of attorney in blank with respect to such equity interests;
- (g) deliver to the Agent:
  - (i) within ten (10) days of the date of this Agreement, copies of each of the consents required under or pursuant to the FBC SEA;
  - (ii) within sixty (60) days of the date of this Agreement, copies of each of the governmental authorizations required under or pursuant to the FBC SEA; and
- (h) cause the Agent to be added as (i) an additional insured to each commercial general liability insurance policy maintained by the FBC Obligors; and (ii) first mortgagee and first loss payee to each property and business insurance policy maintained by the FBC Obligors, and deliver to the Agent, within five (5) Business Days certificates of insurance for all such insurance policies, with such additional insured and mortgagee/loss payee endorsements, together with copies of the applicable policies.

12. **Remedies Upon Default.** Upon the occurrence of any Event of Default, the Lender may at its sole option:

- (a) declare, by notice in writing to the Borrower, any or all of the Loan Advances and fees and other obligations owing to the Agent and or the Lenders to be immediately due and payable;
- (b) realize upon all or any part of the Collateral, pursuant to the Security Agreements; and

(c) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Transaction Documents) at such times and in such manner as the Agent in its sole discretion may consider expedient

13. **Accredited Investor Representation.** The Agent represents and warrants to the Borrower and Holdings that it is a an “accredited investor” within the meaning of section 73.3 of the *Securities Act* (Ontario) by virtue of being a person described in the Accredited Investor Certificate (attached as Schedule “K”), and the Agent is delivering with this Agreement a completed and signed Accredited Investor Certificate.

14. **Extended Meanings.** Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term “including” shall mean “including, without limitation”, and the term “includes” shall mean “includes, without limitation”. Any reference herein to the exercise of discretion by the Agent or any Lender (including phrases such as “in the discretion of”, “in the opinion of”, “to the satisfaction of” and similar phrases) shall mean that such discretion is absolute and unfettered and shall not imply any obligation to act reasonably, unless otherwise expressly stated herein.

15. **Headings.** The section headings are not to be considered part of this Agreement, are inserted for convenience of reference only, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction or interpretation of this Agreement.

16. **Currency.** All dollar amounts referred to in this Agreement and all payments to be made hereunder are in Canadian dollars unless agreed to otherwise in writing by the Agent.

17. **Entire Agreement.** This Agreement, including the Schedules hereto, and the Exhibits to such Schedules, and any other agreement required hereunder to be delivered in connection herewith, constitute the entire agreement between the parties as to the subject matter of this Agreement and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

18. **Severability.** In the event that any one or more provisions contained in this Agreement, or any other agreement required hereunder to be delivered in connection herewith, shall be invalid, illegal or unenforceable in any way, the remaining provisions hereof or thereof shall not be affected or impaired thereby unless as a consequence thereof of the rights and benefits granted to the Agent are, in the discretion of the Agent, materially and adversely affected.

19. **Execution.** This Agreement may be executed in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

20. **Electronic Execution of Certain Documents.** The words “delivery”, “execution,” “signed,” “signature,” and words of like import in any Transaction Document or any other document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law; provided, that notwithstanding anything contained herein to the contrary the Agent is under no obligation to agree to accept

electronic signature in any form or in any format unless expressly agreed to by the Agent pursuant to procedures approved by it.

21. **Business Day**. If under the provisions of this Agreement any amount is to be paid or any act or thing is to be done or step is to be taken on a day other than a Business Day, then such amount shall be paid or such act or thing or step shall be done or taken on the next succeeding Business Day.

22. **Further Assurance**. The Borrower shall, from time to time execute, draw, endorse and deliver all such instruments and documents and do all such acts and things as the Agent may deem necessary or desirable for the purposes of carrying into effect any or all of the provisions of this Agreement or any documents delivered hereunder or of securing the fulfillment of all the obligations of the Borrower to the Agent hereunder.

23. **Costs, Expenses and Fees**. The Borrower agrees to pay all fees owing to the Agent hereunder and all of the Agent's costs incurred from time to time (including reasonable legal fees and disbursements and reasonable accountant fees and disbursements) in the preparation, negotiation and execution of this Agreement and the other Transaction Documents and all third party costs associated with bringing or attempting to bring this transaction to a close and any costs incurred in the operation or enforcement of this Agreement or any other Transaction Documents. The Agent will provide a summary of such legal fees and disbursements. All costs of insuring the Collateral will be the responsibility of the Borrower. All such costs and expenses shall be payable upon demand. The Agent shall have the right, but not the obligation, to deduct all such costs and expenses and any fees owing to the Agent, from time to time, from the proceeds of any Loan Advance.

24. **GOVERNING LAW**. THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

25. **SUBMISSION TO JURISDICTION**. THE BORROWER IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE AGENT OR ANY RELATED PARTY OF THE AGENT IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE PROVINCE OF ONTARIO SITTING IN THE CITY OF TORONTO, THE FEDERAL COURTS OF CANADA SITTING IN THE CITY OF TORONTO, AND ANY APPELLATE COURT FROM ANY THEREOF, (EXCEPT, AS TO ANY OTHER TRANSACTION DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO PROVINCIAL COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES

THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER TRANSACTION DOCUMENT SHALL AFFECT ANY RIGHT THAT THE AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

26. **WAIVER OF VENUE.** THE BORROWER IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT IN ANY COURT REFERRED TO IN SECTION 25. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

27. **SERVICE OF PROCESS.** EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 28. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

28. **Notice.** Any notice to be given by any party hereto to any other party hereto shall be in writing and may be given by personal delivery, or except during any period when postal service is interrupted, by prepaid registered mail, or by electronic mail or by other means of instantaneous transmission that produces a permanent copy to the address noted below ("**other communication**") addressed as follows:

(a) to the Borrower:

The Green Organic Dutchman Ltd.  
Suite 402 – 5520 Explorer Drive  
Mississauga, ON L4W 5L1

Attention: Matt Milich  
Telephone: (778) 655-6335  
Email: mmilich@bzam.com

(b) to the Agent or a Lender:

Cortland Credit Lending Corporation  
c/o Cortland Credit Group Inc.  
200 Bay St., Suite 3230  
Royal Bank Plaza South Tower  
Toronto, ON, M5J 2J2

Attention: Bruce Sherk  
Telephone: (416) 407-4440  
Email: bsherk@cortlandcredit.ca

If given by registered mail shall be deemed to have been received by the party to whom it was addressed on the date falling four (4) Business Days following the date upon which it has been

deposited in the post office with postage and cost of registration prepaid, and if personally delivered to an adult during normal business hours, when so delivered, and if given by other communication, the third (3rd) business hour after transmission and confirmation of receipt. Provided that any of the above-named parties may change the address designated from time to time, by notice in writing to the other party hereto.

29. **Binding Effect.** This Agreement shall be binding upon and shall enure to the benefit of (i) the Agent and the Lenders and their respective successors and assigns, and (ii) the Borrower and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

30. **Lenders.**

(a) The Borrower acknowledges and agrees that the Lenders shall be determined by the Agent from time to time, provided that (i) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (without the consent of the Borrower) that is managed, affiliated with or Controlled by the Agent, (ii) prior to the occurrence of an Event of Default, a Lender may be any entity designated by the Agent (with the consent of the Borrower) that is not an entity managed, affiliated with or Controlled by the Agent, and (iii) following the occurrence of an Event of Default a Lender may be any entity designated by the Agent in its sole and unfettered discretion.

(b) The Borrower acknowledges and agrees that the Agent is acting as administrative and collateral agent for the Lenders. The Borrower acknowledges and agrees that the Agent shall be entitled to disclose, on a confidential basis, all information received by it regarding the Borrower, any Obligor, the Collateral, this Agreement and any other Transaction Document to: (i) each Lender, each prospective Lender, any Person purchasing notes, units or otherwise providing funding, directly or indirectly, to any Lender (or any prospective Lender), each prospective assignee or participant, and the officers, directors, employees, accountants, lawyers and other professional advisors of the Agent, any Lender, any prospective Lender and any prospective assignee or participant (each a "**Receiving Party**") provided that each Receiving Party agrees to maintain the confidentiality of any such information in respect of which the Agent has any duty of confidentiality to the Borrower or any Obligor; (ii) to any rating agencies rating the indebtedness of a Lender, provided such rating agencies are bound by customary confidentiality agreements; (iii) to any agent of the Agent or any Lender to the extent necessary to enforce any rights which the Agent or such Lender may have to collect any amounts in respect of the Transaction Documents or the Collateral, provided such agent has agreed in writing to be bound by the provision of this Agreement in respect of such information; (iv) to the extent required for any registration or filing required to perfect any of the Agent's Liens contemplated any Security Agreement or other Transaction Document; and (v) as may be required by Applicable Law. The Agent and the Lenders confirm that, regardless of the number and identity of the Lenders, the Obligors will only be required to act in accordance with the instructions of the Agent, and no Lender will have an independent cause of action or remedy against the Obligors directly, it being understood that each Lender has appointed, or will appoint, the Agent as its sole and exclusive administrative and collateral agent in connection with the transactions contemplated by this Agreement.

31. **General Indemnity.** Each Obligor hereby indemnifies and holds harmless the Indemnified Parties from and against any and all claims, damages, losses, costs and expenses, that may be

incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to any investigation, litigation or proceeding or the preparation of any defense with respect thereto arising out of or in connection with or relating to this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby, or any use made or proposed to be made with the proceeds of the Loan Advances, whether or not such investigation, litigation or proceeding is brought by an Obligor, any shareholder or creditor thereof, an Indemnified Party or any other Person, or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such losses and expenses are found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's intentional or gross negligence or wilful misconduct or for breach in bad faith of such Indemnified Party's obligations hereunder or under any other Transaction Document, or where such litigation or proceeding is solely between Indemnified Parties.

32. **Claims under the Indemnity.** The Indemnified Party claiming indemnification under Section 31 shall give the Borrower prompt notice in writing of particulars of any claim asserted by third parties against it which is covered by such indemnities.

33. **Amendment and Restatement.** This Agreement is an amendment and restatement of the First ARCA, and is in full force and effect, as of and from the date hereof. This Agreement will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Credit Agreement, the First ARCA or in any other Transaction Document, agreements, certificates and other documents executed and delivered by or on behalf of any Obligor in respect thereof or in connection therewith, but the same shall remain in full force and effect as amended and restated by this Agreement and is hereby ratified and confirmed in the form of this Agreement. For greater certainty, the parties hereto agree that any obligations outstanding under or in connection with the Original Credit Agreement, the First ARCA or the Transaction Documents as of the date hereof, constitute obligations outstanding under this Agreement or the Transaction Documents (as applicable). Each reference to the "**Credit Agreement**" or other similar reference in any of the Transaction Documents and all other agreements, certificates and other documents executed and delivered by any of the Obligors or Cortland in respect thereof or in connection therewith shall mean and be a reference to this Agreement.

*[Remainder of this page is intentionally left blank; signature page follows.]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement.

**BORROWER:**

**THE GREEN ORGANIC DUTCHMAN LTD.**

Per: Sean Bovingdon  
Name: Sean Bovingdon  
Title: CFO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Borrower.

**AGENT:**

**CORTLAND CREDIT LENDING CORPORATION, as Agent**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Borrower.



**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement.

**BORROWER:**

**THE GREEN ORGANIC DUTCHMAN LTD.**


Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Borrower.

**AGENT:**

**CORTLAND CREDIT LENDING CORPORATION, as Agent**


Per:  \_\_\_\_\_  
Name: Sean Register  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Borrower.

**OTHER OBLIGORS:**

**BZAM LTD.**

Per:   
Name: Matt Milich  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**MEDICAN ORGANIC INC.**

Per: Sean Bovingdon  
Name: Sean Bovingdon  
Title: CFO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**BZAM HOLDINGS INC.**

Per:   
Name: Matt Milich  
Title: President

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**FOLIUM LIFE SCIENCE INC.**

Per:   
Name: Matt Milich  
Title: President

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**BZAM MANAGEMENT INC.**

Per:   
Name: Matt Milich  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.


**BZAM CANNABIS CORP.**

Per:   
Name: Matt Milich  
Title: President

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**FINAL BELL CANADA INC.**

Per:   
Name: Greg Boone  
Title: President

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**FINAL BELL CORP.**

Per:   
Name: Greg Boone  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:

I/We have the authority to bind the Obligor.

**FINAL BELL CANADA INC.**

Per: \_\_\_\_\_  
 Name:  
 Title:

Per: \_\_\_\_\_  
 Name: Jennifer Maccarone  
 Title: coo

DocuSigned by:  
*Jennifer Maccarone*

I/We have the authority to bind the Obligor.

**FINAL BELL CORP.**

Per: \_\_\_\_\_  
 Name:  
 Title:

Per: \_\_\_\_\_  
 Name: Jennifer Maccarone  
 Title: coo

DocuSigned by:  
*Jennifer Maccarone*

I/We have the authority to bind the Obligor.

**SCHEDULE "A"**  
**FORM OF ADVANCE REQUEST CERTIFICATE**

**ADVANCE REQUEST CERTIFICATE**

Pursuant to the provisions of the second amended and restated credit agreement dated January \_\_8\_\_, 2024 (as it may be amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”) (terms defined therein being used herein as so defined), between, *inter alia*, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, as administrative agent (the “**Agent**”), the undersigned, being an officer or director of the Borrower hereby represents, warrants and certifies in such capacity, and not in her or his personal capacity, as follows:

1. **Representations and Warranties**. The representations and warranties of the Borrower and the other Obligors set forth in the Credit Agreement, or which are contained in any certificate, document or financial or other written statement furnished pursuant to or in connection with the Credit Agreement, including the other Transaction Documents, are accurate and complete in all material respects on and as of the date hereof with the same effect as if made on the date hereof, except to the extent specified in the Credit Agreement or Transaction Documents to be made as of a specific date.
2. **No Material Adverse Change**. Since the date of the latest financial statements of the Borrower provided to the Agent in connection with the Transaction Documents, no Material Adverse Change has occurred.
3. **No Default**. No Default or Event of Default has occurred and is continuing as of the date hereof.
4. **Conditions Precedent**. The conditions precedent to this Loan Advance in accordance with the Credit Agreement have been satisfied.
5. **Loan Advance**. The Borrower hereby requests, authorizes, and instructs the Agent to drawdown and advance under the Revolving Facility the amount of CDN \$• to the Borrower on \_\_\_\_\_, 20 . This will be the Agent’s authority:
  - (a) [•]; and
  - (b) [•].

[Signature Page Follows]

DATED \_\_\_\_\_, 20\_\_\_\_.

**THE GREEN ORGANIC DUTCHMAN LTD.**

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:



## SCHEDULE "B"

## WARRANTS

	<b>Warrant 1</b>	<b>Warrant 2</b>	<b>Warrant 3</b>	<b>Warrant 4</b>
Expiry Date	2024-06-03	2025-11-02	2026-11-29	2027-11-07
Strike	5.00	3.00	1.4	0.95
Cortland Credit Strategies LP	28,000	28,000	182,000	456,400
Cortland Credit Institutional LP	5,333	5,333	18,000	10,267
Agent	16,667	16,667	100,000	233,333
<b>Total Current</b>	<b>50,000</b>	<b>50,000</b>	<b>300,000</b>	<b>700,000</b>
<b>Actual Issuance</b>	<b>500,000</b>	<b>500,000</b>	<b>3,000,000</b>	<b>700,000</b>

## SCHEDULE "C"

### DEFINED TERMS

As used in this Agreement and unless otherwise stated herein, the terms set out below shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

"\$" and "Dollar" each mean Canadian dollars.

"**Account Debtor**" means the account debtor in respect of any account receivable of an Obligor arising from a bona fide, fully-completed transaction in the ordinary course of business consisting of either the sale of goods or the provision of services by the Obligor.

"**Accounts Receivable**" means all debts, accounts (including all "**accounts**" as defined in the PPSA), claims, demands, monies and choses in action which are now or which may at any time hereafter be due, owing to or accruing due to or owned by a Person, together with all books, records, documents, papers and electronically recorded data and any other documents or information of any kind which in any way evidences or relates to any or all of the said debts, accounts, claims, demands, monies and choses in action.

"**Accounts Receivable Eligibility Criteria**" means, in respect of any Obligor, an Account Receivable of such Obligor (in this definition, individually called an "**account**") which satisfies all of the following eligibility criteria:

- (a) the account is subject to a first-ranking security interest held by the Agent pursuant to the Security Agreements and is not subject to any other Liens, except Permitted Encumbrances, and the Account Debtor thereof has been directed to pay the proceeds of such account to the Collections Account;
- (b) if the Account Debtor is a Governmental Authority, all requirements of Applicable Law have been satisfied in order that the assignment of such account in favour of the Agent shall be valid and enforceable;
- (c) the Account Debtor is located in an Approved Jurisdiction;
- (d) the Account Debtor is not any Obligor or any Related Person of any Obligor;
- (e) the account is not in dispute or subject to any defence, counterclaim or claim by the Account Debtor for credit, set-off, allowance or adjustment;
- (f) the Obligor does not have an obligation to hold any portion of the account in trust or as agent for any other Person (except pursuant to a statutory lien securing obligations which are not overdue);
- (g) an invoice relating to the account has been issued by the Obligor and received by the Account Debtor;
- (h) the account is not outstanding for more than [REDACTED] days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment), unless the Account Debtor is a Governmental Authority, in which case the account shall not be outstanding for more than [REDACTED] days from the date of the invoice relating thereto (regardless of the due date specified in such invoice for payment);

- (i) the Account Debtor is not insolvent or subject to any Bankruptcy Event; and
- (j) the account is not subject to undue credit risk in the opinion of the Agent.

“**Advance Rate**” means: means: (i) with respect to Eligible Inventory, ██████████ percent (██████%); and (ii) with respect to Eligible Accounts Receivable, ██████████ percent (██████%).

“**Advance Request Certificate**” means a written notice, in the form attached as Schedule “A” attached hereto, pursuant to which the Borrower may request a Loan Advance in an amount not less than \$250,000.

“**Affiliate**” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“**Anti-Terrorism and Corruption Laws**” means any Applicable Laws relating to terrorism, trade sanctions programs and embargoes, import/export licensing, money laundering, corruption or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such laws, rules and regulations, all as amended, supplemented or replaced from time to time.

“**Applicable Law**” means, with respect to any Person, all laws, rules, regulations and orders of Governmental Authorities applicable to such Person or any of its properties or assets.

“**Applicable Margin**” means at any time: (i) at any time there is a Positive EBDA Variance, 6.55% per annum; or (ii) at any time there is a Negative EBDA Variance, 8.05% per annum.

“**Approved Jurisdiction**” means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state, provincial, territorial and municipal basis) to undertake any Cannabis-Related Activities provided that in each case (i) such country has been approved in writing by the Agent in its discretion and (ii) if required by the Agent, the ability to undertake Cannabis-Related Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower’s counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Agent may in its discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied.

“**Associate**” has the meaning ascribed thereto in the *Canada Business Corporations Act*.

“**Bankruptcy Event**” means an Involuntary Bankruptcy Event or a Voluntary Bankruptcy Event.

“**Base Facility Amount**” means Twenty-Four Million Dollars (\$24,000,000), as such amount may be reduced in accordance with this Agreement;

“**Blocked Account Agreement**” means an agreement, in form and substance satisfactory to the Agent, in respect of a Collections Account in which, among other things, the financial institution maintaining such account acknowledges and agrees with the Agent and relevant Obligor that the Agent will control all disbursements from such accounts.

“**Borrowing Base Certificate**” means a written report, in form and substance satisfactory to the Agent, pursuant to which the Borrower has, among other things, calculated the Revolving Facility Margin Limit.

**“Business Day”** means any day other than: (a) a Saturday or Sunday; or (b) a day on which banking institutions in Toronto, Ontario, are authorized or obligated by law or executive order to be closed.

**“BZAM Edmonton Property”** means the real property legally described as Plan 8720213, Block 5, Lot 4, Excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8.

**“BZAM Loan”** means the loans made by Stone Pine to Holdings pursuant to secured demand promissory notes on:

- (a) March 3, 2023, in the principal amount of \$2,500,000;
- (b) April 30, 2023, in the principal amount of \$1,325,000;
- (c) October 27, 2023, in the principal amount of \$1,190,000;
- (d) November 8, 2023, in the principal amount of \$600,000;
- (e) November 30, 2023, in the principal amount of \$2,000,000;
- (f) December 4, 2023, in the principal amount of \$900,000; and
- (g) such other amounts that the Agent may agree to, in writing, in its sole discretion.

**“Cannabis”** means:

- (a) any plant or seed, whether live or dead, from any species or subspecies of genus Cannabis, including Cannabis sativa, Cannabis indica and Cannabis ruderalis, Marijuana and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;
- (b) any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;
- (c) any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;
- (d) any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition;
- (e) any other meaning ascribed to the term “cannabis” under Applicable Law in any Approved Jurisdiction, including the *Cannabis Act and the Controlled Drugs and Substances Act* (Canada); and
- (f) any other meaning ascribed to the term “cannabis” under the *Controlled Substances Act* (United States).

**“Cannabis Act”** means An Act respecting cannabis and to amend the *Controlled Drugs and Substances Act*, the *Criminal Code* and other Acts, S.C. 2018, c. 16, as amended from time to time.

**“Cannabis Regulations”** means Cannabis Regulations under the Cannabis Act, as amended from time to time and all other regulations made from time to time under the Cannabis Act or any other statute in an Approved Jurisdiction with respect to Cannabis-Related Activities.

**“Cannabis-Related Activities”** means any activities, including advertising or promotional activities, relating to or in connection with the importation, exportation, cultivation, production, purchase, distribution or sale of Cannabis or Cannabis-related products.

**“Capital Lease”** means, with respect to a Person, a lease or other arrangement in respect of personal property that is required to be classified and accounted for as an obligation on a balance sheet of the Person in accordance with IFRS.

**“Change of Control”** means (i) if (x) Matt Milich ceases to be the chief executive officer of the Borrower, (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, or (z) Jordan Winnett ceases to be the chief commercial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals; (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons; (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings. Notwithstanding the foregoing, BZAM International Ltd. (and its Affiliates) may own more than fifty percent (50%) of Holdings pursuant to: (i) an equity conversion relating to the BZAM Loan; or (ii) with the written consent of the Agent, in its sole discretion; provided that, in each case, Holdings shall provide, or cause to be provided to the Agent any and all documentation required in order for the Agent to comply with Applicable Law.

**“Collateral”** means all present and after acquired undertaking and personal property of the Obligors, including all proceeds thereof, subject to such customary exclusions as set out in the Security Agreements.

**“Collateral Access Agreement”** means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in any Collateral in form and substance reasonably satisfactory to Agent.

**“Collections Account”** means the account established and maintained by a Schedule “I” Canadian Chartered Bank in the name of the Borrower into which all payments by Account Debtors are deposited and which account shall at all times be subject to the Blocked Account Agreement.

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and **“Controlling”** and **“Controlled”** have meanings correlative thereto.

**“Default”** means any event, act, omission or condition which with the giving of notice or passage of time, or both, would result in an Event of Default.

**“EBDA”** means, at any time, EBITDA less (without duplication) interest, financing costs and taxes.

**“EBITDA”**, for a period, means net income of the Borrower for such period, on a consolidated basis, plus, without duplication for such period, each on a consolidated basis, interest expense,

taxes, depreciation, amortization, extraordinary or non-recurring losses and impairments, unrealized losses in the fair value of biological assets and non-cash stock based compensation, less unrealized gains in the fair value of biological assets and extraordinary or non-recurring gains.

**“Eligible Accounts Receivable”** means in respect of any Obligor, Accounts Receivable owned by such Obligor which complies with the Accounts Receivable Eligibility Criteria.

**“Eligible Inventory”** means in respect of any Obligor, Inventory owned by such Obligor which complies with the Inventory Eligibility Criteria.

**“Event of Default”** means:

- (a) if any Obligor at any time shall fail to pay or perform with regard to the obligation to repay the principal or interest on each Loan Advance on the date required by this Agreement for such payment;
- (b) if any Obligor at any time shall fail to pay or perform with regard to the obligation to pay any fees or other amounts payable to the Agent (which, for greater certainty, does not include amounts payable under item (i), above) within three (3) Business Days of the date required by this Agreement or any other Transaction Document for such payment;
- (c) if any Obligor ceases or threatens to cease carrying on its business or if a petition shall be filed, an order shall be made or an effective resolution shall be passed for the winding-up or liquidation of an Obligor;
- (d) if a Bankruptcy Event of any Obligor occurs;
- (e) if a Change of Control (that has not been consented to in writing by the Agent) occurs;
- (f) if any encumbrancer, lien holder or Person acting on its behalf shall take possession of the Collateral or any part thereof;
- (g) if any Obligor permits any sum which is outstanding in an aggregate principal amount exceeding \$100,000 and which has been admitted as due by such Obligor or is not disputed to be due by it and which forms or is capable of being made a charge on any Collateral in priority to the security interests granted to the Agent to remain unpaid after proceedings have been taken to enforce such charge;
- (h) if any representation or warranty made by or on behalf of any Obligor or any of its officers, employees or agents to the Agent shall be false or inaccurate, in any material respect (determined in the discretion of the Agent, acting reasonably);
- (i) if any Obligor fails to perform or comply with any of its covenants or obligations contained in any Transaction Document; provided that (other than any covenants provided for in Sections 8(j), 8(k), 8(l), 8(m), 8(n), 8(o), 8(p), 8(q), 8(r), 8(t), 8(u), 8(v), 8(w), and 8(y) or any other Event of Default provided for in any other clause of this definition), if such non-compliance is capable of being remedied within ten (10) days, such Obligor diligently attempts to remedy such non-compliance and informs the Agent of its efforts in this regard, and remedies such default within such ten (10) days, then such non-compliance shall be deemed not to constitute an Event of Default;

- (j) if any Obligor defaults in the observance or performance of any provision relating to the indebtedness or liability of such Obligor to any Person other than the Agent, in an aggregate principal amount exceeding \$100,000, subject to any cure or grace periods provided for in the documentation providing for such indebtedness or liability;
- (k) if any Material Agreement or Material Permit shall terminate, be withdrawn, suspended, revoked, cancelled or amended in contravention of this Agreement;
- (l) if a Material Adverse Change shall have occurred;
- (m) if there is a suspension of trading of the common shares of Holdings on the Canadian Securities Exchange (or such other recognized stock exchange as may be agreed upon by Holdings and the Agent and such suspension is in excess of five (5) trading days on such exchange;
- (n) if the Cannabis Act is repealed and not replaced with similar legislation;
- (o) if the FBC Unsecured Promissory Note is amended in any respect;
- (p) if there is a default, event of default or other breach of the FBC Unsecured Promissory Note (without giving effect to any cure period); or
- (q) if any payment is made in respect of the FBC Unsecured Loan that is not explicitly permitted hereunder.

**“Excluded Subsidiaries”** means, collectively (i) The Green Organic Beverage Corp., a Delaware corporation; (ii) 102172093 Saskatchewan Ltd., a Saskatchewan corporation; and (iii) 14274261 Canada Inc., a federal corporation.

**“Existing BZAM Edmonton Property Charge”** means the charge on the BZAM Edmonton Property in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.

**“FBC”** means Final Bell Corp. (formerly Starseed Medicinal Inc.), a federal corporation, extra-provincially registered in Ontario, Saskatchewan, British Columbia, Alberta and Quebec.

**“FBC Obligors”** means, collectively FBCI and FBC.

**“FBC SEA”** means the share exchange agreement, dated December 5, 2023 between Holdings, as purchaser, the FBC Vendor and FBCI.

**“FBC Unsecured Loan”** means the loan made by the FBC Vendor to FBCI pursuant to the FBC Unsecured Promissory Note in the principal amount of \$8,000,000.

**“FBC Unsecured Promissory Note”** means the unsecured promissory note between Final Bell Holdings Inc. and FBCI dated January 5, 2024, in the principal amount of \$8,000,000.

**“FBC Vendor”** Final Bell Holdings International Ltd.

**“FBCI”** means Final Bell Canada Inc., an Ontario corporation.

**“Governmental Authority”** means the government of Canada, the United States of America or any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body (including any self-regulatory body), court,

central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, and for greater certainty includes Health Canada.

**“Guarantee”** means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of, or provide any financial assistance to any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument.

**“Hazardous Materials”** means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

**“Health Canada Licenses”** means, in respect of any Obligor, all Material Permits of such Obligor which are both related to the Cannabis-Related Activities of such Obligor and issued by Health Canada, including Material Permits to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-CJMMLU7IJN-2022, LIC-JTUPWJZJ50-2022, LIC-2OLWTAUL3J-2022, LIC-9GRI1YRQEV-2021, LIC-J5USTB6Z3V-2022, LIC-MVXNLN8UCN-2020, LIC-E5FM5PUXBF-2020-5, LIC-ZOTV09QHPG-2022.

**“Holdings”** means BZAM Ltd. (formerly The Green Organic Dutchman Holdings Ltd.). For greater certainty, each reference in any other (i) Transaction Document; or (ii) document, instrument or agreement executed and/or delivered in connection with this Agreement, to the words “Holdings”, “The Green Organic Dutchman Holdings Ltd.”, or words of like import, shall mean and be a reference to BZAM Ltd.

**“Indemnified Parties”** refers collectively to the Agent, the Lenders, each of their affiliates as well as each of its directors, officers, employees, representatives and agents and **“Indemnified Party”** refers to any one thereof.

**“Interest Rate”** means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus the Applicable Margin.

**“Inventory”** means finished goods (including all “goods” as defined in the PPSA) acquired or held for sale, re-sale or lease or furnished or to be furnished under contracts of rental or service, raw materials, work in progress, finished goods, returned goods, parts or equipment acquired from third parties for re-sale, and includes all Inventory in transit.

**“Inventory Eligibility Criteria”** means the criteria set by the Agent from time to time which identifies and sets any requirements or restrictions for the purpose of determining whether any Inventory owned by an Obligor is Eligible Inventory and includes the following eligibility criteria, which may be amended by the Agent from time to time: (i) such Inventory is not obsolete; (ii) such Inventory was not acquired by any Obligor more than 8 months from any testing date; (iii) such Inventory does not have any [REDACTED] applied against it; (iv) the supplier of such Inventory does not retain any title in such Inventory; (v) such Inventory is not subject to any recall or safety restrictions in any relevant jurisdiction of sale or operations of any Obligor; (vi)



such Inventory is not subject to any Potential Priority Claim or Priority Lien; (vii) such Inventory has been paid for in cash by such Obligor; (viii) such Inventory is relevant to the Obligors' business at all relevant times; and (ix) such Inventory is either: (A) located at premises owned by an Obligor; or (B) located on premises owned by any other Persons which are the subject of a duly executed Collateral Access Agreement in favour of the Agent.

**"Involuntary Bankruptcy Event"** means, without the consent or acquiescence of the applicable Person, the entering of an application for an order for relief or approving a petition or court order for relief or reorganization or any other petition or order seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, monitoring or other similar relief under any present or future bankruptcy, insolvency or similar process under Applicable Law, or the filing of any such petition or order against such Person or, without the consent or acquiescence of such Person, the entering of an order appointing a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or of all or any substantial part of the undertaking or property of such Person, in each case where such petition or order shall remain unstayed or shall not have been stayed or dismissed within forty-five (45) days from entry thereof.

**"Lien"** means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property or other priority or preferential arrangement of any kind or nature whatsoever, in each case to secure payment of a debt or performance of an obligation, including any conditional sale or any sale with recourse.

**"Loan Advance"** means any loan extended to the Borrower pursuant to the terms of this Agreement.

**"Marijuana"** has the meaning ascribed to such term (i) under the Applicable Law in any Approved Jurisdiction or (ii) under the *Controlled Substances Act* (United States).

**"Material Adverse Change"** means any event, circumstance or change that could be expected to result, individually or in the aggregate, in a material adverse effect, in any respect, on (a) the legality, validity or enforceability of any of the Transaction Documents or any of the security interests provided for thereunder, (b) the right or ability of an Obligor to perform any of its obligations under any of the Transaction Documents, in each case to which it is a party, or to consummate the transactions contemplated under any of the Transaction Documents, (c) the financial condition, assets, business or prospects of the Obligors, taken as a whole, (d) any Material Permit, or (e) an Obligor's ability to retain, utilize, exploit or comply with its obligations under any Material Permit.

**"Material Agreement"** means any contract or agreement of an Obligor (i) which involves potential revenue or expenditure in excess of \$500,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Change, including without limitation any agreement between an Obligor and any other Person for the supply of Cannabis.

**"Material Permit"** means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of any Obligor to conduct its business as presently conducted and planned to be conducted.

**"Maximum Revolving Facility Limit"** means Thirty Four Million Dollars (\$34,000,000).

**"Negative EBDA Variance"** means at any time, when there exists no Positive EBDA Variance.

**"Obligors"** means, collectively the Borrower, Holdings and all of Holdings' direct and indirect subsidiaries which are organized under the federal laws of Canada (or any province thereof) or any state of the United States of America (other than Excluded Subsidiaries), and "Obligor" means any of them; for greater certainty, as of the date of this Agreement, the Obligors include the Borrower, Holdings, Medican Organic Inc., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., FBCI and FBC.

**"Permitted Encumbrances"** means, collectively:

- (a) Liens granted in favour of the Agent pursuant to the Security Agreements;
- (b) Liens or deposit under workers' compensation, social security or similar legislation or in connection with bids, tenders, leases or contracts or to secured related public or statutory obligations, surety and appeal bonds where required by law;
- (c) any builders', mechanics', materialman's, carriers', repairmen's, warehousemen's, landlords' and other like Liens and privileges, in each case, which relate to obligations not yet due or delinquent or being contested in good faith;
- (d) any Liens for taxes, assessments, unpaid wages, unpaid superannuation or governmental charges or levies for the then current year and not at the time due and delinquent or are being contested in good faith;
- (e) any right reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, claim or permit held or acquired by an Obligor, or by any statutory provision, to terminate the lease, licence, franchise, grant, claim or permit or to purchase assets used in connection therewith or to require annual or other periodic payments as a condition of the continuance thereof;
- (f) any Lien created or assumed by any Obligor in favour of a public utility when required by the utility in connection with the operations of such Obligor that do not in the aggregate detract from the value of any of the Collateral or impair their use in the operation of the business of such Obligor;
- (g) any reservations, limitations, provisos and conditions expressed in original grants from any Governmental Authority;
- (h) any applicable municipal and other Governmental Authority restrictions affecting the use of land or the nature of any structures which may be erected thereon, any minor encumbrances such as easements, rights-of-way, servitudes or other similar rights in land granted to or reserved by other Persons, rights-of-way for sewers, electric lines, telegraph and telephone lines, oil and natural gas pipelines and other similar purposes, or zoning or other restrictions applicable to the use of real property by any Obligor, or title defects, encroachments or irregularities, that do not detract from the value of the property or impair its use in the operation of the business of any Obligor;

- (i) any Lien that secures Permitted Indebtedness referred to under clause (e) of the definition of “Permitted Indebtedness” provided that: (i) such Lien is limited to the mobile equipment which was acquired with the proceeds of such Permitted Indebtedness and (ii) the amount of such Permitted Indebtedness secured by any such Lien at no time exceeds 100% of the original acquisition price of such mobile asset at the time it was acquired, plus interest and fees, if any;
- (j) any Lien in connection with attachments, judgments and other similar Liens arising in connection with court proceedings; provided however that: (i) the Liens are in existence for less than twenty (20) Business Days after their creation, or (ii) the execution or other enforcement of the Lien is effectively stayed or the claims so secured is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles;
- (k) customary rights of set-off or combination of accounts with respect to deposits or accounts incurred in the ordinary course of business;
- (l) any Lien in connection with the BZAM Loan;
- (m) Liens listed in Schedule “J”; and
- (n) any Lien that secures indebtedness provided that such Lien is limited to monies paid or payable under the insurance policies together with the assigned right to cancel the insurance policies.

**“Permitted Guarantees”** means any Guarantee by an Obligor of any Permitted Indebtedness.

**“Permitted Indebtedness”** means any:

- (a) indebtedness under this Agreement;
- (b) indebtedness comprised of amounts owed to trade creditors and accruals in the ordinary course of business, which are either not overdue or, if disputed and in that case whether or not overdue, are being contested in good faith by such Obligor by appropriate proceedings diligently conducted, and provided always that: (i) the failure to pay such indebtedness could not be expected to result in a Default or Event of Default and (ii) the aggregate amount of such indebtedness does not exceed \$15,000,000;
- (c) any inter-company indebtedness between any Obligors;
- (d) any other indebtedness which the Agent agrees in writing is Permitted Indebtedness for the purposes of this Agreement;
- (e) any indebtedness under Capital Leases and Purchase Money Obligations, which indebtedness does not exceed \$10,000,000 in the aggregate for the Obligors at any time;
- (f) indebtedness owed to any Person providing or financing workers’ compensation, health, disability or other employee benefits or property, casualty or liability insurance, in each case incurred in the ordinary course of business;
- (g) the BZAM Loan;

- (h) indebtedness owing to Manjinder Singh Gill in a principal amount not to exceed \$5,000,000, secured by the Existing BZAM Edmonton Property Charge; and
- (i) the FBC Unsecured Loan.

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Positive EBDA Variance**” means at any time, EBDA greater than Zero Dollars (\$0) in each month of the immediately preceding consecutive three (3) month period.

“**Potential Priority Claims**” means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any Applicable Law or otherwise, which ranks or is capable of ranking in priority to the Agent’s security or otherwise in priority to any claim by the Agent for repayment of any amounts owing under this Agreement; provided that, for the purposes of calculating the Revolving Facility Margin Limit, the portion of Potential Priority Claims relating to excise tax shall exclude any deposits made in connection with any such excise tax owing.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, and to the extent relevant, equivalent statutes of the other Provinces of Canada, including the Civil Code of Quebec.

“**Priority Lien**” means any Lien that is not a Subordinated Lien.

“**Purchase Money Obligation**” means, with respect to a Person, indebtedness of the Person issued, incurred or assumed to finance all or part of the cost of acquiring any tangible asset.

“**Related Person**” in relation to any Person means a Subsidiary, Affiliate, Associate or shareholder, director, officer or employee of such Person.

“**Requirements of Environmental Law**” means: (i) obligations under common law; (ii) requirements imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives, policies or guidelines have the force of law; (iv) permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (v) requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to (A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.

“**Responsible Person**” means: (i) an officer or director of any Obligor; or (ii) any other Person required to hold a security clearance pursuant to the Cannabis Act or the Cannabis Regulations.

“**Revolving Facility**” means a revolving credit facility in an amount not to exceed the Revolving Facility Limit.

“**Revolving Facility Limit**” means the Base Facility Amount at such time, plus the Revolving Facility Margin Limit at such time, provided that such aggregate amount shall not at any time exceed the Maximum Revolving Facility Limit.

**“Revolving Facility Margin Limit”** means, at any time: (i) the book value of Eligible Inventory at such time (which, for greater certainty, excludes any Inventory subject to any Potential Priority Claims or Priority Liens) multiplied by the Advance Rate applicable to Eligible Inventory; plus (ii) the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable; plus (iii) [REDACTED]; minus (iv) the face amount of Potential Priority Claims relating to Eligible Accounts Receivable forming (or capable of forming) Priority Liens; provided that the amount calculated in (i), above, shall not exceed Three Million Dollars (\$3,000,000).

**“Security Agreements”** means, collectively, (i) general security and pledge agreements (or hypothecs) delivered by each of the Obligor to the Agent; (ii) the debentures and mortgages given by the Obligor to the Agent, as applicable, in respect of the real property owned by them; (iii) security agreements in respect of intellectual property delivered by each of the Obligor to the Agent, as applicable; (iv) a subordination agreement or intercreditor as may be required by the Agent from time to time; (v) all guarantees given by any Obligor to the Agent; (vi) Blocked Account Agreements (including with respect to the Collections Accounts); (vii) assignments of insurance delivered by the Obligor in favour of the Agent, as applicable, in each case, as such agreements may be amended, amended and restated or replaced in its entirety from time to time; and (viii) Collateral Access Agreements.

**“Solvent”** means, with respect to any Person as of the date of determination, (i) the aggregate property of such Person is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Person is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Person is able to meet its obligations as they generally become due; and (iv) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due; and for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**“Stone Pine”** means Stone Pine Capital Ltd.

**“Subordinated Lien”** means any Lien for which the holder thereof has agreed, pursuant to a subordination agreement or intercreditor agreement in form satisfactory to the Agent, that such Lien shall at all times be subordinated and postponed in favour of the Liens granted by any Obligor in favour of the Agent.

**“Subsidiary”** means a Person (other than a natural person) which is Controlled, directly or indirectly, by another Person (other than a natural person); and for greater certainty includes a Subsidiary of a Subsidiary.

**“TD Prime Rate”** means the floating annual rate of interest established from time to time by the Toronto-Dominion Bank as the reference rate it will use to determine rates of interest payable to the Toronto-Dominion Bank by commercial borrowers from it of Canadian dollar loans in Canada and designated by it as its “prime rate”.

**“Termination Fee”** means, at any time, an amount equal to two percent (2%) of the Maximum Revolving Facility Limit.

**“Total Exposure”** has the meaning given to such term in Section 3(a) of this Agreement.

**“Transaction Documents”** means, collectively, this Agreement (including for greater certainty any amendments thereto), the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).

**“Utilization Fee Rate”** means two and four tenths of a percent (2.40%) per annum, divided by the then current calendar year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be.

**“Voluntary Bankruptcy Event”** means (a) an admission in writing by a Person of its inability to pay its debts generally or a general assignment by such Person for the benefit of creditors, (b) the filing of any assignment, petition or consent thereto or answer by such Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of such Person or its debts under any present or future bankruptcy, insolvency or similar Applicable Law, or seeking, consenting to or acquiescing in the entry of an order for relief in any case under any such Applicable Law, or the appointment of or taking possession by a trustee, monitor, custodian, inspector, receiver or liquidator of such Person or for any substantial part of such Person’s property, or (c) corporate or other action taken by such Person to authorize any of the actions set forth above.

**“Warrants”** means the warrants created and issued in favour of the Agent, including those created and issued as a condition under, or pursuant to, the Original Credit Agreement and the First ARCA, as further described in Schedule “B” attached hereto.

**“Warrant Shares”** means the warrants to purchase freely tradeable common shares in Holdings pursuant to the Warrants, as further described in Schedule “B” attached hereto.

## SCHEDULE “D”

### LITIGATION

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (the prior name of Holdings), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement. As of November 29, 2023, Ms. Stephenson, through counsel has put forward a settlement offer of \$325,000 plus costs.
2. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.’s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration was awarded in favor of BZAM Cannabis Corp.’s for the full amount of the claim, plus legal costs. BZAM Cannabis Corp.’s is in the process of attempting to enforce judgment.
3. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance’s tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia. BZAM Management Inc. takes the position that the taxes were not payable as it is not in fact a “foreign corporation”, which is the basis upon which such taxes are exigible. Waiting on response from BC Ministry of Finance Tax Appeals Division.
4. British Columbia Workers’ Compensation Appeal Tribunal (“**WCAT**”). Employee BZAM Management Inc. has claimed workers’ compensation benefits for a workplace injury. Claim denied on review. Worker appealed to WCAT. After the appeal hearing on January 16, 2023, all claims against BZAM Cannabis Corp. were dismissed.
5. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM’s Vaccination Policy. Waiting for hearing date.
6. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00. BZAM denies all allegations of fact in the Notice of Claim. The parties were unable to settle at the Settlement Conference. A trial date has yet to be set by the Court.
7. *Freyja Jorgensen v. Final Bell Canada*, HRTO File No. 2023-53071, commenced May 31, 2023. Freyja Jorgensen, a former employee of Final Bell Corp., commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD \$123,201. Final Bell Corp. has filed a response and estimates that its exposure is between CAD \$0 and CAD \$50,000.
8. *Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation*, CV-23-00695168-0000, issued February 23, 2023. This action claims that

the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD \$475,000 (the "**Tambakos Litigation Matter**").

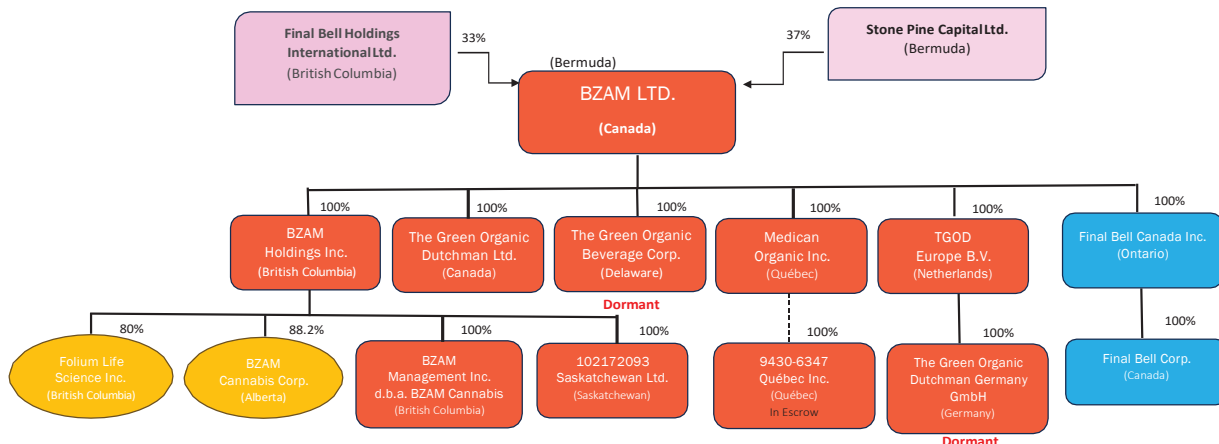


**SCHEDULE "E"**  
**ENVIRONMENTAL DISCLOSURE**

Nil.

**SCHEDULE "F"**  
**CORPORATE INFORMATION**

**Intercorporate Relationships**



**The Green Organic Dutchman Ltd.**

Name of Obligor:	The Green Organic Dutchman Ltd.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	Suite 402 – 5520 Explorer Drive, Mississauga, ON L4W 5L1
Principal Place of Business/ Chief Executive Office:	1915 Jerseyville Road West, Jerseyville, ON L0R 1R0
Issued & Outstanding Shares:	200 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 200 common shares

**BZAM Ltd.**

Name of Obligor:	BZAM Ltd.
Prior Obligor Names:	The Green Organic Dutchman Holdings Ltd.
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	Canada
Registered Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Principal Place of Business/ Chief Executive Office:	1570-200 Burrard Street, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	158,121,789 common shares
List of Shareholders:	N/A

**Medican Organic Inc.**

Name of Obligor:	Medican Organic Inc./Médican Biologique inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	9371-8633 Québec Inc./9371-8633 Québec Inc.
Jurisdiction of Incorporation:	Québec
Registered Office:	311-455 Boul. Fénelon, Dorval, Québec H9S 5T8
Principal Place of Business/ Chief Executive Office:	1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

**BZAM Holdings Inc.**

Name of Obligor:	BZAM Holdings Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.) – 100 common shares

**BZAM Management Inc.**

Name of Obligor:	BZAM Management Inc.
Prior Obligor Names:	N/A
Predecessor Corporations:	N/A
Jurisdiction of Incorporation:	British Columbia
Registered Office:	2900-550 Burrard Street, Vancouver, BC V6C 0A3
Principal Place of Business/ Chief Executive Office:	200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
Issued & Outstanding Shares:	100 common shares
List of Shareholders:	BZAM Holdings Inc. – 100 common shares

**BZAM Cannabis Corp.**

Name of Obligor: BZAM Cannabis Corp.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: BZAM Cannabis Corp. and Sweetgrass Inc.  
 Jurisdiction of Incorporation: Alberta  
 Registered Office: 3400, 350 – 7<sup>TH</sup> Avenue SW, Calgary, Alberta T2P 3N9  
 Principal Place of Business/  
 Chief Executive Office: 8770 24 Street NW, Edmonton, Alberta T6P 1X8  
 Issued & Outstanding Shares: 884,700 Class “A” Shares  
 List of Shareholders:

BZAM Holdings Inc.	780,000 Class “A” Shares
Jodi MacDonald	10,000 Class “A” Shares
Derwin Herrera	10,000 Class “A” Shares
1979073 Alberta Ltd.	10,000 Class “A” Shares
Chaucer Investments Ltd.	25,000 Class “A” Shares
2086781 Alberta Ltd.	10,000 Class “A” Shares
1237132 Alberta Ltd.	1,000 Class “A” Shares
William Rutledge	10,000 Class “A” Shares
Gail M. Burke	2,500 Class “A” Shares
Homefolio Inc.	45,000 Class “A” Shares
Ryan Murray	20,000 Class “A” Shares
All Star Ventures Ltd.	3,200 Class “A” Shares
Grant Schneider	2,150 Class “A” Shares
Patrick Leonard	500 Class “A” Shares

**Folium Life Science Inc.**

Name of Obligor: Folium Life Science Inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: Folium Life Science Inc. and 1137773 B.C. Ltd.  
 Jurisdiction of Incorporation: British Columbia  
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3  
 Principal Place of Business/  
 Chief Executive Office: 107/109 – 1761 Sean Heights, Saanichton, BC V8M 0A5  
 Issued & Outstanding Shares: 3,600 Class “A” Shares  
 List of Shareholders:

BZAM Holdings Inc.	2,880 Class "A" Shares
Fonda Betts	91.2 Class "A" Shares
Sheldon Kales	54 Class "A" Shares
1244780 B.C. Ltd.	574.8 Class "A" Shares

### **Final Bell Canada Inc.**

Name of Obligor: Final Bell Canada Inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: Ontario  
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Principal Place of Business/  
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Issued & Outstanding Shares: 1,000 (see breakdown among classes in chart below)  
 List of Shareholders:

BZAM Ltd.	295 class A (voting) common shares
	295 class B (non-voting) common shares
	30 class C (non-voting) common shares
	100 class D (non-voting) common shares
	100 class E (non-voting) common shares
	30 class F (non-voting) common shares
	100 class G (non-voting) common shares
	20 class H (non-voting) common shares
	30 class I (non-voting) common shares

### **Final Bell Corp.**

Name of Obligor: Final Bell Corp.  
 Prior Obligor Names: Starseed Medicinal Inc. and Mettrum (Bennett North) Ltd.  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: Canada  
 Registered Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Principal Place of Business/  
 Chief Executive Office: 1100 Bennett Road North, Unit 3, Bowmanville, ON L1C 0Y7

Issued & Outstanding Shares: 100 common shares  
List of Shareholders: Final Bell Canada Inc. – 100 common shares

## SCHEDULE “G”

## PENDING CORPORATE CHANGES

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated October 23, 2020 and trading on the CSE under the symbol “BZAM.WA”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated December 10, 2020 and trading on the CSE under the symbol “BZAM.WB”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) under the indenture dated June 12, 2020 and trading on the CSE under the symbol “BZAM.WR”.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Cortland Credit Lending Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings).

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under BZAM Ltd.’s incentive compensation plans

Common shares to be issued pursuant to a non-brokered private placement announced on May 19 for the issuance of up to 22,222,223 units, consisting of one common share and one warrant to purchase one common share.

The purchase of 9430-6347 Quebec Inc. by Médican Biologique Inc., by way of Share Purchase Agreement between, among others, Médican Biologique Inc. and the Vendors (as defined therein) (the “**Medican SPA**”) dated November 11, 2022. The Medican SPA is currently held in escrow until such time as all purchase conditions are met including receipt of a municipal permit.

Amendment to the articles of incorporation for each of the FBC Obligors to remove any reference to the term “Final Bell” within the name of such entity.

## SCHEDULE “H”

### MATERIAL AGREEMENTS AND MATERIAL PERMITS

#### Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D’Intention between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Societe Quebequoise du Cannabis dated March 26, 2020
7. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. (the prior name of Holdings) and Loblaws Inc. dated March 3, 2020
8. Unanimous Shareholder Agreement (between BZAM LTD., Northwest Confections Canada Inc. and Wyld Glx Corp.
9. Intellectual Property Licence Agreement dated April 15, 2021 between BZAM LTD. and Wyld Glx Corp.
10. Intellectual Property Licence Agreement dated April 15, 2021 between Northwest Confections Canada Inc. and Wyld Glx Corp.
11. Amended and Restated Manufacturing and Distribution Agreement dated August 24, 2021 between BZAM Management Inc. and Wyld Glx Corp.
12. Amending Agreement dated October 18, 2021 between Northwest Confections Canada Inc. and BZAM LTD.
13. Joint Venture between Northwest Confections Canada Inc. (subsidiary of Northwest Commonwealth LLC) and BZAM LTD.
14. Amended and Restated Joint Venture Agreement dated August 24, 2021 between Northwest Confections Canada Inc. and BZAM Management Inc.
15. Contract Grow Agreement dated April 27, 2021 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Pure Sunfarms Corp., as seller



16. Purchase Agreement dated May 25, 2022 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Medisun Inc., as seller
17. Supply and Purchase Agreement dated April 28, 2023 between BZAM LTD. (d/b/a BZAM Cannabis), as seller, and 4C LABS LTD., as buyer.
18. Supply and Purchase Agreement dated January 4, 2022, between The Green Organic Dutchman LTD., as seller, and Oxygen Handel GmbH., as buyer
19. The Medican SPA
20. The Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis)
21. The Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc.
22. The Brand License and Manufacturing Agreement dated February 9, 2023 between Final Bell Corp. and Cookies Creative Consulting, LLC.
23. The License and Services Agreement dated November 16, 2023 between Dreamfields Canada Operations Inc. and Final Bell Corp. (Jeeter)
24. The Offtake Supply Agreement dated February 9, 2023 between Final Bell Corp. and Noya Cannabis Inc.
25. The Preroll Input Supply Agreement dated December 22, 2022 between Final Bell Corp. and Noya Cannabis Inc.
26. The License and Services Agreement dated July 14, 2022 between Final Bell Corp. and PAX Labs (Canada) Inc.
27. The Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between Final Bell Corp. and The Peace Naturals Project Inc.
28. The Amended and Restated Manufacturing Services Agreement dated April 29, 2022 between Final Bell Corp. and Greentec Holdings Ltd.
29. The Contract Manufacturing Agreement dated August 28, 2023 between Final Bell Corp. and Tweed Inc.
30. The Manufacturing Services Agreement dated December 12, 2022 between Final Bell Corp. and Organigram Inc.
31. The Manufacturing Services Agreement dated June 26, 2023 between Atlas Global Brands and Final Bell Corp.
32. The First Amended Manufacturing Services Agreement dated October 24, 2023 between Final Bell Corp. and Bzam Management Inc.
33. The Distribution agreement dated September 26, 2023 between Final Bell Corp. and Maqabim Distributors Ltd.
34. The Distribution Agreement dated July 4 2023 between Final Bell Corp. and Valiant Distribution Canada Inc.

35. The Distribution Agreement dated January 1, 2023 between Final Bell Corp. and 10926671 Canada Ltd. (Open Fields Distribution) (Manitoba)
36. The Distribution Agreement dated January 17, 2023 between Final Bell Corp. and Open Fields Distribution (Saskatchewan)
37. The Cannabis Product Supply Agreement dated April 4, 2022 between Final Bell Corp. and 9374-2187 Qc Inc. dba Medicibis.
38. The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc.
39. The Genetic Purchase and Laboratory Services Agreement dated May 5, 2022 between Final Bell Corp. and 101265496 Saskatchewan Ltd. (Mother Labs).
40. The Offtake Supply Agreement dated March 1, 2023 between Final Bell Corp. and Lyonleaf Cannabis Inc.
41. The Processing Services Agreement dated September 17, 2021 between Final Bell Corp. and Cannapiece Corp.
42. The Final Bell Data Sharing Agreement dated July 1, 2022 between Final Bell Corp. and Cannabolic Marketing Corp. (CMC)
43. The Cabanalytics Data License Agreement dated May 1, 2022 between Final Bell Corp. and High Tide Inc.
44. The Data License Agreement dated October 1, 2022 between Final Bell Corp. and TS Programs Ltd.
45. The Amending Agreement to Data License Agreement dated January 1, 2023 between Final Bell Corp. and Hifyre Inc.
46. The Data License Agreement dated May 1, 2023 between Final Bell Corp. and Nova Cannabis Analytics Limited Partnership.
47. The Business Data License Agreement dated May 5, 2023 between Final Bell Corp. and Sparq Retail Cannabis Dispensary & Delivery.
48. Licensed Producer Supply Agreement for Non-Medical Cannabis between Final Bell Corp. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 (BCLDB) dated March 31, 2021.
49. The Master Cannabis Supply Agreement dated June 22, 2021 and Amending Agreement to Master Cannabis Supply Agreement re Insurance Requirements dated March 7, 2023 between Ontario Cannabis Retail Corporation, as purchaser, and Final Bell Corp., as supplier.
50. Cannabis Purchase and Sale Agreement dated September 27, 2022 between Final Bell Corp. and the Yukon Liquor Corporation.
51. The Term Sheet dated October 7, 2023 between Final Bell Corp. and Wagner Dimas.
52. The Leases with respect to the leased real property in Schedule "I".

53. The share purchase agreement dated March 15, 2021 among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

#### Material Permits

1. Health Canada Licence No LIC-CJMMLU7IJN-2022 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. Expiring July 20, 2027
2. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
3. BZAM Management Inc. Licence LIC-JTUPWJZJ50-2022 under the Cannabis Act (Canada)
4. BZAM Management Inc. Licence LIC-G27V6VI0UJ-2022 under the Cannabis Act (Canada)
5. BZAM Management Inc. Licence LIC-HU7CU4DYAO-2020-5 under the Cannabis Act (Canada)
6. BZAM Cannabis Corp. Licence LIC-J5USTB6Z3V-2022 under the Cannabis Act (Canada)
7. Folium Life Science Inc. Licence LIC-9GRI1YRQEV-2021 under the Cannabis Act (Canada)
8. BZAM Management Inc. Research License LIC-TNCAPN24J9-2022 under the Cannabis Act (Canada)
9. The Green Organic Dutchman Ltd. EUGMP – DE\_BW\_01\_GMP\_2023\_0085 For Ancaster, Jerseyville.
10. Health Canada Licence No. LIC-ZOTV09QHPG-2022 issued to Final Bell Corp., expiring October 27, 2027
11. Health Canada Licence No. LIC-E5FM5PUXBF-2020-5 (Research) issued to Final Bell Corp., expiring February 7, 2025
12. Final Bell Corp. Canada Revenue Agency Cannabis License No. 780639324 RD0001 issued under the Excise Act (Canada) on November 22, 2023
13. AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023

**SCHEDULE "I"****REAL PROPERTY**

1. Owned:
  - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
  - b. 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 owned by BZAM Cannabis Corp.
2. Leased:
  - a. 402, 5520 Explorer Drive Mississauga, ON L4W 5L1 leased by The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM Ltd.)
  - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.
  - c. 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2 leased by BZAM Management Inc.
  - d. Unit 107/109, 1759 Sean Heights, Saanichton BC, V8M 1X6 leased by BZAM Cannabis Corp.
  - e. 5000 Chemin Murphy, Vaudeuil-Dorion QC, J7V 8P2 leased by 9430-6347 Quebec Inc.<sup>1</sup>
  - f. 1100 Bennett Road North, Units 1-3, Bowmanville, ON L1C 0Y7 subleased by Final Bell Canada Inc.
  - g. 1100 Bennett Road North, Unit 4, Bowmanville, ON L1C 0Y7 leased by Final Bell Corp.
  - h. 1100 Bennett Road North, Unit 5, Bowmanville, ON L1C 0Y7 leased by Final Bell Canada Inc.
3. Warehoused:
  - a. 250 Baseline Road, Bowmanville, ON L1C 1A4, subject to a warehouse agreement by Final Bell Canada Inc.

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<sup>1</sup>Although the Medican SPA remains in escrow pending receipt of a municipal permit and is not yet in effect, Medican Organic Inc. is paying the rent for this leased property on behalf of 9430-6347 Quebec Inc.

**SCHEDULE "J"****PERMITTED ENCUMBRANCES**

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.
4. Existing BZAM Edmonton Property Charge.

## SCHEDULE "K"

## ACCREDITED INVESTOR CERTIFICATE

TO: BZAM Ltd. (the "Corporation")

You (the undersigned accredited investor) represent and warrant to the Corporation that you are an "accredited investor" as defined in section 73.3 of the *Securities Act* (Ontario), on the basis that you fit within the category of accredited investor which you have indicated below.

You represent and warrant that you are: {please initial the applicable item, complete the relevant information and sign this certificate}

- \_\_\_\_\_ (a) a Schedule I, II or III bank, or a Canadian financial institution
- \_\_\_\_\_ (b) the Business Development Bank of Canada
- \_\_\_\_\_ (c) a subsidiary of any person referred to in paragraph (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary
- \_\_\_\_\_ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer
- \_\_\_\_\_ (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- \_\_\_\_\_ (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador)
- \_\_\_\_\_ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada
- \_\_\_\_\_ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec
- \_\_\_\_\_ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government
- \_\_\_\_\_ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada
- \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000

*{Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" later in this certificate. Financial assets are generally liquid or relatively easy to liquidate.*

*You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of “related liabilities”. Financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you.*

- \_\_\_\_\_ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000
- {Note: The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1).}*
- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year
- \_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000
- {Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the subscription.}*
- \_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements
- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to:
- (i) a person that is or was an accredited investor at the time of the distribution;
  - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 (Minimum amount investment), or 2.19 (Additional investment in investment funds) of NI 45-106; or
  - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 (Investment fund reinvestment) of NI 45-106
- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt
- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction,

acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be

- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction
- \_\_\_\_\_ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded
- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function
- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors

*{Note: If you have initialed this paragraph (t), name each owner of an interest, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this •). If a person named below is a director required by law to own a voting security, and that person is not an accredited investor, indicate “director” under Category.}*

Name	Category
_____	_____
_____	_____
_____	_____
_____	_____

- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser
- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor
- \_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor’s family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor’s spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor’s spouse or of that accredited investor’s former spouse

*{Note: If you have initialed this paragraph (w), name the person who established the trust and each trustee, and indicate the category of accredited investor into which that person fits (by reference to the paragraph numbers in this •.). If a person named below is not an accredited investor, indicate “N/A” under Category.}*



	Name	Category
Person who established trust:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____
Trustee:	_____	_____

Signatures	
Name of accredited investor:	CORTLAND CREDIT LENDING CORPORATION
Signature of authorized signatory/agent on behalf of accredited investor:	
Name and official capacity or title of authorized signatory/agent:	
Date:	

As used in this certificate, the following terms have the following meanings

**"Canadian financial institution "** means:

- (a) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; and
- (b) in Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be; and
- (c) outside of Ontario, also means a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada.

**"eligibility adviser"** means:

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed; and
- (b) in Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a

member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not:

- (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders or control persons; and
- (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months.

**“executive officer”** means, for an issuer, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production; or
- (c) performing a policy-making function in respect of the issuer.

**“financial assets”** means:

- (a) cash;
- (b) securities; or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation.

**“foreign jurisdiction”** means a country other than Canada or a political subdivision of a country other than Canada.

**“founder”** means, in respect of an issuer, a person who:

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer; and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer.

**“fully managed account”** means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction.

**“investment fund”** has the same meaning as in National Instrument 81-106 — Investment Fund Continuous Disclosure and means a mutual fund or a non-redeemable investment fund.

**“jurisdiction of Canada”** means a province or territory of Canada.

**“non-redeemable investment fund”** means an issuer:

- (a) whose primary purpose is to invest money provided by its securityholders;
- (b) that does not invest:

- (i) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund; or
  - (ii) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund; and
- (c) that is not a mutual fund.

**“person”** includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

**“related liabilities”** means:

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets; or
- (b) liabilities that are secured by financial assets.

**“spouse”** means an individual who:

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual;
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender; or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta).

**“subsidiary”** means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

**FOURTH AMENDMENT**  
**dated as of November 3, 2022**  
**to**  
**AMENDED AND RESTATED CREDIT AGREEMENT**  
**dated as of September 29, 2021**

**THIS FOURTH AMENDMENT** (this “**Amendment**”) dated as of November 3, 2022 is entered into between, among others, The Green Organic Dutchman Ltd. (the “**Borrower**”) and Cortland Credit Lending Corporation, in its capacity as agent (the “**Agent**”), for the lenders from time to time party to the Credit Agreement (as hereinafter defined).

**RECITALS**

**WHEREAS** the Borrower and the Agent are parties to an amended and restated credit agreement dated September 29, 2021, as amended by a first amendment dated November 30, 2021, a second amendment dated March 9, 2022 and a third amendment dated as of April 29, 2022 (collectively, the “**Credit Agreement**”);

**AND WHEREAS** the Borrower and the Agent have agreed to amend the Credit Agreement, from and after the Amendment Effective Date (as hereinafter defined), on the terms and condition more particularly described herein;

**NOW THEREFORE**, in consideration of the premises and mutual agreements contained herein and in the Credit Agreement, the parties hereto agree as follows:

**Article 1 – Definitions**

All capitalized terms not otherwise defined herein (including the recitals above) are used as defined in the Credit Agreement, as amended hereby.

**Article 2 – Amendments**

As of the Amendment Effective Date, the Credit Agreement is hereby amended as follows:

- 2.1 Section 2(d) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:
  - “(d) A utilization fee, calculated daily and payable on the last Business Day of each month, by subtracting the aggregate amount of the Loan Advances outstanding on each day, from the Maximum Revolving Facility Limit) and multiplying the difference by the Utilization Fee Rate.”
- 2.2 The following new Sections 2(l) and 2(m) are hereby added following Section 2(k) of the Credit Agreement:

“(l) In consideration of entering into ARCA Amendment No. 4, the Agent, Cortland Credit Strategies LP and Cortland Credit Institutional LP shall be issued, respectively, the ARCA Amendment No. 4 Warrants (as defined in Section 2(m)) issued to each of them, which shall be earned on the ARCA Amendment No. 4 Effective Date, and issued within 10 Business Days of the ARCA Amendment No. 4 Effective Date.

(m) Subject to the provisions of this Agreement, as of the ARCA Amendment No. 4 Effective Date, the Agent, Cortland Credit Strategies LP, and Cortland Credit Institutional LP shall receive, on behalf of the Lenders, warrants to purchase, respectively, Two Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three (2,333,333), Four Million Five Hundred Sixty Four Thousand (4,564,000) and One Hundred Two Thousand Six Hundred Sixty Seven (102,667) freely tradeable common shares (for a total of Seven Million (7,000,000) freely tradeable common shares, collectively, the “**ARCA Amendment No. 4 Warrant Shares**”) of Holdings (such ARCA Amendment No. 4 Warrant Shares together with all documents, instruments and certificates given in connection therewith, the “**ARCA Amendment No. 4 Warrants**”), at the ARCA Amendment No. 4 Exercise Price, for a period of sixty (60) months following the issuance thereof.”

2.3 Section 3(c) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(c) The Revolving Facility shall be a revolving facility. For greater certainty, the Borrower shall be entitled to obtain Loan Advances under the Revolving Facility from time to time and repay all or any portion of the Loan Advances under the Revolving Facility from time to time and thereafter re-borrow Loan Advances from time to time; provided that: (i) the Borrower, acknowledges, covenants and agrees that the Total Exposure shall not at any time exceed the Revolving Facility Limit; and (ii) any repayment made in respect of the Base Facility Amount prior to the Maturity Date (each such repayment, a “**Base Facility Prepayment**”) shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit) by an amount equal to such Base Facility Prepayment.”

2.4 The following new Sections 6(ff) and Section 6(gg) are hereby added following Section 6(ee) of the Credit Agreement:

“(ff) ARCA Amendment No. 4 Warrants. In respect of the ARCA Amendment No. 4 Warrants

(i) ARCA Amendment No. 4 Warrants. That Holdings is duly authorized and has the corporate and lawful power and authority to create and issue the ARCA Amendment No. 4 Warrants and the ARCA Amendment No. 4 Warrant Shares issuable upon the exercise thereunder and to perform its obligations thereunder and that the certificate(s) representing the ARCA Amendment No. 4 Warrants, will, when issued, represent a valid, legal and binding obligation of Holdings enforceable in accordance with its terms.

- (ii) ARCA Amendment No. 4 Warrant Shares. That Holdings has agreed to, at all times, reserve and keep available out of its authorized common shares a sufficient number of ARCA Amendment No. 4 Warrant Shares to satisfy the right of purchase pursuant to the ARCA Amendment No. 4 Warrants, it will cause the ARCA Amendment No. 4 Warrant Shares, including duly authorized certificates in respect thereof, subscribed for and purchased in accordance with the terms and conditions of the ARCA Amendment No. 4 Warrants to be issued and delivered as directed and such ARCA Amendment No. 4 Warrant Shares shall be issued as fully paid and non-assessable common shares of Holdings and the holders thereof shall not be liable to Holdings or to its creditors in respect thereof.
  - (iii) Actions to Issue ARCA Amendment No. 4 Warrants. That Holdings has agreed to take such actions as may be reasonably necessary and as are within its power to ensure that all ARCA Amendment No. 4 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed.
  - (iv) Securities Filings. That Holdings has agreed to make all requisite filings under applicable securities laws necessary to preserve and maintain its corporate existence and its status as a reporting issuer not in default in the provinces and territories of Canada.
  - (v) Listing of Holdings' Shares. That Holdings has agreed to use all reasonable efforts to maintain the listing of its common shares for trading on the Canadian Securities Exchange (the "CSE") (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the ARCA Amendment No. 4 Warrants) and to have the ARCA Amendment No. 4 Warrant Shares issued pursuant to the exercise of the ARCA Amendment No. 4 Warrants listed and posted for trading on the CSE (or such other recognized stock exchange as may be agreed upon by Holdings and the holder of the ARCA Amendment No. 4 Warrants) as expeditiously as possible and in any event prior to the issuance of such common shares.
  - (vi) Issuance of ARCA Amendment No. 4 Warrant Shares. That Holdings has agreed that upon exercise of the ARCA Amendment No. 4 Warrants, the ARCA Amendment No. 4 Warrant Shares will be issued as fully paid and non-assessable common shares in the capital of Holdings.
- (gg) 14274261 Canada Inc. 14274261 Canada Inc. does not hold any assets."

2.5 Section 8(ii) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

- "(ii) will: (i) within 30 days of April 30, 2023, provide evidence reasonably satisfactory to the Agent that it has EBITDA greater than Zero Dollars (\$0) for the month ending April 30, 2023; and (ii) maintain positive EBITDA on a rolling 3-month average after May 1, 2023;"

2.6 The following new Sections 8(mm), 8(nn) and Section 8(oo) are hereby added following Section 8(ll) of the Credit Agreement:

“(mm) with respect to the BZAM Edmonton Property:

- (i) it shall not or shall not permit, as applicable, the charge on the Existing BZAM Edmonton Property Charge to be increased from such amount existing as of the date of this Agreement;
- (ii) it shall not or shall not permit, as applicable, any charges to be placed on the BZAM Edmonton Property (other than Permitted Liens); and
- (iii) to the extent the Existing BZAM Edmonton Property Charge is discharged at any time, it shall provide or cause to be provided (as applicable) a first charge on the BZAM Edmonton Property in favour of the Agent.

(nn) in respect of the ARCA Amendment No. 4 Warrants, will:

- (i) and will cause Holdings to, execute and files with the Securities Commissions and the CSE all forms, notices and certificates required to be filed by Holdings pursuant to applicable securities laws within the applicable time frame pursuant to such securities laws and use its commercially reasonable efforts to cause the ARCA Amendment No. 4 Warrants to be issued by the dates required hereunder;
- (ii) cause Holdings to, at all times, reserve and keep available out of Holdings’ authorized common shares a sufficient number of ARCA Amendment No. 4 Warrant Shares to satisfy the right of purchase pursuant to the ARCA Amendment No. 4 Warrants and to issue and deliver the ARCA Amendment No. 4 Warrant Shares subscribed for and purchased in accordance with the terms and conditions of the ARCA Amendment No. 4 Warrants to be issued as fully paid and non-assessable common shares of Holdings;
- (iii) to take all actions, and to cause Holdings to take such actions, as may be reasonably necessary and as are within its power to ensure that all ARCA Amendment No. 4 Warrant Shares will be issued without violation of any applicable laws or the applicable requirements of any stock exchange upon which the common shares of Holdings may be listed;
- (iv) to cause a news release of Holdings announcing this Amendment, the issuance of the ARCA Amendment No. 4 Warrants and such other matters as may be required pursuant to applicable securities laws to be disseminated and filed pursuant to such applicable securities laws, provided that Borrower agrees to provide a draft of such news release to the Agent and to allow the Agent to provide reasonable comments prior to its dissemination / filing; and
- (v) to cause Holdings to provide a draft of any other news release related to ARCA Amendment No. 4 and/or ancillary matters to the Agent and to allow the Agent to provide reasonable comments prior to the dissemination / filing

of any such other news release;

(oo) will provide, or cause to be provided, in respect of 14274261 Canada Inc. to the extent it holds any assets, all Guarantees and Security required to be provided under this Agreement”

2.7 Section 10(a) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“(a) The term of the Revolving Facility expires on March 24, 2024 (the “**Maturity Date**”).”

2.8 Schedule “C” to the Credit Agreement is hereby amended by adding the following definitions, in alphabetical order:

“**Applicable Margin**” means at any time: (i) at any time there is a Positive EBDA Variance, 6.55% per annum; or (ii) at any time there is a Negative EBDA Variance, 8.05% per annum.

“**ARCA Amendment No. 4**” means the fourth amendment to this Agreement dated November 3, 2021.

“**ARCA Amendment No. 4 Effective Date**” means the date upon which all of the conditions precedent to the effectiveness of Amendment No. 4 shall have been satisfied.

“**ARCA Amendment No. 4 Exercise Price**” means the closing price per common share of Holdings on the CSE on the immediately preceding Business Day to the announcement of the issuance of the ARCA Amendment No. 4 Warrants.

“**BZAM Edmonton Property**” means the real property legally described as Plan 8720213, Block 5, Lot 4, Excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8.

“**BZAM Loan**” means the loan made by Stone Pine Capital Ltd. To the Borrower on September 26, 2022, in the principal amount of \$2,200,000.

“**EBDA**” means, at any time, EBITDA less (without duplication) interest, financing costs and taxes.

“**Existing BZAM Edmonton Property Charge**” means the charge on the BZAM Edmonton Property in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.

“**Negative EBDA Variance**” means at any time, when there exists no Positive EBDA Variance.

“**Positive EBDA Variance**” means at any time, EBDA greater than Zero Dollars (\$0) in each month of the immediately preceding consecutive three (3) month period.

“**Securities Commissions**” means, collectively, the applicable securities commission or other securities regulatory authority in each of the provinces and territories of Canada.”



- 2.9 The definition of “Change of Control” is hereby added to Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Change of Control**” means (i) if (x) Matt Milich ceases to be the chief executive officer of the Borrower, (y) Sean Bovingdon ceases to be the chief financial officer of the Borrower, or (z) Jordan Winnett ceases to be the chief commercial officer of the Borrower, and the Agent shall not have been satisfied, in its reasonable discretion, with the arrangements made with respect to the replacement of both such individuals, (ii) fifty percent (50%) or more of the ownership or Control of the voting interests of Holdings are acquired, directly or indirectly, by any Person, whether acting individually or in concert with any other Person or Persons, (iii) the sale of all or substantially all of the assets of any Obligor (other than to another Obligor); or (iv) if any wholly owned, direct or indirect, subsidiary of the Borrower ceases to be wholly owned, directly or indirectly, by the Borrower; or (v) Borrower ceases to be wholly-owned, directly or indirectly, by Holdings. Notwithstanding the foregoing, BZAM International Ltd. (and its Affiliates) may own more than fifty percent (50%) of Holdings pursuant to: (i) an equity conversion relating to the BZAM Loan; or (ii) with the written consent of the Agent, in its sole discretion; provided that, in each case, Holdings shall provide, or cause to be provided to the Agent any and all documentation required in order for the Agent to comply with Applicable Law.”

- 2.10 The definition of “Interest Rate” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Interest Rate**” means the greater of (i) 12% per annum and, (ii) the TD Prime Rate, plus the Applicable Margin.”

- 2.11 The definition of “Permitted Indebtedness” in Schedule “C” of the Credit Agreement is hereby amended by adding the following at the end of such definition:

“(g) the BZAM Loan; and

(h) indebtedness owing to Manjinder Singh Gill in a principal amount not to exceed \$5,000,000, secured by the Existing BZAM Edmonton Property Charge.”

- 2.12 The definition of “Maximum Revolving Facility Limit” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Maximum Revolving Facility Limit**” means Thirty Four Million Dollars (\$34,000,000).”

- 2.13 The definition of “Revolving Facility Margin Limit” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Revolving Facility Margin Limit**” means, at any time: (i) the book value of Eligible Inventory at such time (which, for greater certainty, excludes any Inventory subject to any Potential Priority Claims or Priority Liens) multiplied by the Advance Rate applicable to Eligible Inventory; plus (ii) the face amount of Eligible Accounts Receivable at such time multiplied by the Advance Rate applicable to Eligible Accounts Receivable; minus (iii) the face amount of Potential Priority Claims relating to Eligible Accounts Receivable forming (or capable of forming) Priority Liens; provided that the amount calculated in (i), above, shall not exceed

Three Million Dollars (\$3,000,000).”

- 2.14 The definition of “Termination Fee” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Termination Fee**” means, at any time, an amount equal to two percent (2%) of the Maximum Revolving Facility Limit.”

- 2.15 The definition of “Transaction Documents” in Schedule “C” of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“**Transaction Documents**” means, collectively, this Agreement (including for greater certainty any amendments thereto), the Guarantees given by the Obligors (other than the Borrower) in respect of the obligations under this Agreement, the Security Agreements, the Warrants, the Amendment No. 1 Warrants, the Amendment No. 2 Warrants, the ARCA Amendment No. 1 Warrants, the ARCA Amendment No. 4 Warrants and all other documents contemplated by this Agreement and/or delivered in connection with this Agreement (including, for greater certainty, any Advance Request Certificate and Borrowing Base Certificate).”

- 2.16 Schedules “D” through “J” of the Credit Agreement are hereby deleted in their entirety and replaced with the Schedules “D” through “J” attached hereto as Exhibit “A”.

### **Article 3 – Confirmation of Guarantee and Security**

- 3.1 The Borrower and each of the other Obligors hereby confirms to the Agent that all Security Agreements (including, for greater certainty, Guarantees) previously executed by each of them, respectively, continue in full force and effect.

### **Article 4 – Representations and Warranties**

- 4.1 The Borrower hereby represents and warrants that:
- (a) it has full power, authority and capacity to enter into and to perform all its obligations contemplated by this Amendment;
  - (b) the execution, delivery and performance by it of this Amendment: (i) has been duly authorized by all necessary action; and (ii) will not conflict with, result in a breach of, or constitute a default under, its charter documents;
  - (c) this Amendment constitutes a legal, binding and valid obligation enforceable against it in accordance with the terms subject to (i) the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization and other similar laws affecting creditors' rights generally; and (ii) the extent that equitable principles may limit the availability of certain remedies including remedies of specific performance and injunctive relief, which equitable remedies may only be granted in the discretion of a court;
  - (d) the representations and warranties made by it in the Credit Agreement, other than

those expressly stated to be made as of a specific date, are true and correct in all material respects as of the date hereof with the same effect as if such representations and warranties had been made on and as of the date hereof; and

- (e) no Default or Event of Default has occurred or is continuing, that has not been waived, in writing, by the Agent.

#### **Article 5 – Miscellaneous**

- 5.1 **Effectiveness.** Article 2 of this Amendment shall become effective as of the date hereof, provided that the following conditions have been satisfied on or before the date hereof (the “**Amendment Effective Date**”):
  - (a) each of the parties hereto shall have received duly executed counterparts of this Amendment;
  - (b) all Guarantees, Security Agreements in connection with this Amendment from or relating to (unless such agreement is the subject of the post-closing covenant more particularly described in Section 5.2, below)
  - (c) a duly executed officer’s certificate from each of the Obligors, attaching certified copies of such entity’s constating documents, bylaws and directors’ resolutions authorizing this Amendment, and all other related documents and transactions;
  - (d) certificates of good standing in respect of each of the Obligors from the jurisdiction of its organization;
  - (e) a legal opinion from legal counsel to each of the Obligors; and
  - (f) such other documents and information which the Agent may reasonably request.
- 5.2 **Post-Closing Covenant.** The Borrower covenants and agrees that it shall satisfy or cause to be satisfied each of the items set forth below, in form and substance satisfactory to the Agent, in accordance with the timelines more particularly described below, unless otherwise agreed to in writing by the Agent, in its sole discretion:
  - (a) The Borrower shall deliver, or cause to be delivered to the Agent, Security Agreements, registrations and such other documentation as may be reasonably required by the Agent in respect of the owned real property listed as (c) and (d) in Schedule “I” to the Credit Agreement, within thirty (30) days of the Amendment Effective Date;
  - (b) The Borrower shall deliver, or cause to be delivered to the Agent, landlord agreements in respect of the leased real property listed as (d), (e), (f) and (g) in Schedule “I” to the Credit Agreement, within thirty (30) days of the Amendment Effective Date;
  - (c) The Borrower shall deliver or cause to be delivered all Blocked Account Agreement required by the Agent, within ten (10) days of the Amendment Effective Date; and

- (d) The Borrower shall deliver, or cause to be delivered to the Agent, the ARCA Amendment No. 4 Warrants within ten (10) days of the Amendment Effective Date.

The Borrower acknowledges and agrees that the failure by Borrower to satisfy its obligations in this Section 5.2 shall cause an immediate Event of Default with no cure period.

- 5.3 References to Credit Agreement. Upon the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import shall mean and be a reference to the Credit Agreement as amended by this Amendment, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended by this Amendment.
- 5.4 Effect on Credit Agreement. The Credit Agreement, as amended and modified hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.
- 5.5 No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of any party under the Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, except as specifically set forth herein.
- 5.6 Governing Law. This Amendment, including the rights and duties of the parties hereto, shall be governed by, and construed in accordance with, the laws of the Province of Ontario (without giving effect to the conflict of laws principles thereof).
- 5.7 Successors and Assigns. This Amendment shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- 5.8 Headings. The section headings in this Amendment are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Amendment or any provision hereof.
- 5.9 Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery by facsimile or email of an executed signature page of this Amendment shall be as effective as delivery of an original executed counterpart thereof.

*(The remainder of this page is intentionally blank; signature page follows.)*

**IN WITNESS WHEREOF** the parties hereto have executed this Amendment.

**BORROWER:**

**THE GREEN ORGANIC DUTCHMAN LTD.**

Per: Sean Bovingdon  
Name: Sean Bovingdon  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**OTHER OBLIGORS:**

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

Per: \_\_\_\_\_  
Name: Matt Milich  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**MEDICAN ORGANIC INC.**

Per: Sean Bovingdon  
Name: Sean Bovingdon  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**IN WITNESS WHEREOF** the parties hereto have executed this Amendment.

**BORROWER:**


**THE GREEN ORGANIC DUTCHMAN LTD.**

Per: \_\_\_\_\_  
Name: Sean Bovingdon  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**OTHER OBLIGORS:**

**THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

Per:  \_\_\_\_\_  
Name: Matt Milich  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**MEDICAN ORGANIC INC.**

Per: \_\_\_\_\_  
Name: Sean Bovingdon  
Title: CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have the authority to bind the corporation.

**GALAXIE BRANDS CORPORATION**

Per: Olivier Dufourmantelle

Name: Olivier Dufourmantelle

Title: President

Per: \_\_\_\_\_

Name:

Title:

I/we have the authority to bind the corporation.

**BZAM HOLDINGS INC.**

Per: \_\_\_\_\_

Name:

Title:

Per: \_\_\_\_\_

Name:

Title:

I/we have the authority to bind the corporation.

**GALAXIE BRANDS CORPORATION**

Per: \_\_\_\_\_

Name:

Title:

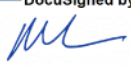
Per: \_\_\_\_\_

Name:

Title:

I/we have the authority to bind the corporation.

**BZAM HOLDINGS INC.**

DocuSigned by:  


Per: \_\_\_\_\_  
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Name: Matt Milich

Title: President

Per: \_\_\_\_\_

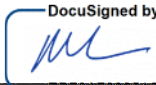
Name:

Title:

I/we have the authority to bind the corporation.



**FOLIUM LIFE SCIENCE INC.**

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Per: \_\_\_\_\_  
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Name: Matt Milich  
Title: President

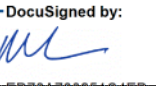
Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/we have the authority to bind the corporation.

**BZAM MANAGEMENT INC.**

DocuSigned by:  
  
Per: \_\_\_\_\_  
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Name: Matt Milich  
Title: President

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/we have the authority to bind the corporation.

**BZAM CANNABIS CORP.**

DocuSigned by:  
  
Per: \_\_\_\_\_  
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Name: Matt Milich  
Title: President

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/we have the authority to bind the corporation.

10050999 MANITOBA LTD.

DocuSigned by:  


Per: \_\_\_\_\_

Name: Matt Milich

Title: President

Per: \_\_\_\_\_

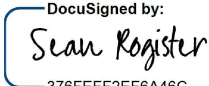
Name:

Title:

I/we have the authority to bind the corporation.

**AGENT:**

**CORTLAND CREDIT LENDING CORPORATION, as Agent**

Per:   
378FEFF2EF6A46C...

Name: Sean Register

Title: CEO

Per: \_\_\_\_\_

Name:

Title:

I/we have the authority to bind the Agent.

**Exhibit A**  
**Updated Schedules D to J to the Credit Agreement**

**SCHEDULE “D”**

**LITIGATION**

1. *1613240 Ontario Ltd. and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (“TGOD Holdings”), Ontario Superior Court of Justice File No. CV-18-605781. Action commenced by the former Chief Financial Officer of TGOD Holdings claiming \$3 million in damages, stemming from the termination of her consulting agreement.
2. *Panni Management and Technology Corporation v. Galaxie Brands Corporation (formerly Green Relief Inc.), the Green Organic Dutchman Holdings Ltd., AOCO Ventures Inc. and Olivier Dufourmantelle*, Alberta Court of King’s Bench File No. 2201 02989. Action for \$84,987.87 due to breach of contract and nonpayment of invoices. Defendants claim plaintiff breached the contract and claim set-off in the amount of \$20,000 for cost of retaining third party to complete the work.
3. BZAM Cannabis Corp. commenced a claim, by arbitration, against GO Drywall Ltd. for breach of a construction contract for failure to provide services. BZAM Cannabis Corp.’s claim is for \$248,936.25. Go Drywall Ltd. commenced a cross claim for wrongful termination of the contract seeking \$746,805.89. A final arbitration hearing occurred on October 25, 2022. Post-hearing briefs are pending and to be filed.
4. BZAM Management Inc. has filed an appeal from the assessments by the BC Ministry of Finance’s tax appeals division to recover approximately \$1.05 Million in BC property transfer taxes paid by it in connection with its acquisition of three properties in British Columbia. BZAM Management Inc. takes the position that the taxes were not payable as it is not in fact a “foreign corporation”, which is the basis upon which such taxes are exigible. Waiting on response from BC Ministry of Finance Tax Appeals Division.
5. British Columbia Workers’ Compensation Appeal Tribunal (“**WCAT**”). Employee BZAM Management Inc. has claimed workers’ compensation benefits for a workplace injury. Claim denied on review. Worker appealed to WCAT. Both parties have filed submissions. WCAT has just directed that this matter will go to an oral hearing for the appeal on January 16, 2023.
6. On February 1, 2021, a former BZAM Cannabis Corp. employee filed a human rights complaint with the Alberta Human Rights Commission with respect to their termination for refusal to be vaccinated for Covid-19 pursuant to BZAM’s Vaccination Policy. Waiting for hearing date.
7. *Jason Glenn c.o.b.a Frostmec Services v BZAM Management Inc.* – British Columbia Small Claims Court. Former employee filed a Notice of Claim alleging non-payment of invoices and seeking \$28,082.00. BZAM denies all allegations of fact in the Notice of Claim. The parties were unable to settle at the Settlement Conference. A trial date has yet to be set by the Court.

SCHEDULE "E"

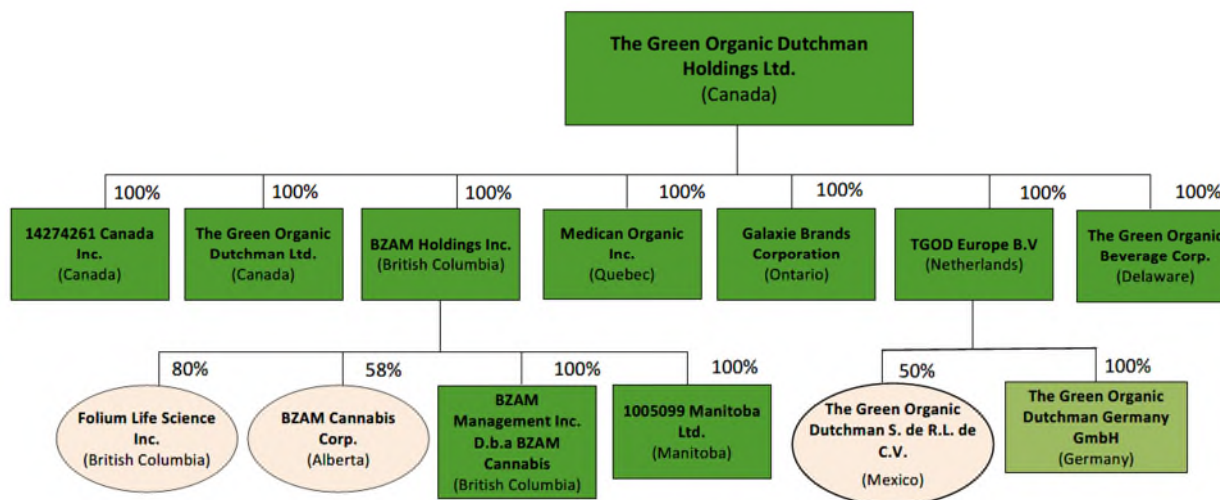
ENVIRONMENTAL DISCLOSURE

Nil.

**SCHEDULE "F"**

**CORPORATE INFORMATION**

**Intercorporate Relationships**



**The Green Organic Dutchman Ltd.**

Name of Obligor: The Green Organic Dutchman Ltd.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: Canada  
 Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3  
 Principal Place of Business/  
 Chief Executive Office: 1915 Jerseyville Road West, Jerseyville, Ontario L0R 1R0  
 Issued & Outstanding Shares: 200 common shares  
 List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 200 common shares

**The Green Organic Dutchman Holdings Ltd.**

Name of Obligor: The Green Organic Dutchman Holdings Ltd.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: Canada  
 Registered Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3  
 Principal Place of Business/  
 Chief Executive Office: Building A, Suite 200, 6205 Airport Road, Mississauga, Ontario L4V 1E3  
 Issued & Outstanding Shares: 754,179,027 common shares  
 List of Shareholders: N/A

**Medican Organic Inc.**

Name of Obligor: Medican Organic Inc./Médican Biologique inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: 9371-8633 Québec Inc./9371-8633 Québec Inc.  
 Jurisdiction of Incorporation: Québec  
 Registered Office: 311-455 Boul. Fénelon, Dorval, Québec H9S 5T8  
 Principal Place of Business/  
 Chief Executive Office: 1175 Boul. Gérard-Cadieux, Salaberry-de-Valleyfield, Québec, J6T 6M1  
 Issued & Outstanding Shares: 100 common shares  
 List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

**Galaxie Brands Corporation**

Name of Obligor: Galaxie Brands Corporation  
 Prior Obligor Names: Green Relief Inc.  
 Predecessor Corporations: Green Relief Inc., 2458208 Ontario Inc.  
 Jurisdiction of Incorporation: Ontario  
 Registered Office: 780 Concession 8 West, Puslinch, Ontario N0B 2J0  
 Principal Place of Business/  
 Chief Executive Office: 780 Concession 8 West, Puslinch, Ontario N0B 2J0  
 Issued & Outstanding Shares: 150,000,000 class B shares, 118,194,050 common shares  
 List of Shareholders: The Green Organic Dutchman Ltd. – 150,000,000 class B shares, 118,194,050 common shares

**BZAM Holdings Inc.**

Name of Obligor: BZAM Holdings Inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: British Columbia  
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3  
 Principal Place of Business/  
 Chief Executive Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3  
 Issued & Outstanding Shares: 100 common shares  
 List of Shareholders: The Green Organic Dutchman Holdings Ltd. – 100 common shares

**BZAM Management Inc.**

Name of Obligor: BZAM Management Inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: British Columbia  
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3  
 Principal Place of Business/  
 Chief Executive Office: 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6  
 Issued & Outstanding Shares: 100 common shares  
 List of Shareholders: BZAM Holdings Inc. – 100 common shares

**1005099 Manitoba Ltd.**

Name of Obligor: 1005099 Manitoba Ltd.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: N/A  
 Jurisdiction of Incorporation: Manitoba  
 Registered Office: 2500 – 360 Main Street, Winnipeg, MB, R3C 4H6  
 Principal Place of Business/  
 Chief Executive Office: 3 – 875 Corydon Avenue, Winnipeg, MB R3M 0W7  
 Issued & Outstanding Shares: 100 common shares  
 List of Shareholders: BZAM Holdings Inc. – 100 common shares

**BZAM Cannabis Corp.**

Name of Obligor: BZAM Cannabis Corp.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: BZAM Cannabis Corp. and Sweetgrass Inc.  
 Jurisdiction of Incorporation: Alberta  
 Registered Office: 3400, 350 – 7<sup>TH</sup> Avenue SW, Calgary, Alberta T2P 3N9  
 Principal Place of Business/  
 Chief Executive Office: 8770 24 Street NW, Edmonton, Alberta T6P 1X8  
 Issued & Outstanding Shares: 884,350 Class “A” Shares  
 List of Shareholders:

BZAM Holdings Inc.	510,000 Class “A” Shares
Archon Industries	48,330 Class “A” Shares
1175345 Alberta Ltd.	25,000 Class “A” Shares
Jodi MacDonald	10,000 Class “A” Shares
Center Line Millwright Contracting Ltd.	11,670 Class “A” Shares
Derwin Herrera	10,000 Class “A” Shares
1979073 Alberta Ltd.	10,000 Class “A” Shares
Chaucer Investments Ltd.	25,000 Class “A” Shares
2086781 Alberta Ltd.	10,000 Class “A” Shares
2094804 Alberta Ltd.	20,000 Class “A” Shares
1237132 Alberta Ltd.	1,000 Class “A” Shares
William Rutledge	10,000 Class “A” Shares
Suezette Reichert	5,000 Class “A” Shares
Gail M. Burke	2,500 Class “A” Shares
Gamages Limited	75,000 Class “A” Shares
Homefolio Inc.	45,000 Class “A” Shares
Ryan Murray	20,000 Class “A” Shares
Simon Catherall	10,000 Class “A” Shares
Jairad Burke	10,000 Class “A” Shares
Barb O’Neill	10,000 Class “A” Shares
All Star Ventures Ltd.	3,200 Class “A” Shares
Grant Schneider	2,150 Class “A” Shares
Patrick Leonard	500 Class “A” Shares
Alex Lee	10,000 Class “A” Shares



**Folium Life Sciences Inc.**

Name of Obligor: Folium Life Sciences Inc.  
 Prior Obligor Names: N/A  
 Predecessor Corporations: Folium Life Sciences Inc. and 1137773 B.C. Ltd.  
 Jurisdiction of Incorporation: British Columbia  
 Registered Office: 2900-550 Burrard Street, Vancouver, BC V6C 0A3  
 Principal Place of Business/  
 Chief Executive Office: 107/109 – 1761 Sean Heights, Saanichton, BC V8M 0A5  
 Issued & Outstanding Shares: 3,600 Class "A" Shares  
 List of Shareholders:

BZAM Holdings Inc.	2,880 Class "A" Shares
Fonda Betts	91.2 Class "A" Shares
Sheldon Kales	54 Class "A" Shares
1244780 B.C. Ltd.	574.8 Class "A" Shares

**SCHEDULE "G"**

**PENDING CORPORATE CHANGES**

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated October 23, 2020 and trading on the CSE under the symbol "TGOD.WA".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 10, 2020 and trading on the CSE under the symbol "TGOD.WB".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated June 12, 2020 and trading on the CSE under the symbol "TGOD.WR".

Warrants issued by The Green Organic Dutchman Holdings Ltd. under the indenture dated December 19, 2019 and trading on the CSE under the symbol "TGOD.WS".

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Maynbridge Capital Inc. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. To Cortland Credit Lending Corporation. in connection with its senior secured loan, repaid on June 22, 2021.

Warrants issued by The Green Organic Dutchman Holdings Ltd. to Canaccord Genuity Corp. in connection with its financings of The Green Organic Dutchman Holdings Ltd.

Escrowed share units, contingent share units, RSUs, and incentive stock options and ESPP issued under The Green Organic Dutchman Holdings Ltd.'s incentive compensation plans

Common shares of The Green Organic Dutchman Holdings Ltd. held in escrow to be released subject to the achievement of certain milestones in 2022, to certain vendors of Galaxie Brands Corporation pursuant to the share purchase agreement dated October 29, 2021, between The Green Organic Dutchman Holdings Ltd., 2783935 Ontario Inc. and Aoco Ventures Inc.

## SCHEDULE "H"

## MATERIAL AGREEMENTS AND MATERIAL PERMITS

Material Agreements

1. Standing Offer Contract 1631 between The Green Organic Dutchman Holdings Ltd. and Alberta Gaming, Liquor and Cannabis Commission dated May 20, 2019
2. Master Cannabis Supply Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 6, 2019
3. Data Subscription Agreement between The Green Organic Dutchman Holdings Ltd. and Ontario Cannabis Retail Corporation dated February 25, 2019
4. Licensed Producer Supply Agreement for Non-Medical Cannabis between The Green Organic Dutchman Holdings Ltd. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act dated November 7, 2019
5. NLC Cannabis and Cannabis Related Product Supply Agreement between The Green Organic Dutchman Ltd. and Newfoundland and Labrador Liquor Corporation dated November 19, 2019
6. Lettre D'Intention between The Green Organic Dutchman Holdings Ltd. and Societe Quebecoise du Cannabis dated March 26, 2020
7. Equipment Purchase Agreement between The Green Organic Dutchman Holdings Ltd. and Enwave Corporation dated December 28, 2018
8. Supplier Agreement – Cannabis Products between The Green Organic Dutchman Holdings Ltd. and Loblaw's Inc. dated March 3, 2020
9. Agreement of Purchase and Sale of Valleyfield Facility with Cannara Biotech (Ops) Inc., dated June 8, 2021
10. Service agreement with Cannara (Valleyfield) with respect to providing services at Valleyfield, QC dated September 25, 2021
11. Master Cannabis Supply Agreement dated April 5, 2021 between Ontario Cannabis Retail Corporation and Galaxie Brands Corporation
12. Licensed Producer Supply Agreement for Non-Medical Cannabis dated March 31, 2021 between Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the Cannabis Distribution Act, SBC 2018, c 28 and Galaxie Brands Corporation
13. Standing Offer Contract executed May 7, 2021 between Alberta Gaming, Liquor and Cannabis Commission and Galaxie Brands Corporation
14. Supply Agreement dated September 28th, 2021 between Galaxie Brands Corporation and Cannmart Inc.

15. Unanimous Shareholder Agreement (between Galaxie Brands Corporation, Northwest Confections Canada Inc. and Wyld Glx Corp.
16. Intellectual Property Licence Agreement dated April 15, 2021 between Galaxie Brands Corporation and Wyld Glx Corp.
17. Intellectual Property Licence Agreement dated April 15, 2021 between Northwest Confections Canada Inc. and Wyld Glx Corp.
18. Amended and Restated Manufacturing and Distribution Agreement dated August 24, 2021 between Galaxie Brands Corporation and Wyld Glx Corp.
19. Amending Agreement dated October 18, 2021 between Northwest Confections Canada Inc. and Galaxie Brands Corporation
20. Joint Venture between Northwest Confections Canada Inc. (subsidiary of Northwest Commonwealth LLC) and Galaxie Brands Corporation
21. Amended and Restated Joint Venture Agreement dated August 24, 2021 between Northwest Confections Canada Inc. and Galaxie Brands Corporation
22. Purchase order, Master Production and Packing Services Agreement dated August 21st, 2021 between Galaxie Brands Corporation and Noya Cannabis Inc.
23. Contract Grow Agreement dated April 27, 2021 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Pure Sunfarms Corp., as seller
24. Purchase Agreement dated May 25, 2022 between BZAM Management Inc. (d/b/a BZAM Cannabis), as buyer, and Medisun Inc., as seller

#### Material Permits

25. License Agreement between The Green Organic Dutchman Holdings Ltd. and 5071 Incorporated (o/a Stillwater Foods) dated May 28, 2018, terminates effective December 31, 2022
26. Health Canada Licence No LIC-CJMMLU7IIN-2022 (cultivation, processing, sale) issued to The Green Organic Dutchman Ltd. Expiring July 20, 2027
27. Health Canada Licence No LIC-MVXNLN8UCN-2020 (Research) issued to The Green Organic Dutchman Ltd., expiring February 12, 2025
28. Licensing and Manufacturing agreement dated December 23, 2020 between Galaxie Brands Corporation and Trec Brands Inc.
29. Galaxie Brands Corporation Cannabis Licence No. 82993 7846 RD0001 under the *Excise Act, 2001* (Canada)
30. Galaxie Brands Corporation Licence No. LIC-DOAXL5IINX-2020-10 under the *Cannabis Act* (Canada)

31. Galaxie Brands Corporation Licence No. 9JHRW8LW under the *Safe Food For Canadians Act* (Canada)

**SCHEDULE "I"****REAL PROPERTY**

1. Owned:
  - a. 1915 Jerseyville Road West, Jerseyville, ON L0R 1R0 owned by The Green Organic Dutchman Ltd.
  - b. 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 owned by BZAM Cannabis Corp.
  - c. 13325 Cedar Way, Maple Ridge, BC V4R 2T4 owned by BZAM Management Inc.
  - d. 2775 Myers Creek Road E., Midway, BC V0H 1M0 owned by BZAM Management Inc.
  
2. Leased:
  - a. 6205 Airport Rd., Suites 200 & 301, Bldg A, Mississauga, ON L4V 1E3 leased by The Green Organic Dutchman Holdings Ltd.
  - b. 311-455 BOUL., Fenelon, Dorval, Quebec H9S 578 leased by Medican Organic Inc.
  - c. 780 Concession 8 West, Puslinch, Ontario N0B 2J0 leased by Galaxie Brands Corporation
  - d. 19100 Airport Way, Units 518/519, Pitt Meadows, BC V3Y 0E2 leased by BZAM Management Inc.
  - e. 40 Great Plains Road, Edenwold, SK S4L 1B6 leased by 10050999 Manitoba Ltd.
  - f. Unit 3 – 875 Corydon Avenue, Winnipeg, MB, R3M 0W7 leased by 10050999 Manitoba Ltd.
  - g. Unit 107/109, 1759 Sean Heights, Saanichton BC, V8M 1X6 leased by BZAM Cannabis Corp.

**SCHEDULE "J"****PERMITTED ENCUMBRANCES**

1. Lien with registration number 20170906 1631 1862 3892 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to assignment of term deposits and credit balances.
2. Lien with registration number 20180410 1610 1532 1077 in favour of Bank of Montreal as against The Green Organic Dutchman Holdings Ltd. with respect to a short-term investment certificate n/o 0002-9631-033 in the principal amount of \$100,000.
3. Lien with registration number 20191025 1616 1626 1771 in favour of Alterna Savings and Credit Union Limited as against The Green Organic Dutchman Holdings Ltd. with respect to a term deposits #8 and #9 for letters of credit in the amount of \$35,000 and \$455,500, plus interest accrued on such term deposits.
4. Lien with registration number 20170123 1550 1624 2739 in favour of Newport Leasing Limited as against Galaxie Brands Corporation with respect to a 2016 Mercedes-Benz Sprinter 2500 144WB with VIN WD3BE7DD2GP269063.
5. Lien with registration number 20210531 1708 1462 9723 in favour of Vault Credit Corporation as against, among others, Galaxie Brands Corporation with respect to Collateral Classifications: "Equipment" and "Other" and the scope of which is limited by the estoppel letter dated November 12, 2021 from vault to, among others, Galaxie Brands Corporation and Cortland Credit Lending Corporation, as Agent.
6. Lien with registration number 20211029 1104 1590 1889 in favour of AOCO Ventures Inc. as against Galaxie Brands Corporation with respect to a promissory note dated October 28, 2021 in the principal amount of \$400,000 as secured by a general security agreement made the same date, the priority of which lien is determined by the Postponement and Subordination Agreement made November 15, 2021 between AOCO Ventures Inc., as subordinators, and Cortland Credit Lending Corporation, as Agent.
7. Charge on the real property legally described as Plan 8720213, Block 5, Lot 4, and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8 in favour of Marjinder Sing Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636

**TAB 12**



Court File No. CV-24-00715773-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERICAL LIST)

BETWEEN:

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 BZAM LTD., BZAM HOLDINGS INC., BZAM  
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE  
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE  
GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC.,  
HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.  
(collectively the "Applicants", and each an  
"Applicant")

CROSS-EXAMINATION OF KEITH ADAMS  
on his affidavits sworn on  
March 18th, 2024 and April 1st, 2024  
held via Arbitration Place Virtual  
on Wednesday, April 10, 2024, at 9:38 a.m.

REVISED TRANSCRIPT

APPEARANCES :

Joseph Blinick  
Thomas Feore  
Michael Shakra

for the BZAM Group of  
Companies

Andrew Winton  
David Ionis  
Brendan Bohn

for Final Bell Holdings  
International Inc.

Colin Pendritch  
Jonathan Sheppard

For Cortland Credit  
Lending Corporation

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LIST OF REFUSALS AND  
OBJECTIONS

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69, 143, 147, 162, 179, 187, 189, 191, 193, 205

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A	Email dated November 11, 2023 from M. Milich (14_Re- Update_2)	106
2	Email dated November 24, 2023 from K. Hessami (FB0000203)	152
3	Final Bell - Rationale for Divestiture of Final Bell Canada PowerPoint (FB0000280)	164
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C	Email exchange between A. Wessling and M. McNutt of December 2023 (FB0000438)	201

1 Arbitration Place Virtual

2 --- Upon commencing on Wednesday, April 10, 2024

3 at 9:38 a.m.

4 AFFIRMED: KEITH ADAMS

5 EXAMINATION BY MR. BLINICK:

6 BY MR. BLINICK:

7 1. Q. Okay, good morning, Mr. Adams.

8 A. Morning.

9 2. Q. How are you?

10 A. I'm well, thanks.

11 3. Q. So, you're here today for a  
12 cross-examination on your two affidavits filed on  
13 behalf of Final Bell International Holdings Inc. in  
14 connection with its claim seeking rescission of the  
15 transaction under which its subsidiary, Final Bell  
16 Canada Inc., was acquired by BZAM?

17 A. Yes, I think it might be I  
18 think it's Final Bell Holdings International.

19 4. Q. Okay. So, that entity, for  
20 simplicity's sake, I'll just refer to as Final Bell  
21 today.

22 A. Okay.

23 5. Q. You'll understand what I'm  
24 referring to?

25 A. Mm-hmm.

1       6.                   Q.   And just for the sake of  
2       record, yes or no answers, rather than nodding or  
3       mm-hmm.

4                           A.   Sure.   Yes.

5       7.                   Q.   Okay.   And I'll refer to Final  
6       Bell Canada Inc. as simply Final Bell Canada, or  
7       FBC, as we've often been referring to it in the  
8       record.

9                           A.   Yes.

10      8.                   Q.   And you'll understand what I'm  
11      referring to when I refer to Final Bell Canada or  
12      FBC?

13                          A.   Yes.

14      9.                   Q.   And then neither of those two  
15      entities to be confused with a third entity, Final  
16      Bell Corp, which is a wholly owned Canadian  
17      subsidiary of FBC, correct?

18                          A.   Yes.

19      10.                  Q.   If you require any  
20      clarification at all throughout the examination,  
21      please do just let me know.   You swore your first  
22      affidavit in this proceeding, sir, on March 18th,  
23      2024?

24                          A.   Do I swear - ask the question  
25      again, please?

- 1 11. Q. You swore --
- 2 A. Yes.
- 3 12. Q. -- your first affidavit in
- 4 this proceeding on March 18th, 2024, correct?
- 5 A. Yes.
- 6 13. Q. And you have a copy of that?
- 7 A. Oh, March 18th? Yes. Yes.
- 8 14. Q. And you have a copy of that
- 9 affidavit in front of you?
- 10 A. Yes.
- 11 15. Q. And you swore to the truth of
- 12 its contents?
- 13 A. Yes.
- 14 16. Q. Before swearing to the truth
- 15 of its contents, you ensured that it was accurate
- 16 and complete?
- 17 A. Yes.
- 18 17. Q. You swore a second affidavit
- 19 or a reply affidavit in this proceeding on April
- 20 1st, 2024, correct?
- 21 A. Yes.
- 22 18. Q. And you have that affidavit in
- 23 front of you today?
- 24 A. Yes.
- 25 19. Q. And you swore to the truth of

1 the contents of that affidavit?

2 A. Yes.

3 20. Q. And prior to doing so, I take  
4 it, again, you ensured that its contents were both  
5 accurate and complete?

6 A. Yes.

7 21. Q. In preparing for today, I take  
8 it you reviewed your affidavits?

9 A. Yes.

10 22. Q. Are there any corrections to  
11 either of your affidavits that you that you would  
12 like to make?

13 A. Not at this time.

14 23. Q. So, as far as you're  
15 concerned, both of your affidavits remain accurate  
16 in all respects?

17 A. Yes.

18 24. Q. I take it you also reviewed  
19 the affidavits of Kay Jessel that would have been  
20 filed on behalf of Final Bell?

21 A. Yes. Before this meeting?  
22 Yes, when originally filed.

23 25. Q. Yes. So, you have those  
24 reviewed those affidavits --

25 A. Yes.



1 26. Q. -- prior to them being  
2 delivered?

3 A. Yes.

4 27. Q. And those affidavits are also  
5 accurate, from your perspective?

6 A. I didn't see any inaccuracy.

7 28. Q. So, they're accurate, from  
8 your perspective?

9 A. Yes.

10 MR. WINTON: I just need to be  
11 clear. The witness can only speak to his  
12 understanding of Mr. Jess' evidence. He may not  
13 have been present.

14 COURT REPORTER: Can you speak up  
15 just a bit?

16 MR. WINTON: Sure. He may not  
17 have been present at or participated in events  
18 described, so I think - it's not as if the witness  
19 can affirm to the accuracy of an affidavit someone  
20 else gave. Just to the best of his knowledge.

21 MR. BLINICK: And that was simply  
22 what I asked. From his perspective, they are  
23 accurate?

24 MR. WINTON: Thank you.

25 MR. BLINICK:

1 29. Q. Sir, Final Bell is pursuing a  
2 claim for rescission for the Share Exchange  
3 Agreement on the basis of fraudulent  
4 misrepresentation?

5 A. I believe that's correct.

6 30. Q. It's not alleging a breach of  
7 the Share Exchange Agreement, is it?

8 MR. WINTON: Well, that's -- that  
9 is caught up in the claim of misrepresentation.

10 MR. BLINICK: Okay. Well, I'd  
11 like to understand the basis for the claim and the  
12 relief being sought. So, I'm going to ask some  
13 questions of the witness --

14 MR. WINTON: But if you're going  
15 to ask legal questions, you'll get the answer from  
16 counsel. The witness is not here to state legal  
17 positions of Final Bell.

18 MR. BLINICK: Understood.

19 MR. BLINICK:

20 31. Q. But, sir, you are Chief  
21 Financial Officer of Final Bell?

22 A. I am.

23 32. Q. The alleged misrepresentations  
24 at issue were made to you?

25 A. Many of them.

1 33. Q. Okay. So, I'd like to just  
2 unpack those. The basis for the claim for  
3 rescission is that fraudulent misrepresentations  
4 were made to Final Bell prior to the signing of the  
5 Share Exchange Agreement; is that correct?

6 A. Yes, and that the Share  
7 Exchange Agreement itself contains fraudulent  
8 misrepresentations.

9 34. Q. Okay. And what are those  
10 fraudulent misrepresentations in the Share Exchange  
11 Agreement itself?

12 A. It's the representations  
13 concerning excise tax liabilities, the  
14 representations in the plans and projections, and  
15 the representation concerning the no material  
16 breaches of the Cortland Credit facility.

17 35. Q. And those, you say, are all  
18 representations in the Share Exchange Agreement?

19 A. Yes.

20 36. Q. Okay. And, sir, that position  
21 your counsel just conveyed coincides with your  
22 understanding of the matter?

23 MR. WINTON: That's not  
24 irrelevant.

25 MR. BLINICK: It's not irrelevant.

1 MR. WINTON: Absolutely. He's not  
2 a lawyer.

3 MR. BLINICK: His understanding of  
4 the Share Exchange Agreement that was signed is  
5 irrelevant to this cross-examination? Is that  
6 seriously your position, counsel?

7 REF MR. WINTON: Absolutely.

8 MR. BLINICK:

9 37. Q. Okay. Sir, the alleged  
10 fraudulent misrepresentations are set out in your  
11 Notice of Motion or Final Bell's Notice of Motion.  
12 I take it you reviewed that Notice of Motion prior  
13 to it being filed?

14 A. I did not.

15 38. Q. You did not? Did anyone at  
16 Final Bell?

17 A. I can't answer that.

18 39. Q. Okay. I'm going to take you  
19 to paragraph 6 of the Notice of Motion. That's at  
20 Tab 1 of Final Bell's Motion Record.

21 MR. WINTON: I think it's Tab A,  
22 counsel.

23 MR. BLINICK: That is correct.  
24 The first tab, Tab A.

25 MR. WINTON: Right. We have it.

1 Paragraph 6.

2 MR. BLINICK:

3 40. Q. Just take your time to read  
4 that, sir.

5 A. Ask the question again?

6 41. Q. I haven't asked a question  
7 yet, but --

8 A. Okay.

9 42. Q. -- you've now read paragraph 6  
10 of the Notice of Motion?

11 A. I have.

12 43. Q. Is that an accurate  
13 description of the alleged fraudulent  
14 representations on which Final Bell's board relied  
15 on in deciding to approve the transaction?

16 MR. WINTON: I'm going to add to  
17 that. You're talking about allegations, so counsel  
18 will answer that. The recently discovered, so  
19 we'll have to amend this, discovery of the  
20 intention to dismiss Mr. Bovingdon as CFO without  
21 Cortland's prior consent, we found out about that  
22 two days ago, and that is a further breach of -- or  
23 misrepresentation, fraudulent misrepresentation  
24 that was made to Final Bell.

25 MR. BLINICK:

1 44. Q. And that is a  
2 misrepresentation, and this is a question for the  
3 witness, that Final Bell relied on in deciding to  
4 approve the transaction?

5 MR. WINTON: I don't think --

6 MR. BLINICK:

7 Q. A termination that happened  
8 post closing is a representation that Final Bell  
9 relied on in approving the transaction? Is that  
10 your evidence, sir?

11 MR. WINTON: No, that's not --

12 MR. BLINICK: I'm asking for the  
13 witness' evidence. Counsel, you admonished me when  
14 I interjected one time during your examination. I  
15 would suggest that you take your own advice to  
16 heart, and you let me conduct the examination and  
17 ask my questions of the witness and let him give  
18 the evidence.

19 REF MR. WINTON: I object to the  
20 question in that misstates the position of Final  
21 Bell.

22 MR. BLINICK: So, in other words,  
23 it wasn't something that Final Bell relied on in  
24 approving the transaction. It couldn't --

25 MR. WINTON: The question --

1 MR. BLINICK: -- have been. It  
2 happened postponed.

3 REF MR. WINTON: Your question was  
4 unfair, and I object to the question on the basis  
5 that you misstated the position that I just  
6 represented to you, and on that basis, it's not a  
7 proper question.

8 MR. BLINICK: Okay. Let me back  
9 up.

10 MR. BLINICK:  
11 45. Q. The representations that Final  
12 Bell purportedly relied on in deciding to approve  
13 the transaction are as set out at paragraph 6; is  
14 that correct?

15 A. Sorry, restate the question,  
16 please?

17 46. Q. The representations, or the  
18 alleged representations, that Final Bell  
19 purportedly relied on in deciding to approve the  
20 transaction are set out in paragraph 6 of your  
21 Notice of Motion?

22 A. Yes.

23 47. Q. Are there any other  
24 representations beyond these four things stated at  
25 paragraph 6 of the Notice of Motion that Final Bell

1     relied on its decision making to approve the  
2     transaction?

3                     MR. WINTON:   Other than the  
4     representations in the Share Exchange Agreement?

5                     MR. BLINICK:   Well, I'm talking  
6     about -- sure, yes.

7                     MR. WINTON:   Okay.

8                     MR. BLINICK:

9     48.             Q.   Other than the representations  
10    in the Share Exchange Agreement.

11                    A.   There's other representations  
12    that were made, also, verbal and things that are  
13    not in the share agreement that were also relied  
14    on.

15    49.             Q.   Were there other fraudulent  
16    misrepresentations that you say were made that were  
17    relied upon?

18                    MR. WINTON:   I think you have to  
19    explain to the witness what you mean by fraudulent,  
20    because that's a legal term, and the witness is not  
21    a lawyer.

22                    MR. BLINICK:

23    50.             Q.   Sir, turn up paragraph 7 of  
24    your affidavit, your initial affidavit.  Take your  
25    time to read it.



1 MR. WINTON: This is page 21 of  
2 the record? Oh, sorry, I've got the wrong  
3 affidavit. Hang on a second.

4 MR. BLINICK: Page 190.

5 THE WITNESS: Can you ask that  
6 question again?

7 MR. BLINICK:

8 51. Q. I haven't asked a question  
9 yet. Read paragraph 8 as well, please. You're  
10 read it?

11 A. Yes.

12 52. Q. So, what you say in paragraph  
13 7 is that BZAM provided information and made  
14 representations concerning four issues that are  
15 material to this motion, and Final Bell's  
16 willingness to enter into the Share Exchange  
17 Agreement. And then in subparagraphs (a) through  
18 (d), you state in broad strokes what those four  
19 alleged representations are. Do you see that? Do  
20 you agree with that?

21 A. Yes.

22 53. Q. And then in paragraph 8, you  
23 say the representations were false, and BZAM knew  
24 they were false or was reckless as to their truth,  
25 and you say, "I believe BZAM made these false

1 representations in order to induce Final Bell to  
2 enter into the Share Exchange Agreement." Do you  
3 see that?

4 A. Yes.

5 54. Q. And that is the accurate  
6 description of what are alleged to be what counsel  
7 have been referring to as the fraudulent  
8 misrepresentations?

9 A. Yes.

10 55. Q. And beyond those four things  
11 identified in your affidavit, which are equally  
12 identified in paragraph 6 of the Notice of Motion  
13 we were just looking at, those are the fraudulent  
14 misrepresentations that Final Bell is claiming to  
15 have relied upon, correct?

16 MR. WINTON: No. In addition to  
17 that, there's the recently discovered  
18 misrepresentation concerning compliance with the  
19 corporate credit facility, which we discovered was  
20 made -- was in fact an intent all along not to  
21 comply with it, which we discovered yesterday -- on  
22 Monday. By "we", I mean which Final Bell  
23 discovered in adducing evidence from the witnesses  
24 on Monday.

25 MR. BLINICK: Understood. So,

1 your evidence is that beyond these four things,  
2 there is also this additional issue with respect to  
3 alleged lack of compliance with the Cortland Credit  
4 facility as it relates to the departure of Mr.  
5 Bovington?

6 MR. WINTON: Correct. And that's  
7 a misrepresentation within the Share Exchange  
8 Agreement.

9 MR. BLINICK: Okay. And so, I  
10 just want to make sure I understand what the basis  
11 for the fraud claim is. Counsel, you understand  
12 the obligation to not only plead full particulars,  
13 but prove full particulars, and I would just like  
14 the witness to confirm that it is those five  
15 things, and that's it.

16 MR. WINTON: The witness doesn't  
17 set out legal positions of the party. He's going  
18 to answer any factual questions you have. He's not  
19 going to tell you what Final Bell's position is in  
20 this litigation. That's not his role.

21 MR. BLINICK: I'm asking about the  
22 representations that he says are false, that he  
23 says were made knowing they were false, or the  
24 recklessness.

25 MR. WINTON: He's answered --

1 MR. BLINIK: I'm asking for the  
2 witness' answer.

3 MR. BLINICK:

4 56. Q. There are those five things  
5 that fall into that bucket; is that correct, sir?

6 MR. WINTON: He's answered that  
7 question.

8 MR. BLINICK: He can answer it  
9 again, or you can tell me what his answer is.

10 MR. WINTON: He responded by  
11 agreeing that the four enumerated in his affidavit,  
12 combined with I've added to that the recently  
13 discovered misrepresentation in the Share Exchange  
14 Agreement concerning compliance with the Cortland  
15 Credit facility.

16 MR. BLINICK: Okay, and I would  
17 like the witness to simply confirm that those are  
18 the five false statements which you say in your  
19 affidavit effectively adduced -- induced Final Bell  
20 to enter into the Share Exchange Agreement.

21 MR. WINTON: In addition to the  
22 representations made in the Share Exchange  
23 Agreement.

24 MR. BLINICK:

25 57. Q. And Mr. Adams, your counsel

1 has done a lot of talking. Does that accurately  
2 summarize your evidence?

3 MR. WINTON: Again, you're asking  
4 him for evidence that I don't think is appropriate  
5 to ask of a fact witness. He's not here to state  
6 legal positions. I am giving you the legal  
7 positions. Those are the misrepresentations that  
8 were made to Final Bell.

9 MR. BLINICK: And that's it?

10 MR. WINTON: Yes.

11 MR. BLINICK: Thanks.

12 MR. BLINICK:

13 58. Q. And just to be clear, Mr.  
14 Adams, your view is that were it not for those five  
15 allegedly false representations, Final Bell would  
16 not have entered into the Share Exchange Agreement?

17 MR. BLINICK: That's a factual  
18 question, and if you're going to object to that,  
19 counsel, we're going to have a problem with this  
20 examination.

21 OBJ MR. WINTON: I'm objecting to the  
22 question on the basis of relevance, but the witness  
23 can answer the question pursuant to Rule 34.12.  
24 So, you can repeat the question, subject to the  
25 objection.

1 MR. BLINIK: Well, I've asked the  
2 question. Answer it.

3 THE WITNESS: Could you repeat the  
4 question, please?

5 MR. BLINICK:

6 59. Q. Were it not for those five  
7 alleged misrepresentations, Final Bell would not  
8 have entered into the Share Exchange Agreement; is  
9 that your evidence?

10 A. Based on the rule exception,  
11 yes, I agree with that.

12 60. Q. So, let's turn first to the  
13 alleged Cortland representation. Your evidence is  
14 that were it not for the information allegedly  
15 conveyed by BZAM about the likelihood of the  
16 maturity date of that facility being extended,  
17 Final Bell would not have entered into the Share  
18 Exchange Agreement?

19 OBJ MR. WINTON: Again, I object to  
20 the question on the basis of relevance, but the  
21 witness can answer that, pursuant to Rule 34.12.

22 MR. BLINIK: Counsel, maybe you  
23 could just explain on the record how that question  
24 is not relevant?

25 MR. WINTON: Because Final Bell is

1 not required to prove a but for causation element  
2 in the tort of fraudulent misrepresentation. The  
3 fact that there's a fraudulent misrepresentation is  
4 what entitles it to rescind the contract.

5 MR. BLINICK: And it's your  
6 position that that is the case, regardless of  
7 whether that influenced decision making or caused  
8 Final Bell to act?

9 MR. WINTON: Final Bell's decision  
10 making is not at issue in this proceeding.  
11 Correct. So, that's why I'm saying -- I understand  
12 why you're asking the questions. I'm going to  
13 allow them pursuant to Rule 34.12, but I do not  
14 agree that that's a relevant consideration for the  
15 court.

16 MR. BLINIK: So, your -- I just  
17 want to be crystal clear. I understand your  
18 position. The mere fact of a misrepresentation,  
19 regardless of whether it was acted on or not, is  
20 the only matter at issue?

21 MR. WINTON: No, it's whether it's  
22 a fraudulent misrepresentation as understood in the  
23 case law, and if it's a fraudulent  
24 misrepresentation of a representation made in the  
25 Share Exchange Agreement, the Share Exchange

1 Agreement itself states that Final Bell is relying  
2 on those representations. So, you don't need the  
3 witness to affirm whether or not there's been  
4 actual reliance, because we already have the  
5 contractual agreement from BZAM, that Final Bell on  
6 the representations in the Share Exchange  
7 Agreement.

8 MR. BLINICK: And your position is  
9 I'm not entitled to explore that with this witness?  
10 You're refusing the relevance of the witness'  
11 evidence around its actual reliance?

12 MR. WINTON: Yes, because it's not  
13 relevant where the contract states that BZAM  
14 acknowledges reliance. It's not a matter in  
15 dispute in this proceeding. We have a contractual  
16 acknowledgement from BZAM in the Shared Exchange  
17 Agreement that the representations made in that  
18 agreement are what Final Bell relied upon in  
19 entering into the agreement. If you turn up the  
20 Share Exchange Agreement, I can show it to you.

21 MR. BLINICK: It's quite all  
22 right. Let me maybe put it differently. The  
23 projections, those were rep'd and warranted in the  
24 Share Exchange Agreement, is that your evidence?

25 MR. WINTON: Yes, that's our



1 position. It's not -- that's a contract  
2 interpretation question, which I will answer. It's  
3 not for the witness to answer.

4 MR. BLINICK: Okay, where is that  
5 represented or warranted in the Share Exchange  
6 Agreement?

7 MR. WINTON: So, the Share  
8 Exchange Agreement is Exhibit 4 to Mr. Jessel's  
9 affidavit of March 18th, 2024. So, that is Tab A4.  
10 If you -- one second. Purchaser books and records,  
11 which is --

12 MR. BLINICK: (Indiscernible) 95?

13 MR. WINTON: No, which is in the  
14 definitions.

15 MR. BLINICK: Yeah.

16 MR. WINTON: The definition of  
17 purchaser books and records is on page 70 of the  
18 record, middle of the page. The purchaser is BZAM.  
19 I think there's no dispute about that, right? So,  
20 the purchaser books and records means all books of  
21 account, financial statements, tax records,  
22 personnel records of the purchaser employees,  
23 historic documents relating to the assets or  
24 business of the purchaser entities, sales and  
25 purchase records, cost and pricing information,

1 customer and supplier lists and files, referral  
2 sources, research and development reports and  
3 records, production reports and records, equipment  
4 logs, operating guides and manuals, business  
5 reports, plans and projections, and all other  
6 documents, files, correspondence, and other  
7 information of a purchaser entity, whether in  
8 written, electronic or other form.

9           That is what we rely on, and that  
10 is specifically rep'd and warranted by the  
11 purchaser as being accurate. That includes plans  
12 and projections, and we say that is a rep and  
13 warranty under the agreement. And when you go to  
14 Article 3, on page 76 of the record, the purchaser,  
15 that's BZAM, makes the following representations to  
16 the FBC shareholder and acknowledges and agrees  
17 that the FBC shareholder is relying upon such  
18 representations and warranties in connection with  
19 the execution, delivery and performance of this  
20 agreement.

21           And on page 84 of the record, the  
22 representation in section 3.23 says that all  
23 accounting and financial purchaser books and  
24 records, a defined term, have been fully, properly,  
25 accurately kept, and are complete in all material

1 respects.

2 MR. BLINICK: Thank you, counsel.

3 MR. BLINICK:

4 61. Q. So, just back to the question  
5 as a factual matter, I now have the legal position  
6 as to -- the theory as to how Final Bell says the  
7 projections were represented and warranted under  
8 the Share Exchange Agreement, but I'd like to  
9 explore Final Bell's actual reliance and use of the  
10 documents. So, I'll go back to my question.

11 OBJ MR. WINTON: Why don't I make this  
12 easy? I don't mean to interrupt, but before you  
13 do, every question where you are saying concerns  
14 "actual reliance", if I could just give a global  
15 objection pursuant to Rule 34.12, say I object to  
16 that on the record as being irrelevant in light of  
17 what I just said to you and, therefore, you can  
18 take it that I'm objecting to this entire section  
19 of the cross-examination until we lift the  
20 objection.

21 MR. BLINICK: And just so I'm  
22 clear that the objection of relevance is that  
23 you're hanging your hat entirely on that tortured  
24 interpretation of the Share Exchange Agreement?

25 MR. WINTON: I'm not going to

1 agree to that when you include those adjectives.  
2 What we are saying is there is a contractual  
3 reliance that has been acknowledged by BZAM. To  
4 the extent you want to explore some, what you call,  
5 actual reliance, which we don't think is relevant,  
6 we object to the questions under Rule 34.12. So,  
7 you can ask the questions, the witness will answer  
8 the questions, but the entire portion of the cross-  
9 examination would have to be ruled upon by His  
10 Honour as to whether or not it's relevant, before  
11 it can be relied upon by BZAM.

12 MR. BLINICK: Okay. So, I'll ask  
13 the question. I note your reservation, counsel.

14 MR. WINTON: Thank you.

15 MR. BLINICK: I certainly don't  
16 agree with it, but I'll take it up with the court  
17 as necessary.

18 MR. BLINICK:

19 62. Q. Is it your evidence, Mr.  
20 Adams, that were it not for the information  
21 allegedly conveyed by BZAM to Final Bell about the  
22 likelihood of the Cortland facility being extended  
23 in the future, Final Bell would not have executed  
24 the Share Exchange Agreement?

25 A. I would not have supported it

1 at that time.

2 63. Q. So, in other words, the  
3 extension of the maturity date was a critical  
4 factor in Final Bell's decision making to execute  
5 the Share Exchange Agreement?

6 A. Yes.

7 64. Q. And your counsel had objected  
8 to that question on the grounds of relevance  
9 because the Share Exchange Agreement, as he walked  
10 us through, has a definition of purchaser books and  
11 records. The alleged information conveyed about  
12 the extension of the Cortland facility is not  
13 actually reflected in that book and record -- or  
14 record, is it?

15 OBJ MR. WINTON: Objection. You're  
16 asking him to interpret the Share Exchange  
17 Agreement, which he is not here to do. The word  
18 books and record is a defined term.

19 MR. BLINICK: Correct. And we  
20 just read it to the witness.

21 MR. WINTON: So, let's go back to  
22 the definition then, and leave it open, and you can  
23 look at that, because our position is it is  
24 reflected in that definition, and that is a legal  
25 position based on our interpretation of the

1 agreement. But he's not here to -- I can tell you  
2 which -- how it falls within that definition if  
3 that will assist, but it's not his job to tell you  
4 that.

5 MR. BLINICK: Sure. Tell me,  
6 please.

7 MR. WINTON: Sure. Plans and  
8 projections and business reports and all other --  
9 all other documents, files, correspondence, and  
10 other information of a purchaser entity, whether in  
11 written, electronic or other form. So, all that,  
12 the last three lines, essentially, or 2.5 lines, or  
13 whatever, starting from "business reports" of that  
14 definition capture the pro forma statements that  
15 were provided to Final Bell by BZAM, or by Clarus.

16 MR. BLINICK:

17 65. Q. Is it your evidence, sir, that  
18 if it were not for the information BZAM allegedly  
19 conveyed about the borrowing capacity under the  
20 Cortland facility that Final Bell would not have  
21 executed Share Exchange Agreement?

22 A. I would not have supported it.

23 66. Q. And in your view, would the  
24 board have approved it?

25 A. I can't speak for them.

1 67. Q. Right. Is it your evidence  
2 that if it were not for certain allegedly  
3 undisclosed outstanding tax liabilities as at  
4 December 5th, 2023, Final Bell would not have  
5 executed the Share Exchange Agreement?

6 A. Again, I would not have  
7 supported it.

8 68. Q. And then, finally, with  
9 respect to the alleged representations relating to  
10 the potential future cashflows, is it your evidence  
11 that Final Bell would not have entered into the  
12 Share Exchange Agreement absent the forward-looking  
13 cashflow projections providing what they did?

14 A. I would not have supported it.

15 69. Q. And I just want to be clear.  
16 It's the combined pro forma cashflow projections  
17 that are alleged to be false?

18 MR. WINTON: It's both the BZAM  
19 and the combined.

20 MR. BLINICK:

21 70. Q. And tell me, sir, exactly what  
22 portion of those cashflow projections, whether it's  
23 a BZAM standalone or a Final Bell/BZAM combined are  
24 alleged to be false?

25 MR. WINTON: Let's take the

1 witness to them. I don't think that's a fair  
2 question without access to the document. Can you  
3 point us to the document that you're going to ask  
4 questions about?

5 MR. BLINICK: I'm asking  
6 generally. He's alleged fraud and that there's  
7 falsities in the cashflow projections. I'd like  
8 the witness' evidence as to what those are. They  
9 haven't been set out with particularity. We're  
10 entitled to know that.

11 MR. WINTON: Well, why don't we  
12 start at Exhibit 2 to Mr. Adams' affidavit, which  
13 is the combined model, which is attached to the  
14 email. So, we'll have to pull it up  
15 electronically, because it's not in the paper  
16 record.

17 MR. BLINICK: And we'll pull it  
18 up, counsel, but to be clear, I'm looking for the  
19 witness' evidence, not yours.

20 MR. WINTON: Oh absolutely, but I  
21 think it's only fair to show the witness the  
22 document you're asking questions about.

23 MR. BLINICK: And it's on the  
24 screen.

25 MR. WINTON: So, Mr. Adams, you



1 can direct counsel to whatever portion of this  
2 document you want to review before you answer the  
3 question.

4 THE WITNESS: So, I would actually  
5 go to a different document. I would go to the  
6 Project Tower PowerPoint.

7 MR. WINTON: So, that is Exhibit 1  
8 to Mr. Adams' affidavit, and helpfully, that is in  
9 the paper record. Which page do you want to go to?  
10 So, the witness has directed me or shown page 218  
11 of the record, which is the pro forma cashflow  
12 statement, counsel.

13 MR. BLINICK: Yes, we're there.

14 MR. BLINICK:

15 71. Q. So, what the question is, just  
16 to remind you, what portion of the BZAM standalone  
17 or the combined pro forma are allegedly to be  
18 false? And what you suggested, sir, is that we go  
19 just to the combined pro forma, but not even that,  
20 go to an excerpt of that that's included in this  
21 document in Exhibit 1 to your affidavit.

22 So, with that, why don't you point  
23 me to the false information that you say, or  
24 counsel says, constitutes a fraudulent  
25 misrepresentation?

1                   A. I would start with the  
2 cashflow from operations line.

3 72.               Q. Yes, go on?

4                   A. And the ending cash balances.

5 73.               Q. Anything else?

6                   A. There's lots of implications  
7 in those numbers that are drawn through the model  
8 onto this presentation that I don't think we have  
9 the time to go through every line item and cell to  
10 prove that.

11 74.              Q. No, we have plenty of time,  
12 sir. I want your evidence as to what is false in  
13 this document we're looking at.

14                   A. That the business had the  
15 ability to operate with the existing cash balances  
16 that it had, and a variable credit line, that it  
17 did not require any external funding.

18 75.              Q. And to be clear, this is the  
19 combined model?

20                   A. Correct.

21 76.              Q. And this is not even actually  
22 the combined model; this is an excerpt of the  
23 combined model.

24                   A. From here, we could go to the  
25 combined model.

1 77. Q. You would agree, sir, the  
2 combined model was based on the Final Bell  
3 standalone model?

4 A. Prepared by who?

5 78. Q. Final Bell. And just to be  
6 clear, I'm asking the questions. So, if you don't  
7 understand a question, you could ask for  
8 clarification.

9 A. Okay. Ask the question again,  
10 please?

11 79. Q. The combined pro forma model  
12 that was prepared by Clarus included as a key  
13 component the FBC standalone model that Final Bell  
14 prepared?

15 A. It was an input to that model.

16 80. Q. Together with the BZAM  
17 standalone?

18 A. And others.

19 81. Q. Other standalone models?

20 A. Other inputs.

21 82. Q. Such as assumptions about  
22 synergies?

23 A. Correct.

24 83. Q. Okay. And so, the falsities  
25 in the cashflow projections are what's contained in

1 this excerpt of the combined pro forma model you  
2 just took me to?

3 A. Ask the question again?

4 Sorry.

5 COURT REPORTER: Can you just keep  
6 your voice up for me? I heard it, but keep it up.

7 MR. BLINICK:

8 84. Q. I'm just trying to understand  
9 what Final Bell is alleging was false, and what I'm  
10 hearing is it's the projected cashflow from  
11 operations and the ending cash balance in the pro  
12 forma combined model based on inputs from both  
13 Final Bell and BZAM.

14 A. It includes actuals and  
15 forecasts. You only said forecasts.

16 85. Q. Are you alleging that  
17 historical information in the model is false?

18 A. We've already talked about the  
19 excise tax liabilities potentially not being  
20 correct.

21 86. Q. Potentially not being correct.

22 A. I don't have the forms; I  
23 don't have the data. I only have Matt's affidavit  
24 saying such.

25 87. Q. Okay, but back to the BZAM

1 standalone, which we put up on the screen a moment  
2 ago, walk me through specifically -- oh, sorry,  
3 let's put the standalone on the screen, because I'd  
4 like you to walk me through what you say is false  
5 in that.

6 MR. WINTON: So, that's the  
7 attachment -- the Excel attachment to Exhibit 3 to  
8 Mr. Adams' affidavit.

9 MR. BLINICK: We're going to put  
10 it up on the screen.

11 MR. WINTON: Okay. I think we  
12 just want to make sure we're both agreed where this  
13 is in the record.

14 MR. BLINICK: Well, I think we  
15 referred to the exhibit to Mr. Milich's affidavit,  
16 just because it actually contains the document  
17 rather than just wording about a link. So, it's  
18 Exhibit O to Mr. Milich's affidavit.

19 MR. WINTON: Thank you.

20 THE WITNESS: I would scroll down  
21 to the balance sheet. Keep going to the current  
22 liabilities. The line trade and accrued  
23 liabilities includes the excise tax, GST and HST  
24 taxes.

25 MR. BLINICK:

1 88. Q. Yes, it does.

2 A. That's the line that, based on  
3 Matt's affidavit, potentially is incorrect, both  
4 historic and going forward.

5 89. Q. Okay, but you're saying it's  
6 potentially incorrect. What you've alleged in this  
7 proceeding is that -- when I say you, what Final  
8 Bell has alleged is that there was fraud, correct?

9 A. Yes.

10 90. Q. And I'm asking you, sitting  
11 here today as the CFO who diligenced this  
12 transaction, and claims to have done a deep dive on  
13 the BZAM business, its historical financial  
14 information, its standalone model, its forward-  
15 looking projection, what is inaccurate? And what  
16 you're telling me is that on the trade and accrued  
17 liabilities line, excise tax is potentially not  
18 there to some extent.

19 A. First of all, I didn't use --  
20 I wouldn't use the word "deep dive". That's not my  
21 word, that's yours.

22 91. Q. So, you didn't do a deep dive?

23 A. That's your words. I don't  
24 know how to define deep dive.

25 92. Q. You did extensive diligence.

1 Those are your words.

2 A. I did appropriate due  
3 diligence.

4 93. Q. You did do an appropriate due  
5 diligence, and I think you described it as  
6 extensive in your affidavit; is that right? I'm  
7 not sure if that's the word I used. I'd have to go  
8 back and look.

9 94. Q. Well, let me ask you the  
10 question. Did you do extensive due diligence?

11 MR. WINTON: I think you've -- if  
12 there's a sentence in his affidavit you want to  
13 question about, you should show him the sentence in  
14 his affidavit.

15 MR. BLINICK: No, I'm asking him a  
16 very basic question, counsel.

17 MR. BLINICK:

18 95. Q. Did you do extensive due  
19 diligence, yes or no?

20 A. I want to look at what I said  
21 in my affidavit.

22 96. Q. You need to refer to your  
23 affidavit to answer my question as to what due  
24 diligence was done?

25 MR. WINTON: Yeah, that's a

1 different question. If you want to ask what due  
2 diligence was done, go ahead and ask him that, but  
3 if you're going to ask --

4 MR. BLINICK:

5 97. Q. What level of due diligence  
6 was done, sorry? You need to look at your  
7 affidavit to answer that question? You can't tell  
8 me right now whether you did extensive due  
9 diligence or not?

10 A. It's the adjectives that you  
11 use. I did appropriate due diligence.

12 98. Q. Would you describe it as  
13 extensive?

14 A. That's a subjective statement.

15 99. Q. And I'm looking for your  
16 subjective belief. Did you do extensive due  
17 diligence?

18 A. I'm a factual person. I deal  
19 with facts.

20 100. Q. That's not an answer. Yes or  
21 no, did you do extensive due diligence on this  
22 transaction?

23 MR. WINTON: I think the  
24 appropriate way to ask it is, does he believe he  
25 did extensive due diligence on the transaction?



1 MR. BLINICK: Well, I asked that  
2 previously.

3 MR. BLINICK:  
4 101. Q. Do you believe you did  
5 extensive due diligence on the transaction?

6 A. Yes.

7 102. Q. You do believe that. And you  
8 believe that you did appropriate due diligence?

9 A. Yes.

10 103. Q. Thank you. So, back to the  
11 original question. I've asked you what, in the  
12 BZAM standalone model, is false, and what you've  
13 told me is that in the trade and accrued  
14 liabilities line, there is some excise tax that is  
15 potentially not included.

16 A. Yes.

17 104. Q. Anything else?

18 A. The Cortland facility in the  
19 cashflow statement shows that it gets renewed.  
20 It's being renewed, and that there's \$7 million of  
21 available cash.

22 105. Q. Anything else?

23 A. And as I said, the cashflow  
24 from operations says that it generates positive  
25 cashflow. The PowerPoint.

1 106. Q. No, we're asking -- we're  
2 talking about the standalone model. That's the  
3 focus of my questioning.

4 A. So, please go down. Keep  
5 going until you get to December. So, term loan is  
6 on here as \$20 million? Revolver loan is on here  
7 at \$8 million. Those three line items.

8 107. Q. The term loan --

9 A. Trade and accrued receivables  
10 --

11 108. Q. Term loan and revolver loan.

12 A. Correct.

13 109. Q. Those are the inaccuracies in  
14 the standalone model?

15 A. Yes.

16 110. Q. Anything else?

17 A. Let's go up to the top. So,  
18 cashflow of operations, line 151.

19 111. Q. That's financing activities.

20 A. And then scroll back up.

21 Cashflow from operations, 137.

22 112. Q. Your evidence is that's  
23 inaccurate?

24 A. Yes.

25 113. Q. Insofar as the historical

1 cashflow from operation goes, or insofar as the  
2 projected cash flow from operations go?

3 A. For all the lines or that  
4 line? For historic, I believe that trade and  
5 accounts paid and accrued liabilities line is  
6 inaccurate. For going forward, these lines are  
7 inaccurate.

8 114. Q. Okay. So, when you say these  
9 lines, I just want to make sure I have it.

10 A. Term loan.

11 115. Q. Term loan, revolver loan, and  
12 cashflow from operations?

13 A. And cashflow from financing.

14 116. Q. And cashflow from financing  
15 activities.

16 A. Correct.

17 117. Q. And so, other than with  
18 respect to trade and accrued liabilities, which is  
19 historic, all of the other false information is  
20 forward looking?

21 A. Trade and accrued liabilities,  
22 both historic and future.

23 118. Q. Understood. So, other than  
24 the historic, I think you said potential inaccuracy  
25 in trade and accrued liabilities, all of the other

1 allegedly false information relates to projections?

2 A. Yes.

3 119. Q. Are there any other specific  
4 line items in the BZAM standalone model that we  
5 haven't discussed that contain --

6 A. None that are material and I'm  
7 aware of.

8 120. Q. Thank you. In the Final  
9 Bell's Notice of Motion -- and counsel, I'm happy  
10 for you to answer this -- it seeks, as an  
11 alternative to rescission, an appropriate  
12 alternative remedy to be determined. What is that  
13 alternative remedy that Final Bell is seeking?

14 MR. WINTON: Well, it's  
15 intentionally open ended because we don't yet know  
16 what the finding would be if there's a finding of  
17 fraudulent misrepresentation, but rescission is not  
18 possible. But it could include, for example, an  
19 order that either Final Bell or an entity  
20 associated with it repay Final Bell Holdings --  
21 sorry, an entity associated with BZAM, I meant to  
22 say.

23 So, one of the applicants or any  
24 entity associated with BZAM repay by Final Bell  
25 Holdings International the \$21.5 million

1 consideration, or perhaps alter the terms of  
2 stalking horse bid to provide for different terms  
3 of that bid as a condition of it going ahead, or  
4 seek relief against other entities. It really is  
5 going to depend on the findings. And that's why we  
6 say we should direct a further hearing, because we  
7 won't really know what the appropriate remedy would  
8 be until the circumstances in which it's required.

9 MR. BLINICK:

10 121. Q. Mr. Adams, there's no dispute  
11 that Final Bell signed the Letter of Intent on  
12 November 1st, 2023, is there?

13 A. Not that I'm aware of.

14 122. Q. And that Letter of Intent, or  
15 the LOI as I'll refer to it, it was non-binding?

16 A. My belief is it was non-  
17 binding.

18 123. Q. And the transaction  
19 contemplated under the LOI, that was first  
20 introduced to the Final Bell board on the day the  
21 LOI was signed, not beforehand?

22 A. Sorry, just ask it one more  
23 time, please?

24 124. Q. The transactions contemplated  
25 under the LOI, so the acquisition by BZAM of FBC,

1 was first introduced to the Final Bell Board of  
2 Directors on the day the LOI was signed, correct?

3 A. I can't answer that.

4 125. Q. You have no knowledge of that?

5 A. I'm not a board member. I do  
6 not know.

7 126. Q. You acknowledged a moment ago  
8 that the LOI was non-binding? That's your  
9 understanding?

10 A. I'd like to agree the....

11 MR. WINTON: What he said is he  
12 believes it was non-binding, which is best the way  
13 he can testify to.

14 MR. BLINICK:

15 127. Q. There's no obligation for  
16 Final Bell to consummate the transaction under the  
17 LOI? There's no obligation to sign the Share  
18 Exchange Agreement?

19 MR. WINTON: That's a legal  
20 question, so if you want that fielded, yes, the LOI  
21 was non-binding and there was no obligation on  
22 Final Bell to enter into the Share Exchange  
23 Agreement until it signed the Share Exchange  
24 Agreement.

25 MR. BLINICK: So, there's no

1 dispute that the parties signed the mutual non-  
2 disclosure agreement at the time of signing the  
3 LOI, November 1st, 2023?

4 MR. WINTON: No dispute.

5 MR. BLINICK: And subsequent to  
6 signing the LOI, the parties exchanged documents  
7 and information pursuant to and in reliance on the  
8 terms of the non-disclosure agreement, the NDA as  
9 I'll refer to it?

10 MR. WINTON: Yes.

11 MR. BLINICK:

12 128. Q. Is your counsel's answer  
13 consistent with your understanding?

14 MR. WINTON: You just asked him a  
15 legal question. It doesn't matter what his  
16 understanding is.

17 MR. BLINICK: So, that --

18 REF MR. WINTON: I object to the  
19 question on the basis that you can't ask a witness  
20 legal questions.

21 MR. BLINICK:

22 129. Q. When you were providing Final  
23 Bell's information and documentation to the BZAM,  
24 you were doing so on the understanding that it was  
25 being given pursuant to the terms of the NDA?

1                   A. I was doing it -- I was doing  
2 it under the belief it was done under the SEA  
3 agreement.

4 130.               Q. Sorry, I'm talking about in  
5 the lead up to the signing of the SEA agreement.  
6 So, November 1st, the LOI had signed concurrently  
7 with the NDA. Information is exchanged between the  
8 parties as part of the diligence on both sides  
9 leading to the signing of the Shared Exchange  
10 Agreement.

11                   My question is just in giving that  
12 information to BZAM, or in receiving information  
13 from BZAM, you understood that that was being  
14 given, received, exchanged pursuant to the terms of  
15 the NDA?

16                   A. Yes.

17 131.               Q. And I'd just like to pin down  
18 the timing. In late November, it was November  
19 21st, 2023, that's when Final Bell requested the  
20 pro forma combined model from BZAM?

21                   MR. WINTON: Where do you get that  
22 date from?

23                   MR. BLINICK: The exhibits to Mr.  
24 Adams' own affidavit, and the content of his  
25 affidavit.



1 MR. WINTON: Can you direct us to  
2 that, then, before you ask a question that  
3 pinpoints a specific date and time?

4 MR. BLINICK:  
5 132. Q. Sure. You can turn to  
6 paragraph 10 of your affidavit, sir, Exhibit 2.

7 MR. WINTON: Here's Exhibit 2, so  
8 page 22 of the record. Just read the whole email  
9 before you answer any questions.

10 THE WITNESS: I've read the email.

11 MR. BLINICK:  
12 133. Q. And so, just to answer my  
13 question, it was November 21st, 2023, that Final  
14 Bell requested the combined pro forma model from  
15 BZAM?

16 A. Yes.

17 134. Q. And it was on that date that  
18 it received the pro forma combined model from BZAM?

19 A. I'd like to go back. I  
20 believe that I asked for it in a previous email to  
21 this.

22 135. Q. So, in your affidavit, you  
23 make no reference to that previous email? I don't  
24 think there's anything controversial about this.  
25 In your affidavit, you say you received it on

1 November 21st, so I just want to --

2 A. Yes, but I believe the  
3 question was I asked for it. If your question is,  
4 did I receive it, the answer would be yes.

5 136. Q. So, no dispute that you  
6 received it for the first time on November 21st.

7 A. I believe that to be correct.

8 137. Q. And that's what you say in  
9 your affidavit.

10 A. I believe that to be correct.

11 138. Q. And in the email at Exhibit 2  
12 to your affidavit, we have an email from you sent  
13 on November 21st, saying, "can we get the model,  
14 please"?

15 A. Is that a question or a  
16 statement?

17 139. Q. Well, do you agree with that?

18 A. Yes.

19 140. Q. So, November 21st you asked  
20 for it?

21 A. As I said earlier, I believe  
22 there's another email that I asked for prior to  
23 that. I received it on the 21st.

24 141. Q. You didn't attach that email  
25 to your affidavit?

1 A. No, not that I'm aware of.

2 142. Q. You haven't produced that  
3 email in this litigation?

4 MR. WINTON: If it was in our  
5 answers to Redfern, if it was responsive to a  
6 Redfern request, then we produced it. If not, then  
7 perhaps we haven't.

8 MR. BLINICK:

9 143. Q. Are you suggesting, sir, that  
10 BZAM did not provide information to Final Bell in a  
11 timely manner as and when asked?

12 A. The model was being prepared  
13 by Clarus. At the time I asked for it, it was not  
14 completed.

15 144. Q. So, on November 21st, you  
16 asked for it again, is now your evidence?

17 A. Yes.

18 145. Q. And on November 21st, that's  
19 the first time you received it?

20 A. I believe so.

21 146. Q. You would agree --

22 A. I'd like to see the  
23 attachment, to be sure. The attachment to that  
24 email is --

25 MR. WINTON: I think we reviewed

1 that.

2 MR. BLINICK:

3 147. Q. It's your record, sir.

4 A. Okay. Yes. Yes, yes. Sorry,  
5 yes.

6 148. Q. Final Bell subsequently  
7 requested and received the BZAM standalone model?

8 A. Yes.

9 149. Q. And that was requested by  
10 Final Bell on or about November 30th, does that  
11 sound right? We can go to your affidavit.

12 MR. WINTON: Why don't we? If  
13 you're going to ask him to pinpoint and agree to  
14 dates, I think it's only fair.

15 MR. BLINICK:

16 150. Q. If we can go to Exhibit 3?  
17 You'll see this is an email from Mr. Bovingdon  
18 dated November 30th, providing you with the BZAM  
19 standalone model?

20 A. So, please ask the question  
21 again?

22 151. Q. You received the BZAM  
23 standalone model on November 30th?

24 A. Yes.

25 152. Q. And you asked for it on or

1 about that time?

2 A. I'd have to -- no, I asked for  
3 it prior to that. I don't know on the specific  
4 date that I asked for it. I received it on this  
5 date.

6 153. Q. Anytime you asked for  
7 information from BZAM, it was relatively promptly  
8 provided; you'd agree with that?

9 A. Yes.

10 154. Q. And you would agree, sir, that  
11 under the LOI, Final Bell had a right to ask for  
12 whatever documentation it required as part of its  
13 diligence on the potential transaction?

14 A. I believe that's a true  
15 statement, subject to there's competitive data that  
16 potentially they would not disclose.

17 155. Q. Did that ever occur? Did they  
18 ever use to provide any information on the basis of  
19 competitive data?

20 A. Not that I'm aware of.

21 156. Q. So, you would agree that Final  
22 Bell not only had the ability under the LOI to seek  
23 whatever documentation it provided, it was also  
24 given the documentation it asked for?

25 A. Yes.

1 157. Q. Just in terms of the timing  
2 around the alleged representation concerning the  
3 extension of the maturity date of the Cortland  
4 facility, you state in your affidavit, when you go  
5 to paragraph 24 where you discuss it, that this was  
6 communicated by Mr. Bovingdon to you in a virtual  
7 meeting?

8 A. Sorry, could you ask the  
9 question again?

10 158. Q. I'll put it differently. When  
11 was the alleged representation concerning the  
12 potential extension of the Cortland facility first  
13 made?

14 A. November 21st, 2023.

15 159. Q. And it was in this virtual  
16 meeting you had with Mr. Bovingdon?

17 A. Yes.

18 160. Q. Where you orally discussed the  
19 maturity date of the Cortland Credit facility?

20 A. Yes.

21 161. Q. And so, in your affidavit,  
22 what you say is, "Mr. Bovingdon assured me that  
23 BZAM would be able to get a 15-month extension for  
24 the facility." Do you see that?

25 A. Yes.

1 162. Q. And is that a fair  
2 characterization of what was discussed?

3 A. Yes.

4 163. Q. You did relay the information  
5 that Mr. Bovingdon conveyed to you to others at  
6 Final Bell following that November 21st meeting?

7 A. Yes.

8 164. Q. So, go to Exhibit 6 of your  
9 affidavit, sir. You send an email on November  
10 21st, to Robert Meyer, Mihai Ionescu, copying  
11 Kiarash Hessami, Jimmy Nguyen and Christy Zhou; do  
12 you see that?

13 A. Yes, I do.

14 165. Q. And in the third paragraph of  
15 that email, you say the revolver matures 3/31/24,  
16 so March 31st, 2024, I presume is what you mean by  
17 those dates, correct?

18 A. That would be correct.

19 166. Q. And they see no reason that it  
20 won't be extended. I take it what you describe  
21 there is the contemporaneous description of what  
22 was discussed with Mr. Bovingdon?

23 A. Yes.

24 167. Q. And you would have accurately  
25 reported to your team that discussion?

1                   A. Yes, with the exception I see  
2 now the date isn't correct.

3 168.            Q. Right. But focusing on "they  
4 see no reason it won't be extended" --

5                   A. Yes.

6 169.            Q. -- that's the extent of what  
7 Mr. Bovingdon told you?

8                   A. Yes.

9 170.            Q. There's no guarantee or  
10 assurance that it would be extended.

11                  A. That's correct.

12 171.            Q. Now, just going back to what  
13 your counsel had said earlier about the  
14 representations, or the alleged misrepresentations  
15 in this case all being representations under the  
16 purchase agreement based on the definition of  
17 purchase documents track through, there's no  
18 specific representation, to your knowledge, in the  
19 Share Exchange Agreement expressly dealing with the  
20 extension of the Cortland facility, is there? And  
21 you're looking at your counsel to jump in --

22                  MR. WINTON: Well, he's looking at  
23 me because --

24                  MR. BLINICK: -- but I'm looking  
25 for your evidence --



1 MR. WINTON: -- well, no, I don't  
2 think that's fair because you're not -- he's not  
3 here to be quizzed on the content of a contract in  
4 that way. If you want to bring him to the  
5 representations, if you want him to review it, he  
6 can tell you that. But he's not a lawyer --

7 MR. BLINICK: Counsel, if he needs  
8 time to look at the representations and warranties  
9 in the Share Exchange Agreement, take all day.

10 MR. WINTON: If you're going to --

11 MR. BLINICK: It's a pretty  
12 straightforward basic question. There is no rep  
13 and warranty dealing with the extension of the  
14 maturity date of the Cortland facility in the Share  
15 Exchange Agreement, is there?

16 MR. WINTON: Okay. Let's just be  
17 clear here, because you're here to examine a  
18 witness, who is not a lawyer, on the facts of his  
19 affidavit. The reps and warranties in the Share  
20 Exchange Agreement span 15 or more pages. If  
21 you're going to ask him, not a lawyer, to interpret  
22 the 15 pages, I don't think that's appropriate for  
23 a cross-examination.

24 MR. BLINICK: I'm not asking to  
25 interpret it. I'm asking for his understanding --

1 and maybe I'll approach it differently.

2 MR. BLINICK:

3 172. Q. Did you or anyone else at  
4 Final Bell seek to incorporate into the Share  
5 Exchange Agreement a representation that the  
6 transaction was conditional on the Cortland  
7 facility being extended?

8 A. I did not seek to add it or  
9 include it.

10 173. Q. And likewise, with respect to  
11 the amount of borrowing capacity under the  
12 facility, did you or, to your knowledge, anyone  
13 else at Final Bell seek to incorporate a  
14 representation into the Share Exchange Agreement as  
15 to the available capacity under that facility?

16 MR. WINTON: Other than in  
17 representation 3.31, which we brought you to -- or  
18 sorry, is it 3.23? Other than 3.23, which we  
19 brought to you, that's your question?

20 MR. BLINICK: Correct.  
21 Specifically, dealing with it squarely, not through  
22 some convoluted backend way.

23 REF MR. WINTON: Okay. Well, if  
24 you're going to put it that way, then, no, that's  
25 an objectionable question. So, why don't you just

1 ask a proper question?

2 MR. BLINICK:

3 174. Q. Specifically, expressly, did  
4 you, or anyone else at Final Bell to your  
5 knowledge, seek to incorporate a representation  
6 dealing specifically with the borrowing capacity --  
7 available borrowing capacity under the Cortland  
8 facility?

9 A. I did not seek.

10 175. Q. You did not seek that.

11 A. I did not seek that.

12 176. Q. And to your acknowledge, no  
13 one else at Final Bell?

14 A. To my knowledge, no one else  
15 did.

16 177. Q. And the same goes for the  
17 extension? To your knowledge, no one else at Final  
18 Bell sought to --

19 A. To my knowledge, no one else  
20 did.

21 178. Q. And with respect to the  
22 cashflow projections, standalone, combined, any  
23 other way, did you, or to your knowledge, anyone  
24 else at Final Bell seek to have those specifically  
25 represented and warranted under the Share Exchange

1 Agreement?

2 MR. WINTON: Other than as  
3 expressed in section 3.23. You have to qualify it  
4 that way, because if we say that's where it's  
5 contained --

6 MR. BLINICK: I'm not trying to --

7 MR. WINTON: Right.

8 MR. BLINICK: -- get around that.  
9 The question was specifically, and I think we can  
10 agree counsel, section 3.23 doesn't deal with these  
11 matters specifically.

12 MR. WINTON: Well, I disagree.  
13 They absolutely do deal with it specifically,  
14 because it incorporates by reference plans and  
15 projections. It's specifically dealt with in  
16 section 3.23. If you want to ask, is there any  
17 other section that he understands, which I don't  
18 think is a relevant question, but go ahead and ask  
19 it, because I don't think it matters what a witness  
20 understands in a contract, he can answer that. But  
21 it is specifically addressed in 3. --

22 MR. BLINICK: The question is  
23 whether he sought to include it or whether anyone  
24 at Final -- anyone else at Final Bell sought to  
25 include a representation specifically concerning

1 the cashflows or warranty in the Share Exchange  
2 Agreement.

3 THE WITNESS: I did not seek to  
4 add it.

5 MR. BLINICK:

6 179. Q. Nor, to your knowledge, did  
7 anyone else at Final Bell.

8 A. Nor to my knowledge did  
9 anybody else.

10 180. Q. And likewise, with respect to  
11 the Cortland issues and the cashflows, not only did  
12 you not seek to include that specifically in the  
13 reps and warranties in the Share Exchange  
14 Agreement, and not only did no one else at Final  
15 Bell, to your knowledge, seek to do that, but Final  
16 Bell's counsel also didn't seek to do that, to your  
17 knowledge; is that fair?

18 A. Yes.

19 181. Q. You're familiar with the  
20 Redfern request that was delivered to Final Bell?

21 A. I'm familiar, yes.

22 182. Q. And I take it you were  
23 involved in the document collection and production  
24 process?

25 A. Yes, I was.

1 183. Q. And I take it you did a  
2 thorough search of your records, and other Final  
3 Bell personnel did a thorough search of their  
4 records to ensure compliance with Final Bell's  
5 production obligations, based on the requests that  
6 were made?

7 A. I know that I did. I looked  
8 at my record.

9 184. Q. And I don't want to get into  
10 any privileged information, of course you provided  
11 those to counsel, and those were ultimately  
12 produced to us?

13 A. Yes. My understanding, yes.

14 185. Q. Is it your understanding that  
15 Final Bell produced everything in its possession  
16 that was responsive to the request we made?

17 A. It's not my role.

18 186. Q. Insofar as the documents you  
19 may have been included on, email correspondence,  
20 other financial documents, your evidence is,  
21 though, that you produced everything in your own  
22 personal possession that was responsive to the  
23 requests we've made?

24 A. Yes.

25 187. Q. So, paragraphs 2 to 4 of your

1 affidavit, you set out -- feel free to turn it up.  
2 They just set out your work experience and  
3 professional experience; is that right?

4 A. Yes.

5 188. Q. You're a Certified Public  
6 Accountant, Certified Management Accountant with  
7 over 40 years of experience?

8 A. Yes.

9 189. Q. In terms of postgraduate  
10 education -- let's just go off the record for a  
11 second.

12 --- Recess taken at 10:51 a.m.

13 --- Upon resuming at 11:01 a.m.

14 MR. BLINICK:

15 190. Q. Sorry, before the break, we  
16 had Mr. Ionescu, corporate counsel for Final Bell,  
17 join the Zoom. I think I was just asking you, sir,  
18 paragraphs 2 to 4 of your affidavit describe your  
19 professional experience and your education; is that  
20 right?

21 A. That's correct.

22 191. Q. And you say in paragraph 3,  
23 you hold a Bachelor of Business Administration in  
24 Accounting, from the University of Wisconsin-  
25 Oshkosh?

1 A. Yes.

2 192. Q. Do you have any other post-  
3 secondary education?

4 A. I do not.

5 193. Q. And in terms of your  
6 professional designations, it's just that of a  
7 Certified Public Accountant and a Certified  
8 Management Accountant?

9 A. Correct.

10 194. Q. Other professional  
11 designations?

12 A. I do not.

13 195. Q. And the work history described  
14 a paragraph 4, having been CFO of 4Front, CFO of  
15 Loudpack, and Chief Accounting Officer of DYME  
16 Brands, all cannabis companies, correct?

17 A. Down to DYME, yes.

18 196. Q. That's an accurate description  
19 of your most recent experience?

20 A. Yes.

21 197. Q. I'm just going to show you,  
22 you'll no doubt be familiar with it, your LinkedIn  
23 profile. And, of course, consistent with what  
24 you've set out here in your affidavit, but it goes  
25 into a little more detail in terms of your earlier



1 work history.

2 A. Okay.

3 198. Q. Your LinkedIn profile  
4 accurately describes your work history and your  
5 talents?

6 A. Yes.

7 MR. BLINICK: So, let's just mark  
8 that as the first exhibit to this examination.

9 MR. WINTON: Sure. Yes.

10 EXHIBIT NO. 1:  
11 Keith Adams LinkedIn Profile  
12 (FB0000203)

13 MR. BLINICK:  
14 199. Q. And you describe yourself as  
15 talented, driven, respected and successful serial  
16 CFO?

17 A. Yes.

18 200. Q. That's a fair description of  
19 who you are?

20 A. As far as I look at myself,  
21 yes.

22 201. Q. Okay. You state in your  
23 affidavit, sir, you were appointed CFO of Final  
24 Bell on November 9th, 2023?

25 A. Yes.

1 202. Q. That was your formal official  
2 start date?

3 A. Yes.

4 203. Q. Did you start actually working  
5 with the company before then?

6 A. Yes.

7 204. Q. When?

8 A. Early October.

9 205. Q. Early October. And in what  
10 capacity were you working?

11 A. On a consulting basis.

12 206. Q. So, can you pinpoint an exact  
13 date for me as to --

14 A. I don't know the exact date.

15 207. Q. But it would have been early  
16 October 2023?

17 A. Correct.

18 208. Q. And then you sort of formally  
19 were appointed CFO on November 9th?

20 A. Correct.

21 209. Q. Okay. And so, you've worked  
22 in the cannabis industry, sir, for the last six  
23 years?

24 A. Correct.

25 210. Q. You note in your affidavit

1 that going concern notes in financial statements  
2 are the norm in the cannabis industry.

3 MR. WINTON: Can you direct us to  
4 the paragraph you're referring to before you ask  
5 these questions?

6 MR. BLINICK:  
7 211. Q. While my colleague tries to  
8 find the exact pinpoint, is it your understanding  
9 that going concern notes are the norm in the  
10 cannabis industry?

11 A. Yes.

12 212. Q. I take it you're also familiar  
13 with the extent of insolvency filings in the  
14 industry over the last several years?

15 A. I'm not -- ask the question  
16 again?

17 213. Q. You know that there have been  
18 a significant number of insolvency filings by  
19 cannabis companies in the last several years?

20 A. I can't make that  
21 representation. I only know what I know.

22 214. Q. And that's what I'm asking  
23 you. Do you know that?

24 A. That there have been...?

25 215. Q. A significant number of

1 insolvency filings by cannabis companies?

2 A. I don't know how to define  
3 significant numbers. Is that ten? Is it 10,000?  
4 I don't know what you're referring to. Do I know  
5 of other insolvencies?

6 216. Q. Yes.

7 A. I do.

8 217. Q. In the cannabis industry.

9 A. I do.

10 218. Q. So, just recently, Aleafia,  
11 for instance, are you aware of that?

12 A. I am not.

13 219. Q. Okay. Are you aware of  
14 Biosteel?

15 A. I am not.

16 220. Q. Capcium?

17 A. I am not.

18 221. Q. Chalice Brands?

19 A. I am not.

20 222. Q. But you're aware of others?

21 A. Yes.

22 223. Q. So, based on my list and the  
23 ones you're aware of, you would have known that  
24 cannabis companies are particularly at risk of  
25 insolvency events?

1 REF MR. WINTON: The question is  
2 phrased is unfair. I object to it.

3 MR. BLINICK:  
4 224. Q. Let me put it differently,  
5 sir. As an experienced CFO, you knew that  
6 companies include going concern notes in their  
7 financial statements only when there is a real and  
8 material solvency risk and the potential that they  
9 will not have enough money to survive?

10 A. Not a true statement.

11 225. Q. You disagree with that  
12 statement?

13 A. Absolutely.

14 226. Q. And Final Bell received,  
15 reviewed, and understood BZAMs audited financial  
16 statements that it received as part of the  
17 diligence process?

18 A. I received and I reviewed the  
19 statements.

20 227. Q. You didn't understand them,  
21 though.

22 A. Sure.

23 228. Q. Sure, you did not understand  
24 them?

25 A. Sure, I did understand.

1 229. Q. You did understand. So, you  
2 received, reviewed --

3 A. Yes.

4 230. Q. -- and understood the audited  
5 financial statements of BZAM?

6 A. Yes.

7 231. Q. And likewise, you were  
8 provided with unaudited financial statements for  
9 sort of the stub period immediately preceding the  
10 share -- signing of the Share Exchange Agreement,  
11 correct?

12 A. Yes.

13 232. Q. And you understood those  
14 financial statements as well, and the disclosure  
15 that was contained therein?

16 A. I did not as thoroughly read  
17 those.

18 233. Q. But you read them?

19 A. The September statement? Yes.

20 234. Q. And you would have understood  
21 what you read as an accountant with 40 years plus  
22 experience?

23 A. Yes.

24 235. Q. And you were live to the risks  
25 associated with BZAM's business, including the

1 potential risk that it may not be able to continue  
2 as a going concern?

3 A. I read the statement, yes.  
4 You're asking me to give you a judgment opinion  
5 that I'm not necessarily aligned with that  
6 statement.

7 236. Q. So, you can disagree with it  
8 if you don't agree.

9 A. So, ask me the question again?

10 237. Q. You are not live to the risks  
11 associated with BZAM's business, and particularly  
12 the risk that it may not be able to continue as a  
13 going concern.

14 A. That statement is an historic  
15 statement, not a future statement.

16 238. Q. Just answer the question, yes  
17 or no?

18 A. I don't understand the  
19 question. Ask it again?

20 239. Q. Were you live to the risks  
21 that BZAM may not be able to continue as a going  
22 concern, yes or no?

23 A. Yes.

24 240. Q. You were live to that risk?

25 A. Live? What does live mean?

1 241. Q. You understood the risk?

2 A. Yes.

3 242. Q. You understood it well?

4 A. Yes.

5 243. Q. You reviewed the statements  
6 for the three months ended September 30th, 2023,  
7 which was the latest quarter preceding the signing  
8 of the Share Exchange Agreement?

9 A. Correct.

10 244. Q. And you had seen that BZAM had  
11 a net loss from operations of nearly \$17 million in  
12 that period, correct?

13 A. I'd have to look back at the  
14 statement.

15 245. Q. We can do so. I can take you  
16 there. Maybe just more generally, you knew there  
17 was a significant net loss from operations as at  
18 that point in time?

19 A. So, that number is not a net  
20 loss of operations. That was a net income.

21 246. Q. The \$17 million?

22 A. I'd have to, again, look at  
23 the statements.

24 MR. WINTON: Why don't you bring  
25 the statement -- tell us where the statement is?



1 We'll pull it up.

2 MR. BLINICK: Exhibit T to Mr.  
3 Milich's affidavit.

4 MR. WINTON: Yes?

5 MR. BLINICK: If you go to page 3,  
6 the consolidated statements of loss and  
7 comprehensive loss.

8 MR. WINTON: Okay, he's there.

9 MR. BLINICK:  
10 247. Q. You'll see that the net loss  
11 from operations for the three months ended  
12 September 30, 2023, is \$16,981,000?

13 A. I see a net loss from  
14 operations of \$13 million also. I don't think  
15 that's the correct one. That should be net income  
16 from -- net income, and it should not say net loss  
17 from operations.

18 248. Q. So, what was your  
19 understanding at the time of reading this, that  
20 BZAM had a loss from operations of \$13 million?

21 A. Yes.

22 249. Q. That was your understanding of  
23 these financial statements?

24 A. Yes.

25 250. Q. You and Final Bell, sir, were

1 aware of BZAM's continued need, historically for  
2 capital injections, including from Stone Pine?

3 A. Yes.

4 251. Q. You knew -- pardon me?

5 A. No, nothing.

6 252. Q. I didn't mean to cut you off.

7 A. No.

8 253. Q. You knew Stone Pine had  
9 injected over \$7 million into the business between  
10 March and December of 2023 alone?

11 A. Yes.

12 254. Q. Including nearly \$1 million  
13 right before the Share Exchange Agreement was  
14 signed?

15 A. Yes.

16 255. Q. Final Bell signed the Share  
17 Exchange Agreement with full awareness of that  
18 information?

19 A. Yes.

20 256. Q. And I think you told me this  
21 previously, but your evidence is that you  
22 appropriately diligenced this deal?

23 A. Yes.

24 257. Q. And you applied your skills  
25 and experience, which seemed quite deep, when you

- 1 were doing so?
- 2 A. Yes.
- 3 258. Q. You had a large finance team
- 4 working with you?
- 5 A. I had an appropriate finance
- 6 team.
- 7 259. Q. How many members on that team?
- 8 A. On the team or doing due
- 9 diligence?
- 10 260. Q. Well, let's break it down.
- 11 How many members are on the team at large?
- 12 A. Thirteen, 14.
- 13 261. Q. And in terms of the diligence
- 14 specifically for the transaction with BZAM, how
- 15 many individuals were on that team?
- 16 A. From finance.
- 17 262. Q. From finance?
- 18 A. Three.
- 19 263. Q. Three. And you had Ariel
- 20 Wessling?
- 21 A. Sorry, then four. Ariel, yes.
- 22 264. Q. Tell me who the other three
- 23 are.
- 24 A. Kia.
- 25 265. Q. Kia?

1 A. Kia is the abbreviation. It's  
2 in the email from Robert.

3 266. Q. Kia Hessami?

4 A. Mm-hmm.

5 267. Q. That's Kiarash Hessami?

6 A. Yes. That's -- I don't think  
7 that's the correct pronunciation, but yes.

8 268. Q. Pardon me. Okay. So, Kia,  
9 Ariel...

10 A. Jimmy Nguyen.

11 269. Q. Yeah?

12 A. And myself.

13 270. Q. Anyone else on the finance  
14 side?

15 A. Not that I recall.

16 271. Q. And so, let's just break them  
17 down. We know you were CFO. What was Mr.  
18 Hessami's title and role?

19 A. I believe he's Director of  
20 Corp Development.

21 272. Q. Corporate Accounting, I think  
22 is his email signature.

23 A. It could be Corporate  
24 Accounting.

25 273. Q. Does that sound right?

- 1 A. It could be.
- 2 274. Q. Okay. Mr. Nguyen?
- 3 A. Yeah. He's Director of, I
- 4 don't know the exact title, Financial Planning.
- 5 275. Q. And Ms. Wessling?
- 6 A. VP Finance.
- 7 276. Q. And all of them were assisting
- 8 with Final Bell's diligence efforts on the FBC
- 9 transaction, correct?
- 10 A. Yes.
- 11 277. Q. Now, you said there were other
- 12 people not on the finance team who were also
- 13 involved.
- 14 A. Correct.
- 15 278. Q. Who are those individuals?
- 16 A. Christy -- I don't know
- 17 Christy's last name. She's legal counsel for Final
- 18 Bell Canada.
- 19 279. Q. In house counsel?
- 20 A. Yes.
- 21 280. Q. Yeah?
- 22 A. Greg Boone.
- 23 281. Q. Greg Boone. What was his
- 24 title and role?
- 25 A. CEO of Final Bell Canada.

1 There were other people in that team that I'm not  
2 aware of.

3 282. Q. Okay. So, suffice it to say,  
4 you had four people on the finance team directly  
5 working on the diligence, correct?

6 A. Yes.

7 283. Q. You had in house legal counsel  
8 assisting with the diligence?

9 A. Yes.

10 284. Q. And you had other Final Bell  
11 personnel also working on the diligence, who you  
12 can't particularize it this time.

13 A. They were providing  
14 information. They weren't doing the due diligence  
15 work. They were providing information.

16 285. Q. Understood. Was there anyone  
17 else assisting with the diligence efforts?

18 A. Yeah, let me go back. Ariel  
19 was not assisting with the diligence. She was  
20 providing information.

21 286. Q. Okay.

22 A. So, it was mainly Kia and  
23 myself, supplemented by Jimmy and Ariel providing  
24 information.

25 287. Q. Understood. And beyond those

1 four people, there was a broader team of finance  
2 professionals that you or others could have drawn  
3 on as and when needed to the extent required?

4 A. If I needed help, yes.

5 288. Q. The board members of Final  
6 Bell weren't involved in the diligence process,  
7 correct?

8 A. Not in conjunction with me.

9 289. Q. To your knowledge, were they  
10 involved in conjunction with others or at all?

11 A. I don't know what  
12 conversations they would have had directly. I do  
13 know that Greg and Matt had several conversations.

14 290. Q. Greg Boone and Matt Milich?

15 A. Greg Boone is director of our  
16 -- was a director of Final Bell at the time.

17 291. Q. Okay. But I think what you're  
18 telling me, and correct me if I'm stating it wrong,  
19 but you didn't have any line of sight into what the  
20 board members at Final Bell were doing or  
21 considering as it related to this transition?

22 A. I did not.

23 292. Q. The negotiation between the  
24 parties relating to this transaction commenced in  
25 early October 2023, correct?

1 A. I don't know. I was not  
2 involved.

3 293. Q. You joined Final Bell around  
4 that time, but you just weren't involved in the  
5 negotiations.

6 A. Was not involved.

7 294. Q. To your understanding, based  
8 on what you now know, is it fair to say that those  
9 negotiations in the early days, October 2023,  
10 leading up to the signing of the LOI, they involved  
11 Greg Boone, Robert Meyer and Tom Fornarelli on the  
12 Final Bell side?

13 A. That's what -- I do know those  
14 people were involved.

15 295. Q. And they involved Mr. Milich  
16 on the BZAM side?

17 A. Yes.

18 296. Q. We don't have any evidence --

19 A. Only by third party comment.

20 297. Q. Okay, but that's -- I'm just  
21 asking for what you understand, or have been  
22 informed of, or believe.

23 A. Yes.

24 298. Q. There's no evidence from Mr.  
25 Boone, Mr. Meyer or Mr. Fornarelli in this



1 proceeding, but I just want to ask you, there's  
2 nothing that prevented Final Bell from tendering  
3 any evidence from any of those folks, is there?

4 MR. WINTON: I'm just thinking  
5 about that, whether it's a proper question. Fine.  
6 I'll let it go.

7 THE WITNESS: I need to understand  
8 the question. Can you rephrase it?

9 MR. BLINICK:  
10 299. Q. Maybe I'll put it differently.  
11 Mr. Fornarelli, Mr. Meyer, Mr. Boone are all  
12 individuals to whom Final Bell has access?

13 A. Yes.

14 300. Q. And to the extent Final Bell  
15 thought their evidence was important, they could  
16 have put that forward in this proceeding rather  
17 than just affidavit evidence from you and Mr.  
18 Jessel?

19 OBJ MR. WINTON: I am concerned about  
20 the way that's phrased. So, pursuant to Rule  
21 34.12, the answer to that question is yes.

22 MR. BLINICK:  
23 301. Q. And you agree with that,  
24 subject to Rule 34.12?

25 A. I don't -- I can't comment.

1 302. Q. Final Bell was at all times  
2 represented by sophisticated legal counsel on this  
3 transaction?

4 A. Yes.

5 303. Q. And when -- prior to the  
6 execution of the Share Exchange Agreement on  
7 December 5th, 2023, Final Bell had received, and I  
8 don't want to know the content of the advice, but  
9 it received legal advice with respect to the  
10 agreement?

11 MR. WINTON: Just before we go  
12 there, counsel, I think we're agreed Final Bell has  
13 not put its state of mind or relied on any legal  
14 advice received for any position it advances in  
15 this proceeding.

16 MR. BLINICK: Understood.

17 MR. WINTON: So, the fact of  
18 receiving legal advice may be admitted, but you're  
19 not going to go beyond that.

20 MR. BLINICK: Of course. I'm not  
21 looking to go anywhere beyond that.

22 MR. WINTON: So, with that  
23 understanding, I think the witness, if he knows the  
24 answer, can answer.

25 MR. BLINICK:

1 304. Q. Maybe I'll just put it  
2 differently to address your counsel's concerns, but  
3 Final Bell had the assistance of legal counsel when  
4 negotiating the Share Exchange Agreement?

5 A. Yes.

6 305. Q. And Final Bell, together with  
7 its counsel, had full input on the terms of the  
8 Share Exchange Agreement?

9 A. Yes.

10 306. Q. They had the ability to  
11 propose terms, Final Bell and/or its counsel, they  
12 had the ability to propose terms for the Share  
13 Exchange Agreement as they deemed necessary or  
14 appropriate?

15 A. Yes.

16 307. Q. And they did, in fact, Final  
17 Bell and its counsel, propose those terms that they  
18 thought were necessary and/or appropriate?

19 A. To my understanding.

20 MR. WINTON: That's all you can  
21 do.

22 MR. BLINICK:

23 308. Q. Final Bell, with the benefit  
24 of advice from legal counsel, reviewed and  
25 commented on the Letter of Intent that we discussed

1 earlier?

2 A. I was not involved in the  
3 drafting or negotiation of that Letter of Intent.

4 309. Q. If I take you to Exhibit J to  
5 Mr. Milich's affidavit, this is a markup of a draft  
6 of a Letter of Intent that contains Final Bell's  
7 comments. I take it you're not familiar with this  
8 document?

9 A. I am.

10 310. Q. You are familiar with this  
11 document, the markup of this document, the document  
12 in front of you?

13 A. Yes.

14 311. Q. And are you familiar with it  
15 from having reviewed it in connection with this  
16 litigation, or from having been involved with this  
17 contemporaneously at the time these comments were  
18 made and provided?

19 A. Both.

20 312. Q. Okay. So, when you told me a  
21 moment ago that you're not sure whether Final Bell  
22 reviewed and commented on the LOI with the benefit  
23 of legal advice --

24 MR. WINTON: That wasn't his  
25 evidence.

1 MR. BLINICK: Okay, maybe I  
2 misheard it. So, let me -- I'll ask the question.

3 MR. BLINICK:  
4 313. Q. Final Bell, with the benefit  
5 of legal advice, reviewed and commented on the LOI?

6 A. To my understanding, yes.

7 314. Q. Okay. And this markup we're  
8 looking at, Exhibit J, reflects Final Bell's  
9 comments on the LOI, at least as at this point in  
10 time?

11 A. I believe so.

12 315. Q. And you know there was a  
13 target closing date for executing the definitive  
14 agreement under the LOI of November 22nd? I

15 MR. WINTON: s there a particular  
16 section or --

17 MR. BLINICK: 9A of the agreement.

18 MR. BLINICK:

19 316. Q. And what 9A provides is the  
20 agreement will effectively terminate if the parties  
21 have not entered into the definitive agreement by  
22 5:00 p.m. by November 22nd or such other date -- or  
23 such other time or date as may be agreed to in  
24 writing by the parties?

25 MR. WINTON: That's what this

1 document says.

2 MR. BLINICK:

3 317. Q. Right. Final Bell didn't seek  
4 to change that target date for signing the Share  
5 Exchange Agreement?

6 A. I was not involved in the  
7 negotiation of this.

8 318. Q. Well, I'm sorry, I think you  
9 said you're familiar with the document from having  
10 been involved with it contemporaneously.

11 A. That's different than being  
12 involved in the negotiation.

13 319. Q. I'm just asking a very simple  
14 question about whether it sought to change the  
15 target date for signing the Share Exchange  
16 Agreement.

17 A. I have no knowledge.

18 320. Q. Okay. Were you involved in  
19 the preparation or deliveries to BZAM of the NDA?

20 A. I was not.

21 321. Q. Something you state in your  
22 affidavit, I just want to make sure I understand  
23 it, is there's some discussion around -- and I can  
24 pull it up, if necessary, of course, or if you want  
25 to see it, you just let me know. But there's

1 reference in your affidavit to BZAM having  
2 effectively impressed upon Final Bell a need to  
3 close the Share Exchange Agreement quickly, or  
4 something to that effect. Do you recall stating  
5 that in your affidavit? I just want to understand  
6 what you're actually saying there. Like, what's  
7 your --

8 A. Let's go to it. Let's go to  
9 the document.

10 322. Q. It's paragraph 61. You say,  
11 "Throughout the closing process?

12 MR. WINTON: Just wait. Let us --  
13 let us get there.

14 MR. BLINICK: Take your time.

15 MR. WINTON: Okay, the witness is  
16 there.

17 MR. BLINICK:

18 323. Q. So, "Through the closing  
19 process, BZAM impressed upon us an urgency to close  
20 the Share Exchange Agreement." Do you see that?  
21 And read the whole paragraph. Take your time.

22 A. So, I've read it.

23 324. Q. Is your suggestion, either in  
24 this section of the affidavit or just more  
25 generally, that Final Bell was rushed by BZAM to

1 sign the Share Exchange Agreement or to close the  
2 deal under the Share Exchange Agreement?

3 A. Both.

4 325. Q. Both. So, your evidence is  
5 Final Bell was rushed by BZAM to sign the Share  
6 Exchange Agreement?

7 A. We were pushed to sign and  
8 close by Matt specifically.

9 326. Q. And those are two different  
10 things we're talking about, signing on December  
11 5th, closing a month later, January 5, correct?

12 A. Yes.

13 327. Q. And your suggestion is that  
14 was Mr. Milich's doings exclusively?

15 A. Yes. Conversation directly  
16 with Matt.

17 328. Q. Final Bell wasn't in a rush to  
18 sign the Share Exchange Agreement?

19 A. Not to my knowledge.

20 329. Q. And Final Bell wasn't in a  
21 rush to close the transaction under the Share  
22 Exchange Agreement?

23 A. There was inertia to close  
24 before year end.

25 330. Q. Sorry, when you say there was



1 inertia to close before year end, what --

2 A. There was a desire to close  
3 before calendar year end.

4 331. Q. December 31st?

5 A. So, it fell within that time  
6 period from both sides.

7 332. Q. From both sides.

8 A. Yes.

9 333. Q. So, Final Bell wanted to close  
10 before calendar year end?

11 A. I did, yes.

12 334. Q. And that was the general  
13 sentiment amongst your finance team and the board?

14 A. I can't comment for the board.

15 335. Q. But, certainly, for the  
16 finance team?

17 A. Yes.

18 336. Q. So, let's just talk about the  
19 Jeeter launch, which is a defined term in Mr.  
20 Milich's affidavit, but it refers generally to the  
21 launching of a product line with Jeeter. You're  
22 familiar with Jeeter?

23 A. Vaguely.

24 337. Q. Just vaguely?

25 A. Yes.

1 338. Q. You're aware that Final Bell  
2 had secured a licencing deal with Jeeter that was  
3 formalized on November 16th, 2023?

4 A. For the Canadian market.

5 339. Q. You are aware of that?

6 A. Yes.

7 340. Q. You were aware of that in  
8 November 2023?

9 A. I can't recall if I was aware  
10 in November '23.

11 341. Q. You can't recall having any  
12 knowledge about the deal with Jeeter and the  
13 working capital requirements it would impose on the  
14 Final Bell business?

15 A. Oh, yes. Yes, sorry. In the  
16 preparation of the model? Yes.

17 342. Q. So, now you do --

18 A. Yes.

19 343. Q. -- recall the Jeeter launch,  
20 and that was a deal, sir, that had a heavy  
21 operational and working capital requirement?

22 A. Yes.

23 344. Q. FBC had a large load in with  
24 the OCS pending, which needed to be filled by very  
25 early 2024?

1 A. I have no knowledge.

2 345. Q. You had no knowledge of those  
3 requirements that had to be met under the licencing  
4 deal?

5 A. I do not.

6 346. Q. You do now?

7 A. I do not.

8 347. Q. You do not. You do not now  
9 today, and you did not at the time of diligencing  
10 this transaction?

11 A. The Canadian market is  
12 operated very differently than the U.S. market.

13 348. Q. And so, you don't, as CFO,  
14 have a very good pulse on the Canadian market?

15 A. I rely on the Canadian  
16 operations team.

17 349. Q. And is there a Canadian  
18 finance team?

19 A. The two people are Greg and  
20 Jennifer.

21 350. Q. Those are not the people who  
22 worked on the diligence aspect of --

23 A. They provided inputs to the  
24 model.

25 351. Q. And Jennifer, what's her last

1 name?

2 A. It begins with an M. I'm not  
3 sure.

4 352. Q. And Greg is Greg Boone.

5 A. Greg Boone.

6 353. Q. So, you relied on those two  
7 individuals for the inputs into the FBC model?

8 A. My team relied on their  
9 inputs.

10 354. Q. But you personally didn't have  
11 an understanding of the additional burden that  
12 would be associated with the Jeeter launch?

13 A. Not specifically.

14 355. Q. And I take it you also  
15 wouldn't have known, then, that the early 2024  
16 load-in was a hard deadline that Final Bell was  
17 working towards?

18 A. I did not even today, until  
19 you said that there was a hard deadline. I was not  
20 aware of that.

21 356. Q. The additional burden  
22 associated with the Jeeter launch, both  
23 operationally and financially, that was a key  
24 motivator for Final Bell in entering into this  
25 transaction and pursuing it in the first place?

1 A. Ask the question again?

2 357. Q. The additional burden  
3 associated with the Jeeter launch, financially and  
4 operationally, was a key motivator for Final Bell  
5 pursuing this transaction?

6 A. I can't say that's a true  
7 statement.

8 358. Q. You can't say it's untrue  
9 either? You didn't have a line of sight into what  
10 the business rationale for --

11 A. It was a motivator. I don't  
12 know if it was a key motivator.

13 359. Q. So, you know that it was an  
14 important factor?

15 A. Yes.

16 360. Q. You do know that?

17 A. Yes.

18 361. Q. That was well known throughout  
19 the business at the time?

20 A. Throughout what business?

21 362. Q. The Final Bell business. It's  
22 finance team, operations team, executive team and  
23 board. Everyone knew.

24 A. No.

25 363. Q. So, just you as CFO had

1 understood that this was an important factor?

2 A. The Canadian business was  
3 operated independently from the U.S. business.

4 364. Q. Okay.

5 A. You asked if the entire  
6 company knew. I can't make that statement. I can't  
7 speak for them. I do know that the two businesses  
8 were run very independently.

9 365. Q. But in a highly interrelated  
10 way as well. I can come back to that. You  
11 understood, at least at a high level, that the  
12 Jeeter launch would put an additional financial  
13 strain on FBC?

14 A. Yes.

15 366. Q. And you had also understood  
16 that Final Bell, which you say operated  
17 independently, was effectively financing FBC?

18 A. Yes.

19 367. Q. And that was a financing  
20 arrangement that was both unsustainable and  
21 unpalatable to the Final Bell team?

22 A. I can't make that statement.

23 368. Q. Why not? Is there a  
24 particular aspect of my question that you don't  
25 agree with or just you don't have knowledge as to -

1 -

2 A. Yeah. You're saying it's  
3 untenable, and untenable by who?

4 369. Q. You're the CFO of the company.  
5 I'm asking you, was this a sustainable situation to  
6 have 14th Round continue to build an ever-  
7 increasing --

8 A. No.

9 370. Q. -- accounts receivable, that  
10 was never getting paid?

11 A. No, but I had -- I had  
12 multiple options there. I would not have continued  
13 to finance the business at that level as a CFO.

14 371. Q. Right. It was unsustainable,  
15 and you would not --

16 A. At that level.

17 372. Q. -- have financed it?

18 A. I would not have continued to  
19 finance it at that level. I wouldn't say I  
20 wouldn't finance it. At that level.

21 373. Q. The business had just ramped  
22 up its operating expense requirements with the  
23 Jeeter launch and everything else it was doing.  
24 So, when you say you wouldn't have done it at that  
25 level, what are you saying?

1 MR. WINTON: Can you be more  
2 specific with what you refer to as the business?  
3 You said the business, and I don't know which --

4 MR. BLINICK: FBC --

5 MR. WINTON: Thank you.

6 MR. BLINICK:

7 374. Q. -- pre-Jeeter launch has  
8 upwards of \$13 million in accounts payable owing to  
9 Final Bell, correct?

10 A. Yes.

11 375. Q. Final Bell has a \$13 million  
12 accounts receivable that's aged, is not getting  
13 paid, that's only going to grow with all of the  
14 activities that FBC had committed to, such as the  
15 Jeeter launch.

16 A. Not a true statement.

17 376. Q. So, your evidence, sir, is  
18 that FBC could have continued operating as it was  
19 with the Jeeter launch, all the ramp up and costs  
20 that went with that, as well as everything else,  
21 absent Final Bell taking on additional debt  
22 effectively?

23 A. At what level?

24 377. Q. Well, I think you told me that  
25 the level it was at was already unsustainable and



1 you wouldn't have continued it at that level. Now,  
2 I think we agree that the FBC business was staring  
3 down the barrel of only greater costs.

4 A. Only if allowed to.

5 378. Q. So, that's what I'm trying to  
6 understand. Is your evidence that Final Bell would  
7 have just pulled the plug?

8 A. No, it's not a binary  
9 statement.

10 379. Q. It would have done what?

11 A. Pulled back on the financing.

12 380. Q. To the point that the Jeeter  
13 launch wouldn't get launched.

14 A. I can't make that statement.

15 381. Q. Because you don't know what  
16 would have happened.

17 A. Yeah. It could have been at  
18 the expense of others. I would have cash  
19 constrained that model.

20 382. Q. And you were determined to do  
21 so?

22 A. Absolutely.

23 383. Q. Now, about a week after the  
24 LOI was signed, FBC had 100 pallets of products  
25 shipped to BZAM, and you're smiling, but do you

1 agree with that statement?

2 A. No. The first time I read it  
3 was in Matt's affidavit. I don't know where that  
4 comes from.

5 384. Q. And did that strike you as  
6 surprising?

7 A. Matt's statement did.

8 385. Q. And it was surprising, why?

9 A. Because he used the word  
10 "divert". I don't understand what divert means.  
11 All the products are custom to every brand. I  
12 can't divert from one brand or one company to  
13 another. So, the word divert makes no sense to me.

14 386. Q. Would the word "directed" make  
15 more sense?

16 MR. WINTON: Why don't we pull up  
17 the sentence and see what that looks like? Can you  
18 take us to that?

19 MR. BLINICK: Paragraph 92.

20 MR. WINTON: So, Tab 1 of the  
21 responding record, paragraph 92. So, here's the  
22 paragraph. There's the word. If the word is  
23 "directed", why don't you read it like that? And  
24 then you can answer counsel's question.

25 THE WITNESS: So, please ask the

1 question again?

2 MR. BLINICK:

3 387. Q. So, I appreciate your evidence  
4 that the first time I think you learned of this  
5 diversion, or direction I think is more  
6 appropriately what it's called --

7 A. Meaning Matt's statement, I'm  
8 not even saying it's true. I don't know it's true.  
9 This is just Matt's statement.

10 388. Q. Sorry, are you denying it's  
11 true?

12 A. I have no evidence to prove if  
13 it is or it isn't.

14 389. Q. Did you look at the exhibits  
15 to Mr. Milich's affidavit?

16 A. I did not.

17 390. Q. Okay. So, why don't you go to  
18 II?

19 MR. WINTON: So, in Volume 2 of  
20 the paper record, we have Exhibit II to Mr.  
21 Milich's affidavit. This is the --

22 MR. BLINICK:

23 391. Q. So, I'm taking you to an email  
24 from J.Maccarone@finalbell.com to Mr. Milich,  
25 copying Greg Boone, dated November 8th, 2023. Do

1 you know who Mr. Maccarone is?

2 A. Jennifer.

3 392. Q. Yeah.

4 A. It's a female.

5 393. Q. Yeah. Ms. Maccarone. My  
6 apologies.

7 A. She's the Chief Operating  
8 Officer at Final Bell Canada.

9 394. Q. Right. And she was one of the  
10 people, together with Greg, who was feeding you  
11 information for purposes of the diligence efforts?

12 A. Yes.

13 395. Q. And so, you know her well?

14 A. I don't know her well.

15 396. Q. You know her?

16 A. I have never met her. I've  
17 talked to her a couple times on the phone.

18 397. Q. Just a couple of times?

19 A. Mm-hmm.

20 398. Q. Okay. And so, what she's  
21 saying here is:

22 "Matt, we received the final  
23 quantities of pallets of non-  
24 cannabis goods, 61 pallets of  
25 jars, 14 pallets of caps, 27

1 pallets, pallets of cones.  
2 Total pallets, 102. Cones  
3 will need to be stored in a  
4 temperature and humidity-  
5 controlled environment. Can  
6 you accommodate this  
7 quantity? If so, I'll  
8 confirm the location to  
9 Jeeter, and they will  
10 redirect the shipment  
11 immediately."

12 That's an email sent on November  
13 8th, a week after the LOI was signed.

14 A. Where --

15 MR. WINTON: Paragraph 92.

16 THE WITNESS: Now, I understand  
17 the statement.

18 MR. BLINICK:

19 399. Q. And from your perspective,  
20 it's a true statement?

21 A. Well, it says Final Bell. It  
22 should say Final Bell Canada.

23 400. Q. Thank you for the  
24 clarification. Based on that clarification and  
25 what you've now read in the documentation from Ms.

1 Maccarone at Final Bell Canada to Mr. Milich, sent  
2 November 8th, you'd agree that FBC was already  
3 redirecting Jeeter product to BZAM a week after the  
4 LOI was signed?

5 A. Yeah, and I -- yes, and they  
6 should not have.

7 401. Q. Not only did they do that, the  
8 parties had started planning the operational sides  
9 of both the FBC and BZAM businesses in parallel  
10 right around this time.

11 A. Are you asking a question or  
12 making a statement?

13 402. Q. I'm making a statement and  
14 I'll ask if you agree with it.

15 A. Please make it again?

16 403. Q. Not only did they ship 102  
17 pallets of product, or have 102 pallets of product  
18 redirected from their facility to BZAM by Jeeter,  
19 but Final Bell Canada and BZAM began planning and  
20 coordinating the operational sides of their  
21 respective businesses in parallel around this time,  
22 being November 8th, 2022.

23 A. Again, you're making a  
24 statement.

25 404. Q. You asked me to repeat the

1 statement, and I'm going to ask if you agree with  
2 that.

3 A. I have no knowledge.

4 405. Q. You have no knowledge that  
5 that wasn't the case equally.

6 A. Or that it was.

7 406. Q. I'm going to show you an  
8 email, sir.

9 A. Let me rephrase that. I don't  
10 recall.

11 407. Q. So, sorry, it's not that you  
12 have no knowledge, it's just that you don't  
13 remember and now you've made that change as I'm  
14 about to show you an email?

15 A. I'm just saying, I don't  
16 recall.

17 408. Q. A moment ago, you said you had  
18 no knowledge.

19 A. I rephrased my --

20 MR. WINTON: He corrected his  
21 answer.

22 THE WITNESS: I corrected. Why  
23 are you smiling?

24 MR. BLINICK:

25 409. Q. So, this is not an email

1 involving you, sir. This is a BZAM production  
2 produced in response to the Final Bell/Redfern  
3 request, and this is an update from Mr. Milich to  
4 the board of directors of BZAM. And if you just go  
5 down to Mr. Milich's email dated --

6 A. Just, please, I'd like to read  
7 the whole thing.

8 410. Q. Sure. Take your time.

9 A. Okay, I'm ready.

10 411. Q. So, I'll direct you to the  
11 first email. This is an email dated November 11th  
12 from Mr. Milich to the BZAM board of directors  
13 copying Mr. Bovingdon and Rosanna Mastropietro.  
14 Subject line is update. And what he does here is  
15 he's setting out for the BZAM board some updates on  
16 the progress of the FBC transaction. What he says  
17 at point three is that "We completed initial draft  
18 Share Exchange Agreement that has been circulated  
19 to Final Bell."

20 So, does that accord with your  
21 recollection that as or about November 11th, Final  
22 Bell had a draft Share Exchange Agreement?

23 A. That sounds about right.

24 412. Q. Okay. And then what he goes  
25 on to say in point four is:



1 "We have also started  
2 planning on the operations  
3 side in parallel. As part of  
4 this, a key production person  
5 from BZAM is travelling to  
6 the Jeeter facility in  
7 California this coming week  
8 to get a firsthand  
9 understanding of their  
10 manufacturing process. We  
11 have started the process of  
12 making our first sample  
13 Jeeter pre-rolls at the  
14 Ancaster facility."

15 Do you see that?

16 A. I do.

17 413. Q. Do you have any reason to  
18 doubt that that is incorrect -- or to doubt that  
19 that is correct? My apologies.

20 A. I have no reason to believe it  
21 or doubt it.

22 MR. BLINICK: Right. So, just for  
23 identification purposes, let's mark this as Exhibit  
24 A.

25 MR. WINTON: Okay.

1 EXHIBIT A:  
2 Email dated November 11, 2023  
3 from M. Milich (14-RE- Update\_2)

4 MR. BLINICK:  
5 414. Q. With respect to the excise tax  
6 associated with the Jeeter launch and FBC's  
7 business more generally, is it your evidence, sir,  
8 that Final Bell's model built in the significant  
9 excise tax deposit that was going to be required on  
10 renewal of FBC's licence?

11 A. I don't recall.

12 415. Q. Would it help if I pulled up  
13 the model or if you referred to it?

14 A. It would.

15 416. Q. Okay. We're there.

16 A. What's your question?

17 417. Q. Is it your evidence that Final  
18 Bell's standalone model built in the significant  
19 excise tax deposit that was going to be required on  
20 renewal of FBC's licence?

21 A. I didn't make that statement.

22 418. Q. I'm asking. Is it your  
23 evidence that that's the case. Does the model --

24 MR. WINTON: Does this model  
25 incorporate --

1 THE WITNESS: Show me where.

2 MR. BLINICK:

3 419. Q. It's your model, sir. I'm  
4 asking you the question.

5 MR. WINTON: There's no need to  
6 raise your voice. We can hear you just fine. All  
7 we're trying to do is understand what's being  
8 asked. He's trying to understand the nature of the  
9 question. Let me assist.

10 He wants to understand where in  
11 this model, if anywhere, there's reference to an  
12 excise tax expense going forward upon renewal of  
13 the FBC licence; is that right?

14 MR. BLINICK: Generally.

15 MR. WINTON: Okay. Can you point  
16 Mr. Blinick to where that is or would be in this  
17 model?

18 THE WITNESS: I can point to where  
19 it would be if you go to balance sheet, the second  
20 tab.

21 MR. WINTON: I think that's the  
22 second worksheet, yeah.

23 THE WITNESS: So, I'm sorry. Ask  
24 me that question again, and then I can answer.

25 MR. BLINICK:

1 420. Q. Is it your evidence that Final  
2 Bell's standalone model builds in the significant  
3 excise tax deposit that was going to be required on  
4 renewal of FBC's licence, having regard to the  
5 Jeeter launch and all the other aspects of FBC's  
6 business?

7 A. I am not aware that there's an  
8 excise tax required for a buildup of inventory for  
9 a launch.

10 421. Q. For the sale of that product  
11 in connection with the launch.

12 A. For the sale. Those are two  
13 different things. You asked about the buildup of  
14 the inventory and now you're asking about sales.

15 422. Q. I'm asking about the deposit  
16 for the excise tax.

17 A. I don't know --

18 423. Q. I'm going to put it to you  
19 maybe in a different way. FBC maintained a very  
20 low, and I may be saying artificially low, excise  
21 deposit with the CRA.

22 A. That's a statement.

23 424. Q. Do you agree with that  
24 statement?

25 A. I can't agree or disagree.

1 425. Q. You don't know?

2 A. I don't know Canadian excise  
3 tax law deposits.

4 426. Q. And so, you equally did not  
5 know that with the Jeeter launch and with the other  
6 sales on the horizon that that deposit that was  
7 maintained was going to have to be significantly  
8 increased?

9 A. Not aware of that.

10 427. Q. And so, I think it follows,  
11 then, that that would not have been incorporated  
12 into the FBC standalone model that you prepared.

13 A. That would have been an input  
14 coming from Canada and I am not aware of that.

15 428. Q. You don't recall receiving an  
16 input of that nature?

17 A. My understanding, the excise  
18 tax is assessed on the sale.

19 429. Q. We'll come back to that. Now,  
20 we talked briefly just about your evidence on the  
21 rushing of both the signing of the Share Exchange  
22 Agreement and the closing of the transaction, and I  
23 think what you said was both parties wanted to  
24 close before year end.

25 A. I didn't use the word "rush".

1 430. Q. No, maybe I'm improperly  
2 paraphrasing. That was the general subject matter  
3 or line of questioning I had been asking you about,  
4 right?

5 MR. WINTON: Your questions  
6 concerned a desire by Final Bell to close by year  
7 end. That was the witness' evidence, was the word  
8 "desire".

9 MR. BLINICK:  
10 431. Q. I think what you had said,  
11 when I took you to your affidavit about "they  
12 impressed upon the urgency to close the Share  
13 Exchange Agreement," the evidence was that they  
14 "impressed that urgency upon us" both with respect  
15 to signing the Share Exchange Agreement and closing  
16 the transaction under it?

17 A. Who impressed that urgency?

18 432. Q. BZAM.

19 A. Yes.

20 433. Q. That's your evidence, right?

21 A. Yes.

22 434. Q. And I think what you said was,  
23 with respect to closing, there was a mutual desire.  
24 Final Bell wanted to close before year end, or  
25 certainly you did as the CFO.

1 A. Correct.

2 435. Q. And I'd like to just go back  
3 to sort of the first part of that, the urgency to  
4 sign the Share Exchange Agreement, because I think  
5 that's what you had said, that there was some  
6 urgency impressed upon you, you being Final Bell,  
7 to sign the Share Exchange Agreement.

8 A. That was a communication that  
9 I got from Matt -- from Robert that Matt and BZAM  
10 had an urgency to get it signed.

11 436. Q. And that email or  
12 communication, I take it, would be in your Redfern  
13 productions?

14 A. That wasn't an email. I  
15 didn't say that was an email.

16 437. Q. Oh, communication.

17 A. Yeah, conversation.

18 438. Q. Okay. So, it was oral.

19 A. Yes.

20 439. Q. And you were told orally there  
21 was an urgency on the BZAM's side to sign --

22 A. Yes.

23 440. Q. -- the Share Exchange  
24 Agreement.

25 A. Yes.

1 441. Q. Did that impact your approach  
2 to the transaction in any way?

3 A. Yes.

4 442. Q. I'm going to show you -- maybe  
5 before I do that, is it your evidence that Final  
6 Bell wasn't in a hurry to get the Share Exchange  
7 Agreement done?

8 A. I'm not speaking on behalf of  
9 Final Bell. I'm speaking on behalf of me.

10 443. Q. Well, technically, you  
11 actually are here today speaking on behalf of Final  
12 Bell.

13 MR. WINTON: No, he's here being -  
14 - he's here to be cross-examined on an affidavit.  
15 He's not being -- he's not a witness for discovery.  
16 His question -- his answers are responses to your  
17 cross-exam on his affidavit. He can only give  
18 evidence as to something referenced in his  
19 affidavit or something he knows about. So, I think  
20 you may want to --

21 MR. BLINICK: Or has information  
22 about or believes --

23 MR. WINTON: Correct.

24 MR. BLINICK: -- as the Chief  
25 Financial Officer of the company.



1 MR. WINTON: Right, but he's not  
2 here to express views of Final Bell in that sense.

3 MR. BLINICK: I think you've done  
4 an effective job of that, counsel.

5 --- Recess taken at 12:00 p.m.

6 --- Upon resuming at 12:41 p.m.

7 MR. BLINICK:

8 444. Q. Mr. Adams, just back to the  
9 topic of Cortland and the alleged fraudulent  
10 misreps relating to Cortland, we spoke about what  
11 Mr. Bovingdon had allegedly communicated to you at  
12 the November 21st, 2023 meeting. You understood at  
13 that time that Mr. Bovingdon had no ability to bind  
14 Cortland?

15 A. Yes.

16 445. Q. And Final Bell never sought  
17 any kind of assurance from Cortland directly that  
18 the maturity date of the facility would be  
19 extended, correct?

20 A. As I said earlier, I had no --  
21 I did not, and I had no knowledge of anybody else.

22 446. Q. Okay. As part of the  
23 diligence materials Final Bell was provided, you  
24 received an agreement relating to a transaction  
25 entered into in 2022 between BZAM and The Green

1 Organic Dutchman, TGOD as it's sometimes referred  
2 to?

3 A. Yes, I believe so.

4 447. Q. And did you review that  
5 agreement at all?

6 A. I did not.

7 448. Q. If I told you that there was a  
8 condition to closing in that agreement that  
9 required the facility to be amended on terms  
10 satisfactory to BZAM as a counterparty to the  
11 transaction at that time, would that refresh your  
12 memory of having keyed into that or seen that?

13 A. I did not see that.

14 449. Q. And to your knowledge, Final  
15 Bell, neither you nor anyone of whom you're aware  
16 of at Final Bell, suggested that there be a  
17 condition precedent to closing in the Share  
18 Exchange Agreement that the maturity date be  
19 extended?

20 A. There was not, and I was led  
21 to believe that there could not be.

22 450. Q. Now, you reviewed the credit  
23 agreement with Cortland. You understood how the  
24 revolving portion of that facility worked?

25 A. I understood. I did not

1 review the agreement in detail.

2 451. Q. Did others at Final Bell, to  
3 your knowledge?

4 A. Yes. Yes.

5 452. Q. Who would that be?

6 A. Christy.

7 453. Q. Christy who?

8 A. Christy, the legal counsellor  
9 for Final Bell Canada and potentially Kia.

10 454. Q. Got it. So, in house counsel  
11 for Final Bell reviewed the Cortland credit  
12 agreement in detail?

13 A. I believe she would have been  
14 the one, because she was handling all the  
15 contracts.

16 455. Q. All the what?

17 A. Contracts.

18 456. Q. Contracts. And given the  
19 overlap between that contract and the finance  
20 aspect of the transaction and the go-forward  
21 business, did you confer with her at all about how  
22 that facility worked, or did she confer with you at  
23 all about how it worked, as a practical matter?

24 A. I would probably add Mihai to  
25 that conversation. My conversations were with

1 Mihai on the agreements on the SEA.

2 457. Q. And Mihai being external  
3 counsel?

4 MR. WINTON: Right. So, we want  
5 to be careful about that in terms of --

6 THE WITNESS: Oh.

7 MR. WINTON: We're not going to --  
8 yes, we're not going to be divulging any privileged  
9 information --

10 MR. BLINICK: Of course.

11 MR. WINTON: -- in this cross.

12 MR. BLINICK:

13 458. Q. To the extent Mihai or Christy  
14 had questions about how the facility worked as a  
15 practical matter, or you had questions about how  
16 the facility worked as a legal matter, you folks  
17 could have asked one another?

18 A. Yes.

19 459. Q. And did you understand how the  
20 draws under the revolver worked?

21 A. Relatively.

22 460. Q. Relatively to what?

23 A. In most cases, they work  
24 similarly with all banks.

25 461. Q. Revolving facilities?

1 A. Mm-hmm.

2 462. Q. So, in this case, you  
3 understood that access to draws under the revolver  
4 were directly tied to the amount of eligible  
5 receivables as at a particular point in time?

6 A. That's correct.

7 463. Q. You understood that that is  
8 something that changes week to week, the eligible  
9 receivables?

10 A. I don't understand it's week  
11 to week. Typically, that's month to month.

12 464. Q. It's a rolling situation,  
13 though, you'd agree?

14 A. Yes.

15 465. Q. Yes, you would agree?

16 A. Yes.

17 466. Q. So, in other words, one week,  
18 if there's new deliveries, there's new invoices,  
19 there's new collateral.

20 A. Again, you use a week. I  
21 think it's monthly.

22 467. Q. So, your evidence is that in a  
23 single week, you couldn't have new deliveries and  
24 new invoices and new collateral that you didn't  
25 have the week prior?

1                   A. I thought the question was  
2     eligibility for the draw. My understanding is the  
3     draw was done monthly. I could be wrong.

4     468.           Q. Okay. I'm not asking about  
5     when the draw was done. What I'm asking is the  
6     collateral for the draws changes constantly.

7                   A. Yes.

8     469.           Q. Yes. Okay. And Final Bell  
9     was familiar with the advance rate under the  
10    facility?

11                  A. Yes.

12    470.           Q. Was also familiar with the  
13    revolving facility limit?

14                  A. Yes.

15    471.           Q. And at no point did you, or to  
16    your knowledge, anyone else at Final Bell seek  
17    representations as part of the Share Exchange  
18    Agreement regarding BZAM's eligible receivables  
19    under the revolving facility?

20                  A. I did not seek and nor do I  
21    know anybody that did -- of anybody that did.

22    472.           Q. So, we touched on this a bit  
23    earlier when I asked you just high level about the  
24    diligence you conducted, and you said it was  
25    appropriate diligence. In the Notice of Motion

1 paragraph 5, and counsel will pull it up, there's  
2 reference to extensive due diligence, and I think  
3 that's a term you equivocated around earlier. But  
4 if you just look, what is pled by Final Bell is  
5 prior to the closing the transaction, Final Bell  
6 conducted extensive due diligence on BZAM?

7 A. I see that, yes.

8 473. Q. And it was you, sir, who led  
9 the diligence into the proposed transaction with  
10 BZAM on behalf of Final Bell?

11 A. Yes.

12 474. Q. And I think you had suggested  
13 earlier that the word "extensive" was my word, but  
14 in your reply affidavit at paragraph 15, you  
15 actually specifically use that language where you  
16 say, "Final Bell..." like you do in the Notice of  
17 Motion, "...conducted extensive due diligence on  
18 BZAM before entering into the Share Exchange  
19 Agreement"?

20 A. Yes, I see the wording.

21 475. Q. And that statement in your  
22 affidavit is as correct today as it is when you  
23 made it on April 1st?

24 A. Yes.

25 476. Q. Under the Share Exchange

1 Agreement, Final Bell -- and we looked at the  
2 definition of purchaser books and records earlier.  
3 Final Bell had the ability to access any purchaser  
4 books and records it wanted, correct, prior to the  
5 closing of the Share Exchange Agreement?

6 A. Based on the SEA, yes.

7 477. Q. And you say, "Based on the  
8 SEA, yes", but is that qualifier needed? I mean,  
9 as a practical matter, Final Bell had this right,  
10 and it could have access to any purchaser books and  
11 records it so chose to access.

12 A. Under Canadian law, I don't  
13 know. Under U.S. law, that would not be a correct  
14 statement.

15 478. Q. Okay. This transaction is  
16 governed by Canadian law?

17 A. I'm not an expert in Canadian  
18 law.

19 479. Q. There's a choice of law  
20 provision in the agreement?

21 MR. WINTON: So, legally speaking,  
22 no dispute that the Share Exchange Agreement is  
23 governed by the laws of British Columbia and/or, I  
24 guess, Canada, but specifically refers to British  
25 Columbia law.



1 MR. BLINICK:

2 480. Q. So, going back to the  
3 financial models prepared by Clarus that are at  
4 issue here, in your affidavit, at paragraph 16, you  
5 state that you reviewed the BZAM standalone  
6 spreadsheet carefully.

7 A. That's correct.

8 481. Q. And it's correct insofar as  
9 that's not just what is stated there, but it's a  
10 correct statement that you did in fact review the  
11 BXAM standalone spreadsheet carefully?

12 A. If you continue to read, "In  
13 particular, I reviewed the cash flow statement."

14 482. Q. So, is it your evidence, sir,  
15 that you just reviewed the cash flow statement  
16 carefully? You didn't look at the entire  
17 spreadsheet carefully?

18 A. I looked at the entire  
19 spreadsheet.

20 483. Q. Carefully?

21 A. Carefully.

22 484. Q. So, the statement is accurate.

23 A. Yes.

24 485. Q. You looked at the entire BZAM  
25 spreadsheet -- standalone spreadsheet carefully?

1 A. Yes.

2 486. Q. And what you say is you noted  
3 that BZAM had an almost neutral cash flow from  
4 operations and did not need any external funding.

5 A. Yes.

6 487. Q. But in fact, that standalone  
7 model showed negative cash flow from operations in  
8 many months.

9 A. Do you want to bring it up?

10 488. Q. Sure.

11 A. You're making a statement or  
12 you're asking me a question?

13 MR. WINTON: Let's bring it up and  
14 let's see if we can agree on what it says.

15 MR. BLINICK:

16 489. Q. So, the proposition I put to  
17 you, sir, is that the standalone model, in fact,  
18 showed negative cash flow from operations in many  
19 months, and you can just look at February, April,  
20 June, August, November, September.

21 A. You can pick the six months  
22 that it's negative; you can pick the six months  
23 that it's positive.

24 490. Q. The proposition I put to you,  
25 sir, was that there was negative cash flow from

1 operations in many months. You agree with that?

2 A. In six of the months, it shows  
3 negative cash flows.

4 491. Q. And so, you describe this as a  
5 neutral cash flow from operations?

6 A. I would add up those -- add  
7 across January to December. I don't know what that  
8 number adds up to.

9 492. Q. You didn't do that exercise  
10 previously?

11 A. I'm sure I do, but I don't  
12 remember.

13 493. Q. You don't remember whether you  
14 did the exercise?

15 A. I don't remember what the  
16 number is.

17 494. Q. You did do the exercise.

18 A. Yes.

19 495. Q. Okay. So, you maintain that  
20 BZAM had a neutral cash flow from operations, as  
21 reflected in this model.

22 A. Yes.

23 496. Q. What you also say is that you  
24 observed that it didn't need any external funding.

25 A. Correct.

1 497. Q. So, we just go down, just  
2 scroll down a bit to the cash end situation. And  
3 so, this is what you were looking at --

4 A. Correct.

5 498. Q. -- to make the statement that  
6 it wouldn't need any external funding in the  
7 standalone model?

8 A. Yes.

9 499. Q. Do you see that it has a  
10 decreasing cash balance that becomes negative  
11 toward the end of 2024?

12 A. Yes.

13 500. Q. And if you have no cash at the  
14 end of the year, don't you need funding?

15 A. Yes.

16 501. Q. And so, your statement that  
17 your careful review of the BZAM standalone  
18 spreadsheet indicated that it did not need any  
19 external funding is a false assertion.

20 A. I would probably modify to say  
21 new additional funding.

22 502. Q. Sorry, you mean from -- what  
23 do you mean by new additional funding?

24 A. Well, I say in there, it says  
25 external fund. Yes. It had capacity under

1 Cortland.

2 503. Q. Contingent on having a  
3 collateral.

4 A. Collateral.

5 504. Q. Your evidence, sir, now,  
6 today, is that it actually would need funding, it  
7 just would have, to your estimation, been able to  
8 get that funding from Cortland?

9 A. Correct.

10 505. Q. Under the revolving facility?

11 A. Either that or continued  
12 investment for BZAM.

13 506. Q. So, when you say that it  
14 wouldn't need any external funding, you mean new  
15 external funding from parties other than Cortland,  
16 and I think what you're saying is Stone Pine --

17 A. Correct.

18 507. Q. -- who had already funded the  
19 business.

20 A. Correct.

21 508. Q. So, your suggestion here that  
22 BZAM would not need any external funding at  
23 paragraph 16 of your affidavit should actually, if  
24 I'm understanding you correctly, is should not need  
25 any external funding from other parties from which

1 they did not have an existing lending relationship?

2 A. That would probably be more  
3 correct.

4 509. Q. Okay. Now, paragraph 16 of  
5 your affidavit, your reply affidavit, go ahead and  
6 read the paragraph and maybe read down on to 17 as  
7 well. You've read it.

8 A. I have.

9 510. Q. So, one of the things you say  
10 at paragraph 16 is:

11 "Final Bell did not just  
12 accept the numbers provided  
13 to it by BZAM as given.  
14 Rather, we interrogated and  
15 challenged those numbers to  
16 try to verify their  
17 accuracy."

18 That's a true statement?

19 A. Yes.

20 511. Q. You've interrogated and  
21 challenged the numbers that BZAM provided to verify  
22 their accuracy?

23 A. Correct.

24 512. Q. Paragraph 17 of your reply  
25 affidavit, you talked about how the original model

1 provided to Final Bell by BZAM was hard coded?

2 A. Yes.

3 513. Q. Meaning it only contained the  
4 values without formulas?

5 A. Correct.

6 514. Q. And what you say is Final Bell  
7 insisted on receiving a non-hard coded version of  
8 the model --

9 A. Yes.

10 515. Q. -- so it could test the  
11 information provided by BZAM?

12 A. Yes.

13 516. Q. So, just so I understand it,  
14 you get -- you ask for the model. BSAM provides  
15 the model. You try and work within the model.  
16 It's hard coded. So, you ask for an un-hard-coded  
17 version, which BZAM then provides?

18 A. Not correct. I cannot locate  
19 a version that came with the formulas. We thought  
20 we received it --

21 517. Q. Well, you --

22 A. I know, I'm correcting my  
23 statement here. I am unable to find a version that  
24 came that had the formulas.

25 518. Q. Well, what you say in your

1 affidavit, sir --

2 A. I understand.

3 519. Q. Well, you didn't let me ask my  
4 question, so I'm not sure what you're  
5 acknowledging, having an understanding of without  
6 hearing the proposition. So, just let me put the  
7 question to you --

8 A. Please.

9 520. Q. --or the proposition. What  
10 you say in your affidavit is the version with the  
11 formulas was provided without hesitation or issue.

12 A. I realized I said that, yes.

13 521. Q. And you told me at the outset  
14 of this examination that you were careful to ensure  
15 your affidavit was accurate and complete, and  
16 you're now suggesting -- well, let me back up. Are  
17 you suggesting that you didn't, in fact, receive it  
18 or that you just haven't been able to locate it?

19 A. I have not been able to locate  
20 it.

21 522. Q. So, you're not suggesting that  
22 what's set out here in your affidavit is incorrect;  
23 you're just saying you haven't located it.

24 A. I haven't located it.

25 523. Q. You did test the information



1 in the model, though?

2 A. Yes.

3 524. Q. And I presume that would have  
4 been done with a non-hard-coded version?

5 A. No.

6 525. Q. So, your testing of the model  
7 was done in the hard coded version, is your  
8 evidence?

9 A. No.

10 526. Q. So, why don't you just tell me  
11 how that testing that you did on the model -- how  
12 was that done?

13 A. Yeah, you just need to ask the  
14 question. I'm happy to answer it. If you go to  
15 the presentation, the due diligence presentation,  
16 if we can bring that up, that we prepared as part  
17 of the emails, part of the attachments, the email  
18 that I sent to the board that was in the exhibits -  
19 -

20 527. Q. Sorry, I think you're asking  
21 to be directed to a certain document. I'm not sure  
22 what document you're referring to, so why don't you  
23 just clarify for me what you're asking to be shown,  
24 and then I'll either take you there or I won't.

25 A. Sure. In the due diligence

1 package that we did, we prepared a separate model  
2 to go in and test some of the numbers and put some  
3 analysis on top of it. Yes.

4 MR. WINTON: Okay, so the witness  
5 is referring to Exhibit 10 to his March 18th  
6 affidavit, which is at page 375 of Final Bell's  
7 record.

8 THE WITNESS: Right there.

9 MR. WINTON: This one?

10 THE WITNESS: Mm-hmm.

11 MR. WINTON: So, page 9 of that  
12 document, which is page 383 of the record, and page  
13 380 -- 382, 383, 384 of the record are the  
14 documents that the witness is referencing in that  
15 previous answer.

16 MR. BLINICK:

17 528. Q. And so, what you're  
18 suggesting, sir, is that the testing and  
19 independent analysis, challenging and interrogation  
20 of the numbers that you did, is reflected in what  
21 was here contained in Exhibit 10?

22 A. In addition to reviewing the  
23 hard coded model and asking questions.

24 529. Q. Understood. So, this  
25 information that's included at Exhibit 10, and I

1 think you refer to this deck at Exhibit 10 as the  
2 transaction PowerPoint?

3 A. No, I never referred to it as  
4 that.

5 530. Q. Oh, forgive me. I think  
6 that's how Mr. Jessel refers to it in his  
7 affidavit. You define it maybe a little  
8 differently as the due diligence PowerPoint.

9 A. Yes.

10 531. Q. In this diligence PowerPoint,  
11 this was prepared by you in conjunction with others  
12 on the Final Bell finance team?

13 A. Correct.

14 532. Q. And the information contained  
15 in this was selectively included as you and your  
16 finance team thought appropriate for presentation  
17 to the board?

18 A. Correct.

19 533. Q. And this presentation was  
20 delivered to the board on November 24th, 2023?

21 A. I'd have to go find the email  
22 to verify the date.

23 534. Q. Well, you state it directly in  
24 your affidavit, if you go to paragraph 49.

25 A. Correct.

1 535. Q. So, this is a document that  
2 went to the board of directors on November 24th,  
3 2023?

4 A. Yes.

5 536. Q. To inform the board's  
6 consideration as to whether to approve the entering  
7 into the Share Exchange Agreement?

8 A. Yes.

9 537. Q. Do you know what other  
10 documents went to the board of directors on that  
11 date?

12 A. Off the top of my head, I  
13 can't recall all of them, but we could go find it  
14 by finding the email.

15 538. Q. You're aware that this wasn't  
16 the only document that went to the board of  
17 directors on that day?

18 A. Yes.

19 539. Q. Did you ever deliver an  
20 updated deck to the board of directors following  
21 November 24th?

22 A. I did not.

23 540. Q. Did anyone, to your knowledge?

24 A. Not to my knowledge.

25 541. Q. Did the board request one?

1 A. Not to me.

2 542. Q. Or to your knowledge, anyone  
3 else?

4 A. Not to my knowledge.

5 543. Q. Now, the diligence  
6 presentation that went to the board on November  
7 24th, that was before you had even asked for a non-  
8 hard-coded version of the spreadsheet.

9 A. Correct.

10 544. Q. And had you determined that  
11 any of the projections or any of the other  
12 information in the models which you were  
13 challenging in testing, if you had any concerns  
14 about the reasonableness of that information, I  
15 take it you would not have presented it to the  
16 board, or to the extent you already did, you would  
17 have corrected it?

18 A. Yes.

19 545. Q. So, in other words, what you  
20 presented to the board on November 24th in that due  
21 diligence PowerPoint, I think it's defined in your  
22 affidavit, all of those projections, based on your  
23 own diligence, seemed reasonable?

24 A. Yes.

25 546. Q. And again, if they seemed

1 unreasonable or unattainable, you would not have  
2 presented that information to the board of  
3 directors?

4 A. Correct.

5 547. Q. Now, the combined model, as  
6 we've discussed, was, of course, based on not just  
7 the BZAM standalone model, but also the FBC  
8 standalone model that Final Bell prepared, as well  
9 as assumptions and certain other inputs?

10 A. I believe so. I didn't  
11 prepare the model.

12 548. Q. To the extent there were any  
13 inaccuracies in the projections in the FBC  
14 standalone model, that would have had a spillover  
15 effect onto the combined model, correct?

16 A. Assuming they used our  
17 projections.

18 549. Q. Correct. So, do you  
19 understand it to be the case that your -- Final  
20 Bell's projections weren't used in the combined  
21 model?

22 A. I make in the statement they  
23 can decide to use or not use. It's their decision  
24 in the modelling. It's what they get paid to do.

25 550. Q. When you say "they", you're

1 referring to Clarus?

2 A. Absolutely.

3 551. Q. And so, you understood they  
4 get paid, it wasn't Final Bell paying Clarus.

5 A. No.

6 552. Q. Clarus wasn't Final Bell's  
7 financial advisor?

8 A. They were BZAM's financial  
9 advisor.

10 553. Q. And you understood the model  
11 was being prepared for BZAM?

12 A. Yes.

13 554. Q. Not for Final Bell.

14 A. Correct.

15 555. Q. But to the extent Clarus used  
16 the FBC standalone model -- and do you have any  
17 basis to think that they didn't?

18 A. They raised no questions.

19 556. Q. So, again, my question, you  
20 don't have any basis to believe that Final Bell's  
21 standalone model of FBC was not used in the  
22 combined model?

23 A. I have no basis to believe it  
24 didn't.

25 557. Q. Sorry, to believe that it did

1 or that it didn't?

2 A. That it did not.

3 558. Q. So, in other words, you  
4 believe the combined model was based on, insofar as  
5 FBC is concerned, the FBC standalone model prepared  
6 by Final Bell?

7 A. As inputs to the combined  
8 model.

9 559. Q. Correct. And so, just back to  
10 the question I asked originally, and I think you  
11 properly qualified it, assuming that's the case,  
12 and I think we all understand it to be the case, if  
13 there were inaccuracies in that FBC standalone  
14 model, that would surely have a spillover effect  
15 onto the combined model.

16 A. I would not draw that  
17 conclusion.

18 560. Q. So, in other words, if Final  
19 Bell had inaccurately projected COGS in its  
20 standalone model, your evidence is that would not  
21 have had an effect on the combined model?

22 A. Maybe yes, maybe no.

23 561. Q. You don't know? You can't say  
24 definitively?

25 A. No, you can't.



1 562. Q. Assuming that it was the Final  
2 Bell standalone model that was used?

3 A. It's not an additive one plus  
4 one equals two. It's one plus one, plus or minus  
5 synergies.

6 563. Q. Right.

7 A. That's what Clarus and Matt's  
8 assumptions control, their assumption sets and  
9 synergies in the combined model, not my input.

10 564. Q. No, but I'm asking you about  
11 actually what is your input, which is the FBC  
12 standalone model.

13 A. Right.

14 565. Q. If there is an inaccuracy in  
15 that model, it may not be a one-to-one effect, but  
16 if there is an inaccuracy in that model, it would  
17 impact what's set out in the combined model to some  
18 extent.

19 A. Not necessarily.

20 566. Q. Is it your evidence that FBC's  
21 COGS are accurately reflected and projected in the  
22 FBC standalone model?

23 A. For history? Yes.

24 567. Q. Projected.

25 A. Is it - how could you say

1 forecasts are accurate?

2 568. Q. Can you?

3 A. Forecasts are estimates.

4 569. Q. So, just to answer my  
5 question, is it your evidence that FBC's COGS  
6 accurately reflected and projected what the COGS in  
7 fact were in the FBC standalone model?

8 A. Our standalone model  
9 represented go forward of our assumptions of what  
10 that business could do.

11 570. Q. What it could do, what it  
12 might do.

13 A. Yeah.

14 571. Q. And that's the nature of  
15 modelling.

16 A. That is the nature of  
17 modelling.

18 572. Q. It's based on judgment,  
19 correct?

20 A. Yes.

21 573. Q. And it's, I think to go with  
22 what you were suggesting, inherently uncertain.

23 A. It has a degree of uncertainty  
24 to it. That's a forecast.

25 574. Q. Is it your evidence that the

1 cash requirements of FBC's COGS and other expenses  
2 are accurately reflected in the FBC standalone  
3 model?

4 A. Based on an assumption set  
5 that we used.

6 575. Q. So, your answer is yes, but  
7 subject to the fact you used assumptions?

8 A. Yeah. Different people use  
9 different assumptions and different operators use  
10 different assumptions.

11 576. Q. And that's just normal course?

12 A. That's normal course.

13 577. Q. Is it your evidence that the  
14 excise tax requirement requirements of FBC's  
15 business are accurately reflected and projected in  
16 the FBC standalone model?

17 A. To our knowledge at that time,  
18 yes.

19 578. Q. And to your knowledge, at this  
20 time?

21 A. I haven't gone -- I don't have  
22 the data to go back and verify it. No data has  
23 been produced for me to verify where that business  
24 is today. I can't make that statement.

25 579. Q. Right. That's data, I

1     suppose, BZAM would have in its possession only  
2     following closing of the transaction?

3                     A.    Yes.

4     580.             Q.    So, I guess as of today, BZAM  
5     might have that information.  As of January 5th, it  
6     might have had that information, but it never had  
7     that information previously?

8                     A.    It did by virtue of the  
9     records we turned over to them.

10    581.            Q.    So, is it your evidence that  
11    the FBC standalone model accurately captures and  
12    projects the inventory based on forecasted growth?

13                    A.    It's based on a set of  
14    assumptions.

15    582.            Q.    That's not an answer to my  
16    question.  Is it accurate?

17                    A.    It's based on the assumption  
18    sets we used.

19    583.            Q.    Again, not an answer to my  
20    question.  Is it accurate?

21                    MR. WINTON:  Are you asking the  
22    witness to state whether the information in the  
23    model actually came to fruition, like, was  
24    achieved?

25                    MR. BLINICK:  Was it projected

1 accurately?

2 MR. WINTON: At the time?

3 MR. BLINICK: No.

4 MR. WINTON: The point is --

5 MR. BLINICK: We know what it was  
6 projected at the time.

7 MR. WINTON: But BZAM hasn't  
8 produced financial records. How can the witness  
9 answer that question? So, I'm going to object to  
10 the question, because I don't think it's a fair --

11 MR. BLINICK: These projections,  
12 counsellor, as of November 2023 --

13 MR. WINTON: Yes.

14 MR. BLINICK: -- on a transaction  
15 that closed in January 2024, okay? The company had  
16 a direct line of sight into all of this information  
17 until the transaction closed and BZAM finally got  
18 visibility into it. So, I'm entitled to ask the  
19 witness as to whether the projections, at least  
20 insofar as the -- to January 5th bore out.

21 MR. WINTON: See, that's not what  
22 you asked.

23 MR. BLINICK: Well, I'm asking  
24 that now.

25 MR. WINTON: Okay. Well, that's a

1 better question. So, why don't you ask that  
2 question again cleanly for the record, and the  
3 witness can answer that question.

4 MR. BLINICK: I'm not going to  
5 repeat myself. You have the question, give me your  
6 answer.

7 MR. WINTON: Okay, so the question  
8 was about the projections up to January 5th and  
9 closing. He's not asking you to comment on the  
10 projections as of today.

11 THE WITNESS: And he asked for the  
12 accuracy of it.

13 MR. WINTON: Yes, up to closing.

14 THE WITNESS: The accuracy of that  
15 forecast based on the assumptions as we had at that  
16 time, on that day, I believe were accurate.

17 MR. BLINICK:

18 584. Q. So, what you forecasted  
19 materialized is what you're saying.

20 A. It's not what I'm saying.

21 585. Q. Right, because a forecast  
22 isn't a guarantee to future events, right?

23 MR. WINTON: That's not what he  
24 said. That wasn't his evidence.

25 MR. BLINICK: Well, that's a new

1 question. Counsel, I'm entitled to engage with the  
2 witness on a subject matter, and I'd appreciate,  
3 unless you have a legitimate objection, that you  
4 put your hand back in front of your body and that  
5 you let the witness answer the question.

6 REF MR. WINTON: I object to the  
7 question. I don't think it's a fair question, the  
8 way you put it to him.

9 MR. BLINICK:  
10 586. Q. Sir, does the FBC standalone  
11 model accurately capture and project the accounts  
12 payable to 14th Round?

13 MR. WINTON: Up to the date of  
14 closing, right? That's the -- you have to qualify  
15 your question because you cannot ask the witness to  
16 comment on the status of those projections after  
17 closing when that's information within BZAM's  
18 possession and hasn't been produced. That's why  
19 these questions, the way you phrase them, need that  
20 qualification or else they are objected to as  
21 inherently unfair and based on information you  
22 have, but have not produced to us.

23 MR. BLINICK: I'm happy to ask it  
24 as of -- until January 5th.

25 MR. WINTON: Okay.

1 THE WITNESS: Do I believe that  
2 the AP -- go ahead. Could you re-state the  
3 question?

4 MR. BLINICK:  
5 587. Q. Yes. Is the AP -- does the  
6 FBC standalone model that you and Final Bell  
7 prepared accurately capture and project the AP to  
8 14th Round as of January 5th?

9 A. Based on the assumption sets  
10 we had, I believe the answer is yes.

11 588. Q. And again, those assumption  
12 sets, where are those set out?

13 A. Many of them are from Greg,  
14 but it starts with revenue projections.

15 589. Q. And it trickles all the way  
16 down.

17 A. They did.

18 590. Q. Right. And those assumptions,  
19 you say they start with Greg, you're referring to  
20 Greg Boone?

21 A. Yes.

22 591. Q. So, those would be assumptions  
23 that were formed by Mr. Boone, conveyed to you,  
24 incorporated into the model?

25 A. To me or my team. Now, beyond



1 the standalone FBC model we've just been  
2 discussing, Final Bell also did some modelling  
3 specifically focused on the accounts payable to  
4 14th Round. And before you answer that, maybe I'll  
5 just show you a document to help refresh your  
6 memory and to help guide the discussion.

7 So, first of all, I'll show you an  
8 email, and counsel, feel free to jump in. The way  
9 the documents were produced to us, and I don't  
10 fault you for it, but they were quite disorganized.  
11 So, what I have here is FB production 203 as well  
12 as FB production 208 -- 280. And despite the gap  
13 in the production numbers, I understand these -- or  
14 this 280 document to have been an attachment to FB  
15 203. So, the first document in the pile is FB 203.  
16 This is an email from Mr. Hessami.

17 MR. WINTON: I think it's Ms.

18 THE WITNESS: No, Kia is male.

19 MR. WINTON: Okay, got it.

20 MR. WINTON: So, that's Kia to --  
21 okay, sorry to interrupt. Go ahead.

22 MR. BLINICK:

23 592. Q. It's an email to Moe at the  
24 Mosaic. Who is that?

25 A. One of our board members.

- 1 593. Q. Being?
- 2 A. Beau. One of our board
- 3 members.
- 4 594. Q. Sorry, Moe is Beau?
- 5 MR. WINTON: I think we want --
- 6 no, we want Moe's full name. What's Moe's full
- 7 name?
- 8 THE WITNESS: I don't know it.
- 9 MR. BLINICK:
- 10 595. Q. Moe is a board member?
- 11 A. Yes.
- 12 596. Q. Of Final Bell?
- 13 A. I believe he is, yes.
- 14 597. Q. And you don't know his last
- 15 name?
- 16 A. I don't.
- 17 598. Q. And Beau Wang?
- 18 A. Yes.
- 19 599. Q. That's a board member?
- 20 A. I believe technically his wife
- 21 is, but he represents her.
- 22 600. Q. I see. So, the Final Bell,
- 23 Chris Zhu, Zhang or Wang, forgive me, is the board
- 24 member?
- 25 A. I'm assuming that's correct.

1 I don't know her first name.

2 601. Q. You've never interacted with  
3 her?

4 A. I've never interacted with  
5 her.

6 602. Q. So, she is effectively a  
7 director in name only. And Beau Wang, her husband,  
8 is the acting director of Final Bell?

9 A. That's my understanding.

10 603. Q. And why would that be the  
11 case?

12 A. I don't know.

13 604. Q. You don't have any knowledge  
14 as to why you would have a spouse listed and  
15 outwardly acting as a director of a company while  
16 her husband is, in fact, acting as a board member?

17 REF MR. WINTON: Objection.

18 MR. BLINICK: On what grounds?

19 MR. WINTON: Relevance.

20 MR. BLINICK: The constitution of  
21 the board that allegedly deeply considered and  
22 approved this transaction is irrelevant?

23 MR. WINTON: Yes.

24 MR. BLINICK: What if I want to  
25 summons Chris Zhou-Wang at trial?

1 MR. WINTON: Go ahead.

2 MR. BLINICK: You're not going to  
3 permit any questions on the composition of Final  
4 Bell's board?

5 MR. WINTON: No.

6 MR. BLINICK: On the grounds of  
7 relevance?

8 MR. WINTON: It's not an issue in  
9 this proceeding.

10 MR. BLINICK: Well, counsel, what  
11 is in issue is the Share Exchange Agreement that  
12 was approved by the Final Bell board. There is  
13 certainly a live issue as to what information, if  
14 any, was considered by the board members. And I  
15 think to determine that issue, it's fairly  
16 important. I think it should go without saying  
17 that we should have some understanding as to who  
18 those board members are.

19 MR. WINTON: I disagree with all  
20 that.

21 MR. BLINICK: Okay, well, your  
22 objection is duly noted.

23 MR. BLINICK:

24 605. Q. Who is Justin Yang?

25 A. Another board member. I don't

1 know if Justin's a board member or is he a debt  
2 holder.

3 606. Q. Sorry, speak up, please?

4 A. The actual makeup of our  
5 board, I would defer to others. I'm not clear  
6 about the exact makeup of our board, who are debt  
7 holder representatives and who are board members.

8 607. Q. I see. So, it's possible  
9 Justin Yang is a debt holder representative and  
10 that Moe --

11 A. It's possible

12 608. Q. -- at the Mosaic is a debt  
13 holder representative. But otherwise, all the  
14 directors of the company are on this email here,  
15 sir, November 24th, sent by Mr. Hessami -- I see  
16 Mr. Meyer, Mr. Jessel, Mr. Deland, Beau Wang, proxy  
17 for Kris Zhou-Wang, who we are not entitled to ask  
18 questions about.

19 A. I don't know when Greg Boone  
20 was removed from the board.

21 609. Q. Let me ask you this. As CFO,  
22 who do you report to?

23 A. Robert.

24 610. Q. Robert Meyer. And that's it?

25 A. Yes.

1 611. Q. You don't report to the full  
2 board?

3 A. I do not.

4 612. Q. Just to one individual?

5 A. Yes.

6 613. Q. And you don't actually know  
7 who's on the board?

8 A. It's unclear to me who are the  
9 actual representatives versus who are debt holders  
10 or other interested parties.

11 614. Q. Well, I understand that you  
12 maybe don't appreciate that distinction, but if I  
13 were to ask you, and I will, list all of the board  
14 members of Final Bell, I don't think there's that  
15 many, who are they? Please provide me with their  
16 names right now.

17 A. Robert was CEO, not a board  
18 member. Kay is a board member. Jason Deland is a  
19 board member. Greg Boone was a board member. And  
20 I believe Moe was a board member, and I believe  
21 Moe's wife was a board member.

22 615. Q. So, how big is the board? I  
23 didn't keep track there, but it sounds like there's  
24 seven members of the board?

25 A. I don't think that's right,

1 then. Greg, Ki, Beau, Moe and Jason Deland.

2 That's five.

3 616. Q. And Moe, we don't know Moe's  
4 last name.

5 A. No.

6 617. Q. Just Moe at the Mosaic? Do  
7 you know what the Mosaic is?

8 A. I believe it's a -- either an  
9 investment fund or some -- I believe it's some type  
10 of investment fund or investment vehicle.

11 618. Q. Is this the email referenced  
12 in your affidavit at which the due diligence  
13 PowerPoint, as you define it, went to the board of  
14 directors of Final Bell?

15 A. Yes.

16 619. Q. Yes?

17 A. Let me just check the dates.

18 MR. WINTON: I think you're  
19 referring to paragraph 49 of Mr. Adams' affidavit?

20 MR. BLINICK: Yes.

21 THE WITNESS: November 24th. That  
22 would be correct.

23 MR. BLINICK:

24 620. Q. So, the email we've just been  
25 looking at is the email at which all of the

1 directors -- or under which all the directors of  
2 Final Bell received the diligence PowerPoint,  
3 correct?

4 A. I'd say there's one caveat  
5 there. I don't know if at the time Greg Boone was  
6 still a board member, and he might have had to  
7 abstain.

8 621. Q. And so, in addition -- like,  
9 you can see the attachments list on this email, and  
10 maybe let's just mark this as the second exhibit to  
11 this examination, Exhibit 2.

12 MR. WINTON: Yes.

13 MR. BLINICK: Technically being, I  
14 think, the third exhibit, the second being marked  
15 as a lettered exhibit, but let's mark this as  
16 Exhibit 2.

17 EXHIBIT NO. 2:

18 Email dated November 24, 2023  
19 from K. Hessami (FB0000203)

20 MR. BLINICK:

21 622. Q. And then what I'll pass to you  
22 is a document titled Final Bell Rationale for  
23 Divestiture of Final Bell Canada. Are you familiar  
24 with this document, sir?

25 A. I am.



1 623. Q. And this is a document that  
2 went out together with the due diligence PowerPoint  
3 to the board of directors, correct?

4 A. Yes.

5 624. Q. And you would have prepared  
6 this document, I gather?

7 A. Myself or my team.

8 625. Q. You tell me.

9 A. My team.

10 626. Q. You oversaw the preparation of  
11 this document?

12 A. Yes.

13 627. Q. And so, this document is one  
14 page, right? Cover page titled Rationale for  
15 Divestiture Final Bell.

16 A. Yes.

17 628. Q. And there's one slide deck.

18 A. Yes.

19 629. Q. And the Rationale for the  
20 Divestiture, as stated here, and as shown here, is  
21 to effectively allow 14th Round to recognize the AR  
22 and not have to carry the growing AP balance on the  
23 book.

24 A. I don't know what recognize AR  
25 means.

1 630. Q. So, let's look at it. I mean,  
2 first, you'd agree that the focus of this document  
3 is entirely on the over \$8 million of 14th Round  
4 accounts payable that accumulated over just the  
5 last 12 months?

6 A. Yes.

7 631. Q. And you would also agree this  
8 document is comprised strictly of Final Bell  
9 information, both inclusive and exclusive of FBC?

10 A. Yes.

11 632. Q. There's not a shred of  
12 information in here about BZAM's financial data?

13 A. There is not.

14 633. Q. And so, what this document is  
15 showing -- and again, I think you said you oversaw  
16 the preparation, so you surely have an  
17 understanding of what is being shown here, but if  
18 you want to take your time and review it, by all  
19 means, go ahead.

20 A. No.

21 634. Q. So, the first table here, what  
22 it's showing here is in the first table, you have  
23 FBHI, that's Final Bell, correct? Consolidated,  
24 including Canada.

25 A. Yes.

1 635. Q. And so, if you go to the AR  
2 balance from FBC, that's sort of the second line  
3 down under the working capital balances, it's  
4 blank, right? There's no AR balance there. It's  
5 noted that it's eliminated because of the  
6 consolidation, right? Likewise, the AP to 14th  
7 Round is nil because those two things zero each  
8 other out.

9 A. Yes.

10 636. Q. And what the next two charts  
11 show, next two tables, next to FBHI Consolidated,  
12 there's a second table which shows FBHI  
13 Consolidated without Final Bell Canada. And what  
14 happens when you boot Final Bell Canada out of the  
15 company is now you can recognize that AR balance.

16 A. Recognize an AR balance isn't  
17 a term that I even understand.

18 637. Q. So, you now see numbers for  
19 accounts receivable.

20 A. It doesn't get eliminated  
21 anymore.

22 638. Q. Correct.

23 A. Right.

24 639. Q. So, you now have an asset on  
25 the books, a positive asset.

1 A. Yes.

2 640. Q. And in this case, it's a  
3 sizable positive asset. It's nearly \$10 million.

4 A. You can't add up an AR  
5 balance. When you say it's \$10 million, show me  
6 where it's \$10 million.

7 641. Q. Whatever it is, sir. The  
8 point is you now have, as an asset on the Final  
9 Bell books, a significant amount of AR, and you no  
10 longer have the accounts payable liability  
11 offsetting it.

12 A. Correct. They don't eliminate  
13 on a consolidated basis. It was on the books, the  
14 standalone basis anyway, and 14th Round, it gets  
15 eliminated when you do an FBHI.

16 642. Q. Right. And so, what the third  
17 chart is showing is FBC on its own under BZAM now  
18 has the AP to 14th Round.

19 A. No, it doesn't represent that  
20 under BZAM. It represents 14th Round standalone.

21 643. Q. Well, no, the third chart is  
22 Final Bell Canada standalone.

23 A. Yeah, but you said underneath  
24 BZAM.

25 644. Q. This was prepared in the

1 context of the BZAM transaction.

2 A. But this doesn't represent  
3 anything related to BZAM other than FBC spun out  
4 separately.

5 645. Q. Right. And that's the point,  
6 though. FBC spun out to another party now is going  
7 to start paying 14th Round.

8 A. Correct.

9 646. Q. 14th Round has whatever it  
10 was, \$8 million plus over the last 12 months, of AR  
11 owing.

12 A. So, I see it starting at \$2.5  
13 million and growing through the year.

14 647. Q. Right.

15 A. Oh, sorry.

16 648. Q. So, it looks like it's growing  
17 -- so \$9.4 million.

18 A. Looking down here, AP to 14th  
19 Round. Sorry. That's just this. Yeah. Yes.  
20 This.

21 649. Q. And this was provided to the  
22 board as the rationale for the divestiture of Final  
23 Bell Canada?

24 A. Of a rationale.

25 650. Q. A rationale. A primary

1 rationale. It's a one slide deck.

2 A. Right, but it's one piece of  
3 the rationale.

4 651. Q. A big piece.

5 A. It's not. It's one piece.

6 652. Q. I don't see a deck for any  
7 other rationale.

8 A. There surely is. There's not  
9 a deck, there's references.

10 MR. WINTON: Counsel, there are  
11 nine documents attached to this email. The first  
12 document is BZAM's business opportunity  
13 presentation. So, if you're going to suggest --  
14 that document, obviously, is not before the  
15 witness. Let's bring the witness to that document  
16 before you start talking about --

17 MR. BLINICK: I'm not taking the  
18 witness to that document, counsel.

19 MR. WINTON: Okay.

20 MR. BLINICK: I'm asking him about  
21 what Final Bell did. They prepared a single one  
22 slide deck articulating their rationale for the  
23 deal for offloading FBC.

24 MR. BLINICK:

25 653. Q. And all it thought to include

1 in that one slide deck, which you oversaw the  
2 preparation of, was the AP to 14th Round.

3 A. You said two statements and I  
4 don't agree. They're independent. Spinning out  
5 14th --

6 MR. WINTON: He disagrees with  
7 you.

8 THE WITNESS: I disagree.

9 MR. BLINICK:  
10 654. Q. Well -- go on.

11 A. I disagree.

12 655. Q. Spitting out Final Bell  
13 Canada, finish that thought.

14 A. This is a presentation of what  
15 it would mean to spin out Final Bell Canada.

16 656. Q. I understand that.

17 A. Period.

18 657. Q. And that was a key part of the  
19 rationale for spinning it out.

20 A. As I said earlier, it was a  
21 piece of the rationale for the deal.

22 658. Q. And I put it to you that it  
23 was a big piece, and do you agree or disagree with  
24 that?

25 A. It's a piece. I wouldn't use

1 the word big piece.

2 659. Q. So, you disagree with that?

3 A. I think that statement is  
4 misleading.

5 660. Q. I don't think there's anything  
6 misleading about it. I'd like to understand, and  
7 maybe I'll ask it differently. If it was not a big  
8 piece, why did it merit a standalone deck?

9 A. Because it's a separate  
10 discrete event that we could have done with this  
11 deal or with somebody else and could have -- we  
12 could have accomplished this in a number of  
13 different ways. We could have accomplished this by  
14 shutting it down. We could have sold it to  
15 somebody else. We could have done a number of  
16 things.

17 661. Q. And that's all fair points. I  
18 think the key is when you prepared this, the idea  
19 was something needs to happen. We need to divest  
20 this business, right?

21 A. I didn't say we need to divest  
22 it. Not my words.

23 662. Q. No, it's the words of the  
24 slide, Rationale for Divestiture.

25 MR. WINTON: Counsel, that



1 actually is not what the document says.

2 MR. BLINICK: I'm reading the  
3 cover page of the document. That's exactly what it  
4 says. Rationale for Divestiture Final Bell Canada.

5 MR. WINTON: You said need for it.  
6 There's no -- the word need is not anywhere in this  
7 document.

8 MR. BLINICK: It's the question I  
9 put to the witness.

10 MR. WINTON: And he disagreed with  
11 you, and then you said it's in the document, and  
12 I'm sorry, that's an incorrect statement. So, if  
13 you're going to characterize documents to say  
14 what's in a document, you can't say a word that's  
15 not in the document when the witness disagreed that  
16 that's in the document. He's right, you're wrong.  
17 It doesn't say need.

18 MR. BLINICK: Okay. Well, the  
19 record will speak for itself as to what I asked the  
20 witness.

21 MR. BLINICK:

22 663. Q. But Final Bell did have, if  
23 not a need, a very strong desire. And you, as CFO  
24 responsible for prudent financial management of  
25 Final Bell, certainly had a very strong desire to

1 sever your ties with this cash drain that was FBC.

2 A. I never said that.

3 664. Q. I'm putting that proposition  
4 to you, sir.

5 A. And I disagree.

6 665. Q. That's your evidence? You  
7 didn't have any strong desire to sever ties with  
8 FBC?

9 REF MR. WINTON: He asked and answered  
10 that question. You asked and he answered that  
11 question. Objection.

12 MR. BLINICK:

13 666. Q. You don't want to correct your  
14 evidence on that point.

15 A. No.

16 667. Q. Okay. You didn't attach this  
17 to your affidavit or any of the other documents set  
18 out in this email, other than the first two when  
19 preparing your affidavit?

20 MR. WINTON: I don't think that's  
21 right. I think -- aren't the income statements and  
22 the financial statements, weren't they attached to  
23 the record?

24 MR. BLINICK: No.

25 MR. WINTON: I'm pretty sure they

1 were.

2 MR. BLINICK: To our record, but  
3 it's besides the point. The --

4 MR. WINTON: I'm sorry, if you  
5 look at Exhibits 4, 5 -- 4 and 5 to Mr. Adams  
6 affidavit, the BZAM Q3 and Q4 financial statements  
7 are attached to the record. So, with respect, I  
8 think there are documents that were attached to the  
9 record beyond just the due diligence readout. The  
10 NDA is attached to the record.

11 MR. BLINICK: Now, one of the  
12 things I --that's fine, counsel. I accept that.

13 MR. WINTON: Fine.

14 THE WITNESS: May I take a short  
15 bathroom back?

16 MR. BLINICK: Of course. Off the  
17 record.

18 --- Recess taken at 1:48 p.m.

19 --- Upon resuming at 1:59 p.m.

20 MR. BLINICK:

21 668. Q. So, before we took the break,  
22 Mr. Adams, we were looking at the Final Bell deck  
23 titled Rationale for Divestiture of Final Bell  
24 Canada that went to the board on November 24, 2023,  
25 as an enclosure with the email that's been marked

1 as Exhibit 2. We'll mark the Rationale for  
2 Divestiture deck as Exhibit 3.

3 MR. WINTON: Yes. Thank you.

4 EXHIBIT NO. 3:  
5 Final Bell - Rationale for  
6 Divestiture of Final Bell  
7 Canada PowerPoint (FB000280)

8 MR. BLINICK:

9 669. Q. I'd like you to turn up  
10 paragraph 32 of your affidavit, sir.

11 A. You can get there faster than  
12 I can.

13 MR. WINTON: I think so.

14 MR. BLINICK:

15 670. Q. Take your time. Read it.

16 A. I've read it.

17 671. Q. What you say here is:

18 "In Canada, excise taxes  
19 payable to and collected by  
20 licensed producers on  
21 packaged cannabis and related  
22 products when they're sold to  
23 provincially approved  
24 distributors and retailers."

25 Correct?

1 A. Yes.

2 672. Q. Is that a correct statement?

3 A. It's my understanding, yes.

4 673. Q. And you seem to make this  
5 assertion to support Final Bell's position that  
6 there's no way \$2.7 million of excise tax  
7 liabilities could have been incurred -- could have  
8 been incurred by BZAM between the disclosure letter  
9 on December 5th, 2023, and the date of Mr. Milich's  
10 first affidavit in this proceeding sworn on  
11 February 28th, 2024, correct?

12 A. That's a statement that you're  
13 making an assumption on. That's not correct.

14 674. Q. So, this assertion in your  
15 affidavit doesn't relate to the alleged  
16 misrepresentation of what you call, paraphrased,  
17 the \$2.7 million of undisclosed outstanding excise  
18 tax liabilities?

19 A. This assertion was making a  
20 different point.

21 675. Q. And the point is that excise  
22 tax is payable and collected at the time of sale.

23 A. It's a collected tax.

24 676. Q. And what do you mean by that?

25 A. A collective tax is money you

1 receive from your customers, versus an assessed tax  
2 like income is taxed on a number, an income number.  
3 This is a separate revenue stream that is collected  
4 from the customer.

5 677. Q. Understood. And your evidence  
6 and your understanding of how things work up here  
7 in Canada is that it's collected at the time of  
8 sale?

9 A. That's my understanding.

10 678. Q. You understand that following  
11 the signing of this Share Exchange Agreement on  
12 December 5th, 2023, BZAM was operating its business  
13 in the ordinary course?

14 A. It's my understanding.

15 679. Q. It was making sales to  
16 provincially approved distributors?

17 A. Yes.

18 680. Q. And retailers?

19 A. Yes.

20 681. Q. You'd agree that excise tax is  
21 only actually collected when you receive payment  
22 for the goods?

23 A. I didn't say payment. Oh,  
24 it's collected when you receive payments, yes.

25 682. Q. So, not at the time of sale,

1 when you get paid.

2 A. Yes.

3 683. Q. So, when you say excise tax is  
4 collected when products are sold, that's an  
5 incorrect assumption?

6 A. I believe that it might be  
7 mistaken.

8 684. Q. You believe that what you have  
9 said here might be mistaken?

10 A. Mm-hmm.

11 685. Q. And so that your entire  
12 understanding of how excise tax works might be  
13 misguided in some respect?

14 A. I wouldn't say misguided. I  
15 might not be fully informed.

16 686. Q. By me sitting here today, you  
17 now understand how income -- excise tax collection  
18 works?

19 A. No, you didn't tell me  
20 anything other than I may not know. You didn't  
21 educate me on excise tax.

22 687. Q. But you do agree that it's  
23 only collected when you receive payment for the  
24 goods?

25 A. I believe that to be true.

1 688. Q. But that's not what you say in  
2 your affidavit.

3 A. Yeah, it shouldn't say sold.  
4 It should say collected. Oh, wait. Excise taxes -  
5 - hmm. Excise taxes are payable whether -- my  
6 understanding, whether you collect or not.

7 689. Q. Okay, well, there's two  
8 distinct concepts here, when excise taxes are  
9 collected and when they're payable. And so, what  
10 you've said in your affidavit is that they're both  
11 collected and payable when you make a sale.

12 A. Payable. I don't say paid.  
13 Payable. Yes.

14 690. Q. Right. So, let's just parse  
15 those two concepts, okay? And focus first on when  
16 excise taxes are actually collected by a company  
17 such as BZAM. They are collected when they receive  
18 payment for goods that are sold, and that doesn't  
19 coincide with the timing of the sale that happens  
20 afterwards, correct?

21 A. Correct.

22 691. Q. And what are typical payment  
23 terms, to your knowledge?

24 A. I don't know what the payment  
25 terms are in Canada.



1 692. Q. Well, your financial model, I  
2 think, assumes certain things about collecting on  
3 FBC's sales. So, surely you have to have some  
4 understanding of that?

5 A. Yeah. My understanding of it  
6 is that for FBC, they collect and -- they pay as  
7 they're collected, the excise taxes.

8 693. Q. Okay. And they're collected  
9 when, typically, following a sale?

10 A. Yes.

11 694. Q. No, when, when is payment  
12 collected?

13 A. Oh, each providence [sic] is  
14 different. Some pay in 30 days, some pay in 45,  
15 some -- I'm not an expert in the Canadian market.  
16 I know that most of the sales are to a government  
17 body. And each providence or whatever -- whatever  
18 -- I don't know how it's broken out, has different  
19 payment terms.

20 695. Q. Right. Generally, a minimum  
21 of 30 days.

22 A. I don't know. It could be 15  
23 minimum. I don't know.

24 696. Q. It could be longer, 60?

25 A. I think some are 60 and some

1 are 30 or less.

2 697. Q. And some are more than 60, 90  
3 days.

4 A. I don't know that.

5 698. Q. We can agree, though, that  
6 it's collected some point after the sale is  
7 actually made? So, whether it's 15 or 90, or any  
8 point in time along that continuum, you don't  
9 actually collect funds --

10 A. For the sales to the  
11 government, I think that's correct. For retailers,  
12 I don't know what those payment terms are.

13 699. Q. I'm going to show you  
14 documents, sir. This is Final Bell production 67.  
15 This is an email from Mr. Jimmy Nguyen to Robert  
16 Meyer copying you, Mr. Boone and Ms. Maccarone,  
17 dated November 16th, 2023. And he's sending you --  
18 or rather, Mr. Nguyen is sending Mr. Meyer, copying  
19 you, the latest FB Canada model. And he discusses  
20 in this email some of the major assumptions, one of  
21 which is 90-day payment terms for provincial  
22 boards, 30-day payment terms for FBC from 14th  
23 Round 14th Round, right? Do you see that?

24 A. Payment terms from FB Canada.  
25 It should say from. It should say payments from

1 Canada to 14th Round.

2 700. Q. Right. You recall receiving  
3 this email?

4 A. I don't recall it.

5 701. Q. You have no reason to doubt  
6 that you did receive it?

7 A. I have no reason to doubt it.

8 MR. BLINICK: Let's just mark this  
9 as the next exhibit, okay? Exhibit 4.

10 EXHIBIT NO. 4:

11 Email dated November 16, 2023  
12 from J. Nguyen (FB0000067)

13 MR. BLINICK:

14 702. Q. But what Mr. Nguyen, who's on  
15 your finance team, Final Bell's finance team,  
16 correct?

17 A. Correct.

18 703. Q. Part of the diligence team,  
19 the deal team, correct?

20 A. Support to the team.

21 704. Q. What he bakes into the FB  
22 Canada model, at least as at this point in time,  
23 was a 90-day payment term, meaning excise tax  
24 wouldn't actually be collected until 90 days out,  
25 on that assumption.

1                   A. Assuming the excise tax is  
2     paid at the time along with the invoices. This  
3     doesn't say the excise tax. It says the invoice.  
4     The invoice -- excise taxes are part of the  
5     invoice.

6     705.           Q. No, what he's saying is the  
7     boards pay you 90 days out. That's what we're  
8     assuming.

9                   A. For the invoice.

10    706.           Q. For the invoice. And we've  
11    already established --

12                   A. Which includes excise tax.

13    707.           Q. Exactly. So, you're getting  
14    paid for the goods with the excise tax baked in 90  
15    days after a sale, not when you make a sale, as you  
16    suggested.

17                   A. Correct.

18    708.           Q. Now, the second part is when  
19    that amount becomes payable, right? We talked  
20    about when it's collected, but when is it actually  
21    payable to the CRA? And is it your evidence that  
22    it's payable at the time of the sale, as you stated  
23    here in your affidavit, or do you have a different  
24    understanding?

25                   A. It becomes payable at the time

1 of the sale. That doesn't mean it's paid. In  
2 accounting, payable has a distinct -- it creates a  
3 liability.

4 709. Q. It's recognized on the books.

5 A. As a liability.

6 710. Q. Are you familiar with B300  
7 forms?

8 A. I am not.

9 711. Q. No?

10 A. I am not.

11 712. Q. So, if I put it to you that it  
12 only becomes payable a month after you file -- or  
13 sorry. You make a sale, you file a form B300 a  
14 month later or so, and it's at that point that you  
15 calculate what's actually payable on the sale from  
16 the prior month. In other words, your assertion  
17 that it's payable right at the time an invoice is  
18 issued is incorrect, is what I'm suggesting to you.

19 A. It's not a correct statement.

20 713. Q. You disagree with that?

21 A. I disagree with your  
22 definition of payable.

23 714. Q. Again, you have no knowledge  
24 of what a B300 is?

25 A. I do not.

1 715. Q. You have no knowledge of --  
2 firsthand knowledge of how the excise tax regime up  
3 here in Canada works?

4 A. I do not.

5 716. Q. Might that be important  
6 information to have before alleging fraud as  
7 against a party?

8 MR. WINTON: That's fine.

9 THE WITNESS: It is not.

10 MR. BLINICK:

11 717. Q. Okay, that's your evidence?  
12 It's not important to understand how excise tax  
13 works before alleging that a party has engaged in  
14 fraud by failing to disclose allegedly outstanding  
15 tax liabilities at a point in time?

16 A. Yes.

17 718. Q. Very good. I'll take you to  
18 your reply affidavit, sir. Just go to paragraph  
19 25. Take your time to read it.

20 A. Yes.

21 719. Q. So, what you say here is that  
22 all transactions between Final Bell and its  
23 subsidiaries, including FBC, prior to closing, were  
24 done in the ordinary course of business?

25 A. Yes.

1 720. Q. And you maintain that view  
2 that all of those transactions were ordinary --

3 A. Yes.

4 721. Q. -- course of business  
5 transactions?

6 A. Yes.

7 722. Q. So, Mr. Milich, in his  
8 affidavit, and this is what you're responding to  
9 here at paragraph 25, had asserted that  
10 approximately \$1 million was withdrawn from FBC  
11 around the time of closing, at the time of closing,  
12 near the time of closing, outside of the ordinary  
13 course of business.

14 A. Who's acknowledging that?

15 723. Q. Mr. Milich's assertion in his  
16 affidavit is that FBC improperly withdrew -- or  
17 Final Bell, rather, improperly withdrew a million  
18 bucks, approximately, from FBC proximate to the  
19 time of closing. And you, in your reply affidavit,  
20 as I read it, say this claim is simply false.  
21 Everything was done in the ordinary course.

22 A. Correct.

23 724. Q. And is it your evidence, sir,  
24 that there was a payment of over \$500,000 that  
25 Final Bell Corp. -- so Final Bell Corp., you'll

1 recall we discussed at the outset, is the Canadian  
2 subsidiary of FBC, right?

3 A. Yes.

4 725. Q. So, a payment of over \$500,000  
5 that Final Bell Corp. made to an entity named  
6 Golden Iris International Limited in late November  
7 '23?

8 A. So, first of all, I don't  
9 think it's Final Bell Corp. I think it's Final  
10 Bell Holdings International made the payment.

11 726. Q. Okay. That's your  
12 recollection?

13 A. That's my recollection.

14 727. Q. And that payment is ordinary  
15 course?

16 A. You defined ordinary course.  
17 Yes.

18 728. Q. And that was to fund an  
19 interest payment due to Golden Iris?

20 A. Yes.

21 729. Q. Owing by Final Bell?

22 A. Yes.

23 730. Q. There was \$350,000,  
24 approximately, that Final Bell Corp paid to Final  
25 Bell on December 1st, 2023?



- 1 A. Yes.
- 2 731. Q. Are you familiar with that  
3 transaction?
- 4 A. Yes.
- 5 732. Q. That was in connection with  
6 accounting services rendered by Davidson & Company  
7 LLP?
- 8 A. Yes.
- 9 733. Q. Your evidence is that was  
10 ordinary course?
- 11 A. Yes.
- 12 734. Q. And there was a payment of  
13 approximately \$170,000 made by Final Bell Corp. to  
14 Final Bell on December 21st, 2023, in connection  
15 with legal services rendered by Sangra Moller LLP?
- 16 A. Yes.
- 17 735. Q. That was ordinary course?
- 18 A. Yes.
- 19 736. Q. Are you familiar with the  
20 bring down certificates --
- 21 A. Yes.
- 22 737. Q. -- that were delivered to BZAM  
23 prior to closing?
- 24 A. Yes.
- 25 738. Q. So, I'll just pull up the

1 bring down certificate of Mr. Boone.

2 MR. BLINICK: Counsel, this is a  
3 Final Bell production 466.

4 MR. WINTON: Thank you.

5 MR. BLINICK:

6 739. Q. So, you're familiar with Mr.  
7 Boone's certificate that I've just put in front of  
8 you? It's signed, dated January 5, 2024.

9 A. I am.

10 740. Q. This was delivered on closing  
11 of the transaction on that date?

12 A. Yes.

13 741. Q. If you go to Schedule A.

14 A. Yes?

15 742. Q. Partway down the page, the  
16 following transactions outside of the ordinary  
17 course are added to section 411 of the FBC  
18 disclosure letter?

19 A. I see it.

20 743. Q. And then it lists those three  
21 transactions you just described as being within the  
22 ordinary course.

23 A. Yes.

24 744. Q. So, I'm just trying to  
25 reconcile why Mr. Boone would disclose these as

1 outside of the ordinary course with your evidence  
2 that these were just standard, run of the mill  
3 ordinary course transactions?

4 A. He's not an accountant.

5 745. Q. I see. So, Mr. Boone has it  
6 wrong in his signed officer's certificate?

7 A. I have a definition of what  
8 ordinary course of business is, and I consider  
9 these ordinary course.

10 746. Q. And were you involved in the  
11 preparation of the Schedule A that form part of the  
12 bring down certificate?

13 A. I was not, nor do I feel it's  
14 appropriate for me to tell Greg what to do and not  
15 do in his breakdown certificate. I disagree with  
16 it.

17 747. Q. Clearly, Mr. Boone didn't,  
18 given that he certified this and delivered it to  
19 BZAM.

20 REF MR. WINTON: Objection.

21 MR. BLINICK: Let's just mark this  
22 as the next exhibit, if that's okay, counsel?

23 MR. WINTON: I think --

24 MR. BLINICK: The witness was  
25 familiar with the document before I even showed it

1 to him. It's a Final Bell production --

2 MR. WINTON: Okay, that's fine.

3 Sure. Sure.

4 THE WITNESS: That wasn't a true  
5 statement. I was not familiar with this document.  
6 You asked me if I was familiar with the drawdown  
7 certs.

8 MR. BLINICK:

9 748. Q. The bring down certificate.

10 A. Yes.

11 749. Q. Yes.

12 A. I didn't say I was familiar  
13 with this one. I was familiar with bring down  
14 certs --

15 750. Q. Oh, generally.

16 A. -- was the question that you  
17 asked me.

18 751. Q. Generally, you're familiar  
19 with --

20 A. Yes.

21 752. Q. -- bring down certs in the  
22 context of a transaction. You've not been familiar  
23 with this one?

24 A. You didn't ask that question  
25 at the time.

1 753. Q. Understood. But this is a  
2 document from Final Bell's productions?

3 A. Yes.

4 MR. WINTON: Here's what I'm going  
5 to suggest, counsel. Why don't we mark it as B for  
6 identification? There's no dispute it should be in  
7 the record in the proceeding, and we've put it in  
8 through a joint book or some other way. We're not  
9 suggesting it's inauthentic or in any way --

10 MR. BLINICK: Yeah. That's fine.

11 MR. WINTON: Okay?

12 MR. BLINICK: Exhibit B instead of  
13 Exhibit 5.

14 MR. WINTON: Thank you.

15 EXHIBIT NO. B:

16 Officer's Certificate of Greg  
17 Boone, dated January 5, 2024  
18 (FB0000466)

19 MR. BLINICK:

20 754. Q. Around the time of closing the  
21 transaction, there was some discussion between BZAM  
22 and Final Bell about these issues?

23 A. Yes.

24 755. Q. And you engaged in those  
25 discussions personally?

1 A. Yes.

2 756. Q. With Mr. Milich?

3 A. Yes.

4 757. Q. And just to be clear, the  
5 issues relating to these payments were raised by  
6 BZAM, correct?

7 A. I believe so.

8 758. Q. These weren't transactions  
9 that were disclosed to BZAM. They're transactions  
10 that were discovered by BZAM and then confronted  
11 you about.

12 A. You're drawing lines between  
13 two data points. There's disclosures with the SEA,  
14 and there's disclosures on the bring down, and  
15 you're talking about something that happened  
16 between those two dates and saying we didn't  
17 disclose.

18 759. Q. Yes.

19 A. We didn't have an obligation  
20 to disclose it until the bring down certificates.

21 760. Q. I understand. And I think  
22 your evidence on the bring down certificate was you  
23 didn't even think it should be disclosed then.

24 A. Correct.

25 761. Q. So, the proposition I put to

1 you that BZAM initiated discussion with Final Bell  
2 about these payments when it discovered them  
3 independently, you'd agree with that?

4 A. I don't know. Independently?  
5 No. Greg actually talked to Matt. So, it wasn't  
6 independently. Greg was still an employee of ours.

7 762. Q. Right.

8 A. Why would you not consider --  
9 why would you say that they discovered it  
10 independently if one of our employees had a  
11 conversation with him?

12 763. Q. I'm just trying to get the  
13 sequencing here. It wasn't as if the Final Bell  
14 representative said, "Hey, we've made these  
15 payments, payments." It was that Mr. Milich had  
16 learned of them, discovered them, and then  
17 confronted Final Bell about them.

18 A. My understanding is that's  
19 incorrect.

20 764. Q. Okay. And the basis for your  
21 understanding is what?

22 A. I believe that Greg reached  
23 out to Matt.

24 765. Q. That's what Mr. Boone had told  
25 you? Or that's just --

1                   A. I think that's what Matt had  
2 told me, but I can't recall for sure.

3                   766.           Q. So, I'm going to show you an  
4 email, sir. This is an email dated December 15th,  
5 2023, from you to Mr. Meyer, copying Mr. Jessel and  
6 Mr. Ionescu, December 15, 2023. Subject line:  
7 Conversation with Matt. It's a long email, but  
8 read the whole thing, if you'd like. You've read  
9 it?

10                  A. Yes.

11                  767.           Q. You recall sending this email?

12                  A. I do now.

13                  768.           Q. You don't recall writing this  
14 treatise at the time?

15                  A. I do now.

16                  769.           Q. You do now. So, the email  
17 opens with you saying Matt called you today --

18                  A. Yes.

19                  770.           Q. -- to ask about cash being  
20 paid out of FB Canada for various expenses,  
21 including things like the Golden Iris loan. Do you  
22 see that?

23                  A. Yes.

24                  771.           Q. And so, that conversation that  
25 seems like Matt initiated with you relates to those



1 payments in the bring down certificate that Mr.  
2 Boone described as outside of the ordinary course  
3 of business, correct?

4 A. I believe at the time it only  
5 related to the one, the Golden iris.

6 772. Q. Well, what you say is he  
7 called to ask about cash being paid out for various  
8 expenses - various expenses - including things like  
9 the Golden Iris loan.

10 A. Yeah, I just --  
11 773. Q. So, that's --

12 A. I would have to look at the  
13 disbursements relative to this date. I don't think  
14 all three of them had taken place by the time this  
15 email was written. I think there was at least one  
16 that happened after.

17 774. Q. That is correct. The payment  
18 to Sangra Moller for \$170,000-and-change is  
19 indicated. Mr. Boone's bring down certificate is  
20 being made on December 21st. So, I think this  
21 email being sent on December 15th likely wouldn't  
22 have addressed that. But given what you've said  
23 here, "various expenses, including things like the  
24 Golden Iris loan," I presume it was more than just  
25 the Golden Iris loan.

1 A. Yes.

2 775. Q. Now, I'm not going to take you  
3 to every word in this email, but if you go to the  
4 fourth paragraph, what you say, Mr. Adams, is:

5 "Matt's view seems to be that  
6 FB Canada needs to run as a  
7 standalone entity and the  
8 working capital needs to be  
9 kept and preserved in the  
10 entity. He's banking on  
11 there being enough working  
12 capital on closing to fund  
13 things like the Jeeter  
14 launch, and is forgetting  
15 that our deal is to offload  
16 the company and let BZAM run  
17 it because they think they  
18 can do better. We never  
19 guaranteed anything about the  
20 FB Canada business on  
21 closing."

22 Do you see that?

23 A. Yes.

24 776. Q. And that was an accurate  
25 statement reflecting your views at that point in

1 time?

2 A. Yeah, it's an overly broad  
3 statement, but I understand it.

4 777. Q. And you continue to be of that  
5 view?

6 A. Well, it's overly broad. I  
7 mean, we made reps that we had operated in the  
8 normal course of business, right? So, when it says  
9 we didn't make any reps of the business, we did  
10 make a rep that we would run it in the ordinary  
11 course of business.

12 778. Q. And you made other reps, too.

13 A. Yes.

14 779. Q. On your counsel's theory of  
15 the case, he actually represented that all of FBC's  
16 forecasts, projections, everything that fits within  
17 the definition of FBC books and records, was  
18 actually rep'd and warrantied under the Share  
19 Exchange Agreement. Do you agree with that?

20 REF MR. WINTON: That's -- objection.  
21 It's calling for a legal -- it's calling for  
22 interpretation.

23 MR. BLINICK: Feel free to answer  
24 it, counsel. It's your theory.

25 MR. BLINICK:

1 780. Q. Maybe I'll ask it differently.  
2 What you're saying is of course there are certain  
3 reps and warranties in the Share Purchase Agreement  
4 -- or Share Exchange Agreement that are set out in  
5 the agreement. What you're saying here is if it's  
6 not set out in the reps and warranties, we don't  
7 have to do anything.

8 A. No.

9 781. Q. We never -- what you're saying  
10 is here, we never guaranteed that we'd have any  
11 amount of cash or working capital in the business.

12 A. That's a correct statement.  
13 We had proposed a working capital adjustment that  
14 they declined to take.

15 782. Q. So, the Share Exchange  
16 Agreement, as agreed, did not contain, to your  
17 knowledge, any term requiring you to maintain a  
18 certain level of working capital or cash or  
19 anything else?

20 A. It did not.

21 783. Q. But your projections in the  
22 FBC standalone model certainly represented that  
23 there would be a certain level of working capital  
24 available.

25 A. Based on a set of assumptions,

1 it's a forecast that we put together.

2 784. Q. But your evidence is that is  
3 not caught by the Share Exchange Agreement.

4 REF MR. WINTON: That's irrelevant.  
5 Objection. His view as to what is or is not caught  
6 by the Share Exchange Agreement is irrelevant to  
7 matters at issue in this proceeding.

8 MR. BLINICK: I disagree. I think  
9 his understanding as to what was guaranteed under  
10 the Share Exchange Agreement is highly relevant,  
11 both to what's being alleged and what's stated in  
12 the specific email I'm taking him to.

13 MR. WINTON: Counsel, we can argue  
14 elsewhere, but one subjective understanding of what  
15 a contract means is not relevant to the  
16 interpretation of that contract.

17 MR. BLINICK: I'm not suggesting  
18 that Mr. Adams or any other individual witness  
19 subjectively interpret the contract.

20 MR. WINTON: But that was what  
21 your question asked.

22 MR. BLINICK:  
23 785. Q. I want to understand. You're  
24 saying here, sir, we never guaranteed anything  
25 about the FB Canada business on closing.

1                   A. You've got to continue to  
2 read, specifically as it relates to working  
3 capital.

4 786.               Q. So, that's how we should read,  
5 "we never guaranteed anything about the FB Canada  
6 business on closing, with respect to working  
7 capital"?

8                   A. Yes.

9 787.               Q. And you would agree, though,  
10 that the projections did contain information about  
11 projected amounts of working capital available?

12                   A. Yes.

13 788.               Q. And your evidence is that's a  
14 separate matter unrelated to what was guaranteed  
15 under the Share Exchange Agreement.

16                   A. I don't know how to...

17                   MR. WINTON: I don't understand  
18 your -- I don't understand your question either,  
19 counsel.

20                   MR. BLINICK:

21 789.               Q. Put more simply, the  
22 information you provided to BZAM about working  
23 capital in the FBC standalone model was not  
24 represented, warranted, or guaranteed under the  
25 Share Exchange Agreement.

1 REF MR. WINTON: Objection. Again,  
2 you're asking him to inter -- you keep asking him  
3 to interpret the agreement, and every time you ask  
4 him to interpret the agreement, I'm going to object  
5 because he's not here to interpret the agreement.

6 MR. BLINICK: And again, I'm not  
7 asking for his interpretation. I'm asking --

8 MR. WINTON: That's exactly the  
9 question you asked.

10 MR. BLINICK: -- for his  
11 information or belief.

12 MR. WINTON: That's the same  
13 thing. His information and belief as to what's in  
14 the agreement is absolutely irrelevant.

15 MR. BLINICK: His understanding --

16 MR. WINTON: No, it's irrelevant.

17 MR. BLINICK: -- of what the deal  
18 was.

19 MR. WINTON: No.

20 MR. BLINICK: He's opining in this  
21 email as to what was guaranteed or not. He's  
22 referred in evidence to what was guaranteed or not  
23 under the Share Exchange Agreement, and you're  
24 precluding my ability to explore that with the  
25 witness?

1 MR. WINTON: Yes. This email  
2 where he's conveying internally his view as to what  
3 the agreement means is not relevant. So, this  
4 document may be responsive to your request. That  
5 doesn't mean that Mr. Adams saying internally this  
6 is what is required under the agreement, is, in  
7 fact, relevant to a discussion over what is, in  
8 fact, required under the agreement. There are  
9 representations and warranties in the agreement.  
10 They speak for themselves. We can discuss the  
11 interpretation of those.

12 MR. BLINICK: That's what I'd like  
13 to unpack, counsel.

14 MR. WINTON: Let me keep talking.  
15 You keep adding the word "guarantee", and that is a  
16 very problematic word. Mr. Adams uses the word  
17 guarantee. The contract doesn't use the word  
18 guarantee. But you keep saying the Share Exchange  
19 Agreement guarantees a certain outcome. Now, A)  
20 Mr. Adams shouldn't be answering that question; B)  
21 we say that's not what the agreement says. If you  
22 want to debate what the agreement means --

23 MR. BLINICK: No. No.

24 MR. WINTON: -- we can do that.

25 MR. BLINICK: I don't need to



1 debate that.

2 MR. WINTON: That's fine.

3 MR. BLINICK: I'm trying to ask  
4 the witness.

5 MR. WINTON: Just we've been  
6 sitting here now for 5 hours.

7 MR. BLINICK: Was it your  
8 understanding -- and thank you. I mean, the length  
9 of time, I don't think, is something that's  
10 particularly germane when you've been objecting and  
11 interjecting as much as you have, counsel. This  
12 could have gone a lot quicker if you just let the  
13 witness answer my questions.

14 MR. WINTON: If you ask a proper  
15 question, I'll let him answer, but if you're going  
16 to continue to ask him to draw legal conclusions,  
17 I'm going to object every time. So, we can do this  
18 for a few more hours, but there's no point. Let's  
19 just ask him factual questions.

20 MR. BLINICK:

21 790. Q. Did you understand the working  
22 capital projections in the FBC standalone model to  
23 form any part of the Share Exchange Agreement?

24 REF MR. WINTON: Objection.

25 MR. BLINICK:

1 791. Q. Okay, just go back to that  
2 email, sir. Go to the third last bullet above your  
3 signature.

4 A. The last bullet above my  
5 signature.

6 MR. WINTON: The one beginning "if  
7 the concept of the deal"?

8 MR. BLINICK: Yes.

9 MR. BLINICK:

10 792. Q. So, read that paragraph.

11 A. Yes.

12 793. Q. What you say here, sort of  
13 midway through the paragraph, "the SEA, that this  
14 deal functions more or less like an as is, where is  
15 deal".

16 A. Yes.

17 794. Q. So, your view at the time,  
18 again, this is December 15th, 2023, is that this is  
19 an as is, where is deal, meaning there are no  
20 warranties of any kind except as expressly provided  
21 for in the Share Exchange Agreement?

22 OBJ MR. WINTON: I object as to  
23 relevance, but the witness can answer pursuant to  
24 Rule 34.12.

25 THE WITNESS: This is related to

1 the balance sheet on closing. This is not related  
2 to a model to go forward. There is no  
3 representation in the document of what the balance  
4 sheet or the working capital will be at closing.  
5 We offered it. They denied it.

6 MR. BLINICK:

7 795. Q. And so, just to unpack what  
8 you said there, there is no representation in the  
9 document as to what the working capital on closing  
10 would be. The document you are referring to is the  
11 Share Exchange Agreement.

12 A. Yes.

13 796. Q. Thank you. The promissory  
14 note amendment that occurred prior to closing --

15 A. The promissory note amendment?

16 797. Q. -- from the two \$4 million  
17 notes to a single unsecured \$8 million note.

18 A. Okay, that's not an amendment.

19 798. Q. The switch, whatever you want  
20 to call it. How would you describe it?

21 A. I wouldn't call it amendment.  
22 Amendment is to something that was already  
23 executed. It's a revision.

24 799. Q. Okay. The revision, and I  
25 didn't mean anything by the verbiage there. It's

1 your evidence, sir, that it was BZAM and Cortland's  
2 suggestion to convert or revise the secured note  
3 for 4 million and the unsecured note for 4 million  
4 into a single unsecured note for eight?

5 A. I'm not suggesting that that  
6 was their idea.

7 800. Q. You're not?

8 A. I'm not.

9 801. Q. It was Final Bell's?

10 A. Yes.

11 802. Q. And by virtue of this switch,  
12 it would actually allow Final Bell, in theory, to  
13 have gotten paid back principal in priority to  
14 Cortland?

15 A. No.

16 803. Q. On the full amount of the  
17 note?

18 A. Ask the question again? I  
19 don't -- please.

20 804. Q. So, it was Final Bell's idea  
21 to do this switch to knock off the \$4 million --

22 A. Yes.

23 805. Q. -- unsecured note --

24 A. Yes.

25 806. Q. -- the \$4 million secured, and

1 put it all into an unsecured note?

2 A. Yes.

3 807. Q. And the rationale for that,  
4 what I'm suggesting to you is that that would  
5 provide some advantages to Final Bell in terms of  
6 prioritizing its ability to get paid.

7 A. In my words, it gave us the  
8 ability to bring action against BZAM if we didn't  
9 get paid.

10 808. Q. So, you, together with others  
11 at Final Bell, saw an advantage in dropping the  
12 secured note, taking it all unsecured, and that's  
13 why, ultimately, Final Bell got an unsecured note  
14 for \$8 million?

15 A. I didn't view that secured  
16 note as a secured note.

17 809. Q. Understood. That was your  
18 view?

19 A. That's my view.

20 810. Q. And Final Bell did, in fact,  
21 receive some payments on this \$8 million note?

22 A. I believe we got two payments.

23 811. Q. So, you did get payments?

24 A. Two payments.

25 812. Q. Final Bell did not make any

1 offer to contribute any of its own capital to fund  
2 BZAM's business when it learned of BZAM's funding  
3 need and the fact that restructuring options were  
4 under consideration?

5 A. I have no knowledge.

6 813. Q. Do you have any knowledge of  
7 that happening?

8 A. I have no knowledge of an ask  
9 or an offer.

10 814. Q. If I put it to you that Final  
11 Bell has, at no point, offered to finance or  
12 contribute to funding the business in any way,  
13 you'd have no knowledge of that?

14 A. I have no knowledge of it.

15 815. Q. Okay. Just to go back to the  
16 December 15, 2023, email we were looking at a  
17 moment ago, that's the one from you, sir, to Mr.  
18 Meyer and Jessel, let's mark that as the next  
19 exhibit. I think that's Exhibit 5 -- 6.

20 MR. WINTON: No, I think it is 5,  
21 because we did the other one as B.

22 EXHIBIT NO. 5:

23 Email dated December 15, 2023  
24 from K. Adams (FB0000452)

25 MR. BLINICK: So, let's take --

1 off the record.

2 --- Recess taken at 2:43 p.m.

3 --- Upon resuming at 2:57 p.m.

4 MR. BLINICK:

5 816. Q. Mr. Adams, in your reply  
6 affidavit, you speak at paragraph 23 to Final  
7 Bell's -- I'm sorry, I should say Final Bell  
8 Canada, FBC's alleged inability to move cash  
9 outside of Canada.

10 A. Correct. Yes.

11 817. Q. We were looking at the non-  
12 ordinary course transactions, as I would call them,  
13 as described in the bring down certificate, and we  
14 looked at least three payments where the Canadian  
15 entity moved money to the U.S.

16 A. No, there were three Canadian  
17 payments made to Canadian entities -- one offshore  
18 entity and two Canadian entities.

19 818. Q. To satisfy obligations of the  
20 U.S. Final Bell entity?

21 A. No, to satisfy obligation of  
22 the parent company, FBHI, which is a Canadian  
23 entity.

24 819. Q. So, when Final Bell Holdings  
25 International, the identity we've been referring to

1 as Final Bell, had obligations, the Canadian entity  
2 was able to satisfy them?

3 A. I'm not sure I understand the  
4 question. Yes, the Canadian entity satisfied those  
5 three obligations. FBC satisfied those three  
6 obligations of FBHI.

7 820. Q. Are you familiar with  
8 Cambridge Global Payments Corp. Limited?

9 A. I am not.

10 821. Q. I'm going to show you a  
11 document, sir. You are not copied on it, but it is  
12 your colleague, Ms. Wessling, sending the email to  
13 M. McNutt at Final Bell. This is an email dated  
14 December 5th, 2023.

15 A. At Final Bell Canada, right?

16 822. Q. Sorry, it's  
17 MMcnutt@finalbell.com, if that's what you're  
18 asking.

19 A. I don't know who that is.

20 823. Q. That is Michelle McNutt, an  
21 accounting specialist who appears to be, yes, in  
22 Ontario, at the Bowmanville --

23 A. She's an employee of Final  
24 Bell Canada.

25 824. Q. And do you have any



1 familiarity with what the payments referred to in  
2 this email refer to?

3 A. I do not. I'm seeing this for  
4 the first time.

5 MR. BLINICK: Okay. Why don't we  
6 just mark this for identification?

7 MR. WINTON: Sure.

8 MR. BLINICK: So, this will be  
9 Exhibit C.

10

11 EXHIBIT C:

12 Email exchange between A.  
13 Wessling and M. McNutt of  
14 December 2023 (FB0000438)

15 MR. BLINICK:

16 825. Q. Now, is it your evidence, sir,  
17 that the alleged inability to transfer money from  
18 the Canada side of the business to the U.S. side is  
19 what resulted in that ever-increasing AP owing to  
20 14th Round?

21 A. Yes.

22 826. Q. It wasn't the fact that FBC  
23 actually just didn't have the cash to pay?

24 A. No.

25 827. Q. So, is it your evidence, sir,

1 that FBC had a surplus of cash that it just  
2 couldn't move over?

3 A. I didn't say that.

4 828. Q. It's the proposition I'll put  
5 to you, and you agree or disagree with it.

6 A. What's a surplus?

7 829. Q. That it had extra cash  
8 available that it could use to pay down the AP.

9 A. I don't know how you think  
10 about extra cash to pay down AP. AP is a normal  
11 course of business. You either have cash to pay AP  
12 or you don't. It's not extra cash to pay AP.

13 830. Q. Well it's a related party  
14 account payable.

15 A. Why is it treated differently  
16 than any other AP?

17 831. Q. So, I'm just trying to  
18 understand your evidence. FBC had sufficient cash  
19 to pay 14th Round, and it was simply a matter of  
20 regulatory restriction that precluded its ability  
21 to do so? Is that your evidence?

22 A. I'm saying if it had the  
23 ability, we would have prioritized those payments.

24 832. Q. We spoke briefly about the  
25 constitution of the Final Bell board, and you

1 didn't have great insight into who the members of  
2 the board were who Moe at -- I forget what the  
3 email handle was.

4 MR. WINTON: The Mosaic.

5 MR. BLINICK:

6 833. Q. The Mosaic. At any point, did  
7 you ever make inquiries to determine who was  
8 actually a member of the Final Bell board?

9 A. Over time, I gained  
10 understanding that I relied on two other  
11 individuals who had conversations with the board.  
12 I reported to Robert and the conversations with the  
13 board funnelled through one of those two  
14 individuals.

15 834. Q. And who is the other  
16 individual?

17 A. Kay. Kay and Robert.

18 835. Q. Understood. So, do I have it  
19 right, then, that sort of Kay is the guy for all  
20 things board related?

21 A. No, Kay and Robert, because  
22 they --

23 836. Q. I just mean generally. I  
24 mean, Kay is executive director of the board?

25 A. I would defer that question to

1 Kay.

2 837. Q. I want your understanding of  
3 Mr. Jessel's role before I ask it directly to Mr.  
4 Jessel.

5 A. Kay has a direct relationship  
6 with some of our members of the board and some of  
7 our investors. Robert has a direct relationship to  
8 some of our board members and some of our  
9 investors. They handle those communications.

10 838. Q. Right. So, Mr. Jessel, in  
11 your view, would be the best positioned person at  
12 Final Bell to answer questions about the  
13 constitution of the Final Bell board?

14 A. He would be one of the  
15 members.

16 839. Q. Who would be the best person  
17 for me to ask those questions to?

18 A. I would suggest either Kay  
19 and/ or Robert Meyer.

20 840. Q. Okay. And Mr. Jessel, as you  
21 understand it, has a direct relationship with each  
22 of the board members?

23 A. I don't -- I know he has a  
24 direct relationship with some of the members of the  
25 board and some of our investors. I don't know who

1 he -- who all -- I don't know what -- I don't -- I  
2 don't know if he has a relationship with every  
3 member of the board. I don't know what his  
4 relationship is with all the members of the board.  
5 841. Q. So, your evidence is that

6 you're not sure whether the executive director of a  
7 public company has direct relationships with the  
8 members of its board?

9 REF MR. WINTON: I'm cutting this off  
10 here. Objection as to the relevance in, really,  
11 anything. I just don't see the point of this, this  
12 witness' understanding as to the questions you've  
13 just asked when you've got Mr. Jessel in the room  
14 and up next is really not relevant to any matter at  
15 issue in this proceeding.

16 MR. BLINICK: I'll disagree, but I  
17 take your objection. With that, we will close the  
18 examination for the day, and we can go off the  
19 record. We'll see you in court on the 22nd.

20 MR. WINTON: All right, thank you.  
21 So, I do have two very short re-examination, Mr.  
22 Adams.

23 RE-EXAMINATION BY MR. WINTON:

24 842. Q. First, you'll recall earlier  
25 today, Mr. Adams, you were asked questions

1 concerning the risk that BZAM may not continue as a  
2 going concern?

3 A. Yes.

4 843. Q. And you testified that you  
5 understood there was a risk that BZAM may not  
6 continue as a going concern.

7 A. Yes.

8 844. Q. What was your evaluation of  
9 that risk?

10 A. So, first of all -- so they  
11 had a cash flow forecast that showed they didn't  
12 need external money, and they had a backstop of \$7  
13 million from Cortland, and they had a chairman, a  
14 wealthy chairman who has provided the history of  
15 continuing to fund the company. And so, by virtue  
16 of the forecast was sufficient, and they had two  
17 investors that could continue to fund as backstops,  
18 one in a contract and one under personal. He's a  
19 board member and has evidenced that he is willing  
20 to continue to fund the business.

21 845. Q. And so, what was your  
22 assessment, then, of the risk?

23 A. I viewed the risk to be  
24 relatively investable.

25 846. Q. Okay. You testified during

1 your cross-examination that Final Bell had a desire  
2 to close on the Share Exchange Agreement by year  
3 end. Do you recall that?

4 A. Yes.

5 847. Q. Why did Final Bell have that  
6 desire?

7 A. I said I had it, yes, because  
8 I would want to get it off of our balance sheet for  
9 December. So, starting in January, we had a clean  
10 set of numbers.

11 MR. WINTON: Okay. Those are my  
12 questions. Thank you. Anything out of that?

13 MR. BLINICK: Thank you, Mr.  
14 Adams.

15 MR. WINTON: Thank you, Mr. Adams.

16 THE WITNESS: Thank you.

17 --- Whereupon the examination concluded at 3:09  
18 p.m.

19

20

21

22

23

24

25

## Contact

[www.linkedin.com/in/keith-adams-cpa-cma-6275b0](https://www.linkedin.com/in/keith-adams-cpa-cma-6275b0) (LinkedIn)

## Top Skills

Start-ups

SaaS

Mergers & Acquisitions

## Certifications

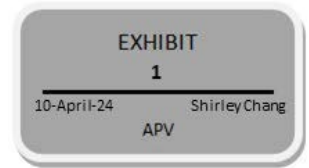
CPA

CMA

# Keith Adams, CPA, CMA

Chief Financial Officer

Los Angeles, California, United States



## Summary

I am a talented, driven, respected and successful serial CFO with 30+yrs in Accounting and Finance with demonstrated leadership in Finance, Operations, HR, Facilities, Legal and IT. I am a hands-on operational CFO, typically joining a venture-funded start-up to lead efforts in scaling, driving profitability, raising equity and debt and reaching a successful exit.

### Diverse Industry Experience

- Technology (hardware, software, SAAS, semiconductor, search and eCommerce)
- Pharmaceutical,
- Manufacturing and
- Food industries.

## Experience

### Final Bell

Chief Financial Officer

November 2023 - Present (6 months)

Los Angeles, California, United States

Final Bell is a design, technology and manufacturing company building the best brands in cannabis across the US and Canada. We are a diverse team of creators, builders, and makers with expertise in industrial design, electronics engineering, graphic design, packaging design and all facets of the cannabis industry. Since the early days of legalization, our advanced vaporization devices and the strong brands we support have made us a dominant force in the cannabis industry. We work in a fast-paced and competitive industry that demands hard work and dedication, but we have built a unique company culture that allows our growing team to support our success, each other, and surpass our goals all while having fun.

### 4Front Ventures

Chief Financial Officer

May 2022 - July 2023 (1 year 3 months)



## Los Angeles Metropolitan Area

4Front Ventures Corp. ("4Front" or the "Company") (CSE: FFNT) (OTCQX: FFNTF) is a national, vertically integrated multi-state cannabis operator that owns or manages operations and facilities in strategic medical and adult-use cannabis markets, including California, Illinois, Massachusetts, Michigan, and Washington. Since its founding in 2011, 4Front has built a strong reputation for its high standards and low-cost cultivation and production methodologies, earned through a track record of success in facility design, cultivation, genetics, growing processes, manufacturing, purchasing, distribution and retail. To date, 4Front has successfully brought to market more than 20 different cannabis brands and over 1,800 products, which are strategically distributed through its wholly owned-and-operated Mission dispensaries and retail outlets in its core markets. As the Company continues to drive value for its shareholders, its team is applying its decade of expertise in the sector across the cannabis industry value chain and ecosystem. For more information, visit <https://4frontventures.com/>.

## Loudpack, Inc.

Chief Financial Officer

November 2019 - April 2022 (2 years 6 months)

Greater Los Angeles Area

Loudpack is the most decorated cannabis company in the industry. We cultivate, manufacture and distribute the following brands:

- Kingpen - The World's Most Awarded Vape
- Loudpack - Award Winning Flower, Concentrates, Vapes and Edibles.
- Dime Bag - Flower and Concentrates
- Honey Pot - Most Awarded Edibles and Topicals
- Loudpack Legacy - A platform that pays homage to the great farmers in Humboldt.
- Lift Tickets - Award Winning Live Resin Infused Pre-Rolls
- Smokiez Edibles - Award Winning Gummiez
- Dr. Norms - Award Winning Cookies

Humboldt's Finest (Raw and Uncut) - Award Winning Concentrates

## DYME Brands, Inc.

Chief Accounting Officer

July 2018 - November 2019 (1 year 5 months)

San Francisco Bay Area

Founded in 2017, DionyMed is a multi-state cannabis brands, distribution and delivery platform, supporting cultivators, manufacturers and award-winning brands in the medical and adult-use cannabis markets. DionyMed sells branded products in every category from flower to vape cartridges, concentrates, and edibles. DionyMed serves more than 700 dispensaries and completes over 10,000 Direct-To-Consumer deliveries each month with its growing portfolio of products and brands

### Efficient Power Conversion

CFO

May 2016 - June 2018 (2 years 2 months)

El Segundo, CA

EPC is the leader in enhancement mode gallium nitride based power management devices. EPC was the first to introduce enhancement-mode gallium-nitride-on-silicon (eGaN) FETs as power MOSFET replacements in applications such as DC-DC converters, wireless power transfer, envelope tracking, RF transmission, power inverters, remote sensing technology (LiDAR), and Class-D audio amplifiers with device performance many times greater than the best silicon power MOSFETs.

### Zero260

CFO

September 2012 - June 2016 (3 years 10 months)

San Francisco Bay Area

As an interim CFO, I help companies either bridge full time CFO's or help companies as they transition from a controller to CFO but aren't ready to hire a full time CFO.

### Avetta

CFO

April 2015 - April 2016 (1 year 1 month)

### GoodData

CFO

July 2013 - February 2014 (8 months)

San Francisco

GoodData provides a cloud-based platform and apps that are enabling more than 20,000 global businesses to turn their data into immediate business advantage.

PowerReviews (acquired by BazaarVoice)

CFO

May 2011 - September 2012 (1 year 5 months)

San Francisco Bay Area

CFO for PowerReviews until acquired by BazaarVoice then supported post integration activities.

Like.com

CFO Like.com (acquired by Google)

July 2009 - March 2011 (1 year 9 months)

Silicon Valley, CA

CFO of Like.com from July 2009 until Acquired by Google. Joined Google M&A Finance to complete post acquisition integration.

OpSource (acquired by NTT)

CFO

March 2006 - July 2009 (3 years 5 months)

Silicon Valley, CA

Zero260 Management Services

CEO

August 2004 - December 2007 (3 years 5 months)

Bangalore, India

Andale (acquired by Vendio)

CFO

July 2002 - August 2004 (2 years 2 months)

Mountain View, CA & Bangalore, India

Appshop (acquired by AT&T)

CFO

August 2000 - April 2001 (9 months)

Santa Clara, CA

Centerbeam

Controller

August 1999 - August 2000 (1 year 1 month)

RealNetworks

Controller

October 1997 - June 1999 (1 year 9 months)

Oracle

Director Finance

July 1996 - October 1997 (1 year 4 months)

Redwood Shores, CA

Silicon Graphics (SGI)

Division Controller

May 1989 - July 1996 (7 years 3 months)

Mountain View, CA

Beatrice Foods

Controller

1986 - 1989 (3 years)

Anaquest

Supervisor International Accounting

1984 - 1986 (2 years)

Square D Company

Accounting Manager

1981 - 1984 (3 years)

---

Education

University of Wisconsin

Bachelor of Business Administration (BBA), Accounting · (1977 - 1981)

Hamilton High School

· (1973 - 1977)

Certified Public Accountant (CPA)

Institute of Management Accountants

**From:** [Kiarash Hessami](mailto:Kiarash.Hessami@finalbell.com)  
**To:** [moe@themozaic.com](mailto:moe@themozaic.com); [Beau Wang](mailto:Beau.Wang@finalbell.com); [justinyang88@gmail.com](mailto:justinyang88@gmail.com)  
**Cc:** [Robert Meyer](mailto:Robert.Meyer@finalbell.com); [Kay Jessel](mailto:Kay.Jessel@finalbell.com); [Keith Adams](mailto:Keith.Adams@finalbell.com); [Jason Deland](mailto:Jason.Deland@finalbell.com); [Tom Fornarelli](mailto:Tom.Fornarelli@finalbell.com)  
**Subject:** FBHI's Financials Update & BZAM Due Diligence Package  
**Date:** November 24, 2023 2:05:57 PM  
**Attachments:** [image001.png](#)  
[1. Project Tower.pdf](#)  
[2. FBHI BZAM Due Diligence Readout.pdf](#)  
[3. FB Canada Divestiture Rationale.pdf](#)  
[4. BZAM Ltd. - DRAFT September 30, 2023 \(3 and 9 months\) Financial Statements.pdf](#)  
[5. BZAM Ltd. - DRAFT September 30 2023 \(3 and 9 months\) MDA.pdf](#)  
[6. FBHI UNAUDITED FS 03.31.23.pdf](#)  
[7. FBHI - Consolidated Income Statement.pdf](#)  
[8. FBHI - Consolidated Balance Sheet.pdf](#)  
[9. Final Bell Holdings Inc - Consolidated Financial Statements - Interim 9.30.22.pdf](#)

Hi Moe, Beau, and Justin,

Attached in this email, you will find the following documents regarding our proposed business opportunity with BZAM Ltd. and FBHI's financial information:

1. BZAM's Business Opportunity presentation
2. FBHI's BZAM Due Diligence Readout
3. FB Canada Divestiture Rationale
4. BZAM's 9.30.23 Financial Statements
5. BZAM's 9.30.23 MD&A
6. FBHI's 3.31.23 Unaudited Financial Statements
7. FBHI's 6.30.23 and 9.30.23 Consolidated Income Statement
8. FBHI's 6.30.23 and 9.30.23 Consolidated Balance Sheet
9. FBH's 9.30.22 Financial Statements for comparative purposes

Please reach out if you have any questions.

Best Regards,  
Kiarash

--



**Kiarash Hessami**

Director of Corporate Accounting

+1 (604) 679-9660

**Final Bell Holdings Inc.**

7731 Hayvenhurst Ave., Unit B  
Van Nuys, CA 91406

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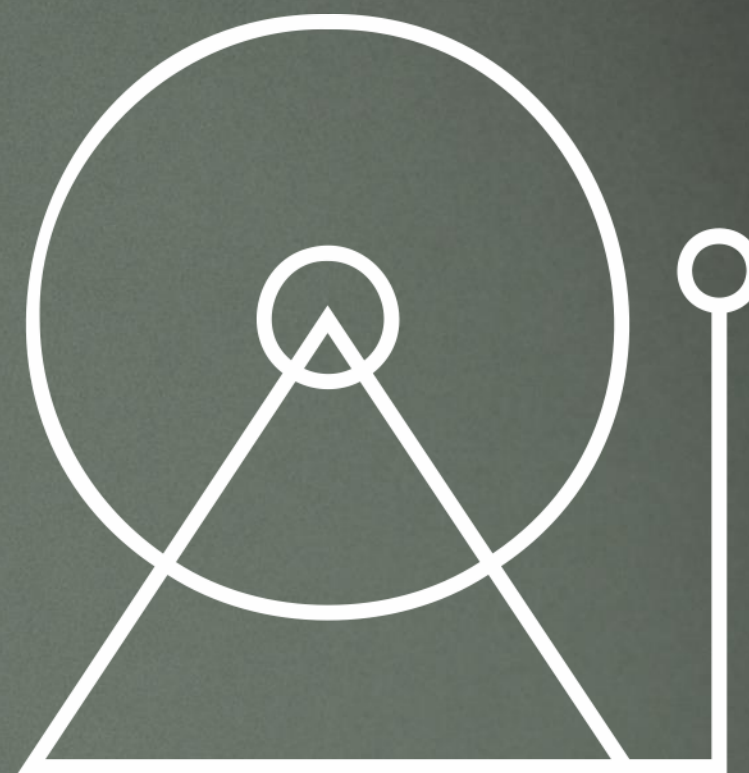
EXHIBIT

3

10-April-24

Shirley Chang

APV



# FINAL BELL

Rationale for Divestiture of  
Final Bell Canada

# RATIONALE FOR DIVESTITURE OF FINAL BELL CANADA - \$8 MILLION

- FB Canada's lack of cash and inability to move funding across country lines has resulted in non-payment of \$8mm of 14R AP over the last 12M
- Divesting FB Canada would have resulted in \$8mm of incremental cash and a PF cash balance of \$10.6mm — all solely on FB Canada's inability to pay
- Going forward, FBHI expects to generate ~\$2mm of incremental cash per quarter or \$8mm per year, while retaining 33% of BZAM+FB Canada

	Actual				Actual				Actual			
	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2022	3/31/2023	6/30/2023	9/30/2023
	<b>FBHI Consolidated (Including Canada)</b>				<b>FBHI Consolidated (Excluding Canada)</b>				<b>Final Bell Canada ("FBC")</b>			
	<b>F3Q23</b>	<b>F4Q23</b>	<b>F1Q24</b>	<b>F2Q24</b>	<b>F3Q23</b>	<b>F4Q23</b>	<b>F1Q24</b>	<b>F2Q24</b>	<b>F3Q23</b>	<b>F4Q23</b>	<b>F1Q24</b>	<b>F2Q24</b>
<b>Working Capital Balances</b>												
Accounts Receivable	10,408	10,717	8,676	9,336	7,351	6,581	4,814	4,978	3,057	4,136	3,862	4,359
14R AR Balance from FBC (elim. on consolidation)					2,520	5,018	6,750	9,431				
Inventory	12,779	11,998	11,929	10,985	8,479	5,810	3,370	2,105	4,300	6,187	8,559	8,880
Prepaid Expenses	2,439	2,279	2,352	3,224	2,402	2,253	2,335	3,214	37	27	17	11
Accounts Payable	(21,246)	(19,352)	(22,338)	(22,982)	(13,977)	(10,966)	(12,454)	(13,295)	(7,269)	(8,385)	(9,885)	(9,688)
AP to 14R	-	-	-	-	-	-	-	-	(2,520)	(5,018)	(6,750)	(9,431)
Accrued Expenses	(2,326)	(3,175)	(3,141)	(4,234)	(2,285)	(3,253)	(2,475)	(2,693)	(41)	78	(666)	(1,541)
Deferred Revenue	(2,483)	(1,448)	(1,323)	(2,427)	(2,048)	(1,024)	(1,252)	(1,330)	(435)	(424)	(71)	(1,098)
<b>Net Working Capital</b>	<b>\$ (429)</b>	<b>\$ 1,019</b>	<b>\$ (3,845)</b>	<b>\$ (6,098)</b>	<b>\$ 2,442</b>	<b>\$ 4,419</b>	<b>\$ 1,087</b>	<b>\$ 2,410</b>	<b>\$ (2,871)</b>	<b>\$ (3,400)</b>	<b>\$ (4,933)</b>	<b>\$ (8,508)</b>
Change in Net Working Capital	\$ (5,273)	\$ 1,448	\$ (4,864)	\$ (2,253)	\$ (2,804)	\$ 1,977	\$ (3,331)	\$ 1,322	\$ (2,469)	\$ (529)	\$ (1,533)	\$ (3,575)
<b>Cash Flow from Chgs. in Working Capital</b>												
Total Accounts Receivable	2,855	(309)	2,041	(660)	1,780	770	1,767	(164)	1,075	(1,079)	274	(496)
14R AR Balance from FBC (elim. on consolidation)	-	-	-	-	(1,223)	(2,498)	(1,732)	(2,681)	-	-	-	-
Inventory	(4,512)	781	69	944	(4,513)	2,669	2,440	1,265	1	(1,888)	(2,372)	(321)
Prepaid Expenses	(581)	160	(73)	(872)	(597)	150	(82)	(879)	15	10	9	7
Accounts Payable	7,536	(1,895)	2,987	644	7,130	(3,011)	1,487	841	406	1,116	1,500	(197)
AP to 14R	-	-	-	-	-	-	-	-	1,223	2,498	1,732	2,681
Accrued Expenses	1,214	849	(34)	1,093	1,259	968	(778)	218	(45)	(119)	743	875
Deferred Revenue	(1,239)	(1,035)	(125)	1,104	(1,031)	(1,024)	228	77	(208)	(11)	(353)	1,027
<b>Total Cash Flow from Chgs. in Working Capital</b>	<b>\$ 5,273</b>	<b>\$ (1,448)</b>	<b>\$ 4,864</b>	<b>\$ 2,253</b>	<b>\$ 2,804</b>	<b>\$ (1,977)</b>	<b>\$ 3,331</b>	<b>\$ (1,322)</b>	<b>\$ 2,469</b>	<b>\$ 529</b>	<b>\$ 1,533</b>	<b>\$ 3,575</b>
Total 4 Qtr. Cash Flow from Chgs. in Working Capital				<b>\$ 10,942</b>				<b>\$ 2,836</b>				<b>\$ 8,106</b>
Reallocation of Working Capital								8,135				(8,135)
Adjusted Chgs. in Working Capital				<b>\$ 10,942</b>				<b>\$ 10,970</b>				<b>\$ (28)</b>
<b>Cash</b>	<b>\$ 4,772</b>	<b>\$ 3,920</b>	<b>\$ 5,386</b>	<b>\$ 5,688</b>	<b>\$ 2,552</b>	<b>\$ 2,671</b>	<b>\$ 3,849</b>	<b>\$ 2,438</b>	<b>\$ 2,220</b>	<b>\$ 1,249</b>	<b>\$ 1,536</b>	<b>\$ 3,249</b>
Reallocation of Working Capital				\$ -				\$ 8,135				\$ (8,135)
<b>Pro forma Cash Balance</b>				<b>\$ 5,688</b>				<b>\$ 10,573</b>				<b>\$ (4,885)</b>

**From:** [Jimmy Nguyen](#)  
**To:** [Robert Meyer](#)  
**Cc:** [Keith Adams](#); [Greg Boone](#); [Jennifer Maccarone](#)  
**Subject:** FB Canada Model with Projected Balance Sheet and Cash Flow  
**Date:** November 16, 2023 12:42:25 AM  
**Attachments:** [image.png](#)  
[5.2 FB Canada Model v11.15.23 - WIP.xlsx](#)

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Hi Robert.

Please see attached for the latest FB Canada model with income statement approved by Greg as well as projected balance sheet and cash flow statements to be reviewed / approved by both you and Greg.

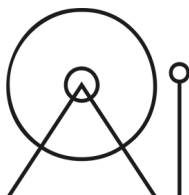
Major assumptions used in the model:

1. Inventory growth for Cookies and Jeeter in 4Q23 and 1Q24
2. 90 day payment terms for provincial boards
3. 30 day payment terms for FB Canada from 14R

Let us know if you have any questions.

Thanks,  
Jimmy

--



**Jimmy Nguyen**

Senior Manager, Corporate Development  
(805) 304-5624

**Final Bell Holdings**

7731 Hayvenhurst Ave. Unit B  
Van Nuys, CA 91406



**From:** [Keith Adams](#)  
**To:** [Robert Meyer](#)  
**Cc:** [Kay Jessel](#); [Mihai Ionescu](#)  
**Subject:** conversation with matt  
**Date:** December 15, 2023 7:20:01 PM

Matt called me today to ask about cash being paid out of FB Canada for various expenses, including things like the Golden Iris loan.

I made it clear to Matt that we move cash between Final Bell entities and pay Final Bell group bills in the ordinary course. FB Canada's cash is not "owned" by FB Canada. As we all know, because we have been unable to move cash out of the country, we have used the cash that has been hoarded at FBC due to the non-payments to fund some of the bills that are not US payees as we manage our "corporate cash". Payables also include things like costs and expenses related to the BZAM transaction itself.

Matt seems confused that this remains our business to run until the transaction closes – it is not their business effective on signing the SEA.

Matt's view seems to be that FB Canada needs to run as a standalone entity and the working capital needs to be kept and preserved in the entity. He is banking on there being enough w/c on closing to fund things like the Jetter launch, and is forgetting that our deal is to offload the company and let BZAM run it because they think they can do better. We never guaranteed anything about the FB Canada business on closing. Under his concept, we would have to continue funding FB Canada internally while trapping all cash generated in that company, which makes no sense. If that were the case, the economics of the deal would have been very different.

We need to get Matt off of this view because he is arguing that these payables should offset the \$8m notes. Our agreement is to write off our intercompany payables in exchange for two \$4m notes payable to 14R on closing (not on signing). When we finalized the SEA, Mihai explained that he purposely changed the A/P payment plan to a simple p-note with no reference to "A/P" to help support this very position. BZAM agreed to that change.

I think this is going to have to be a conversation with you and Matt. He is adamant that the cash should have been left in FBC to fund working capital including the Jetter launch. This is crazy because then we would be using our cash to pay ourselves.

Here are a few bullet points on the SEA itself:

- SEA has no terms assuring FB Canada is sold with any sufficient amount of w/c to fund projects/launches such as Jetter.
- SEA has no terms suggesting FB Canada needs to fund its working capital solely as a stand-alone entity and not across the Final Bell group. Given the nature of the Final Bell business, cash management operates over the entire group of companies as necessary from time to time.
- SEA only requires FB Canada to carry on business and engage in transactions in the ordinary course consistent with past practice, which these payables would fall

under whether paid directly or indirectly as most multi-entity operations run.

- If the concept of the deal was that money gets trapped in FB Canada or FB Canada was capitalized at some level for future projects, the economics of this transaction would have been different. We told Matt on calls re: the SEA that this deal functions more or less like an as-is where-is deal. There are no holdbacks, no other purchase price adjustments, no cash consideration on closing – this is indicative of a divestiture and full exit transaction for us.
- SEA only restricts dividends and distributions out of FB Canada, which would be for taking out profits, if any. These payables are working capital and wouldn't count to this.
- SEA does not provide anywhere for an adjustment of the debt owing on closing by FB Canada to 14R. On closing, FB Canada is agreeing to repay debt of \$8m to 14R under two \$4m notes. There is no “payables” offset contemplated anywhere. As mentioned, neither \$4m note is tied to “AP” at all. One is a secured note due on demand in 2025 and the other is an unsecured note with a principal amount repayable in 12 equal installments. These are being issued only on closing essentially in satisfaction of over app. \$17m of intercompany balances which are otherwise being written off/capitalized.

*Keith Adams*  
*CFO*  
*415.320.8940*  
*kadams@finalbell.com*

**From:** [Keith Merker](#)  
**To:** [Matthew Milich](#); [Bassam Alghanim](#); [Sherry Tross](#); [Wendy Kaufman](#); [Chris Schnarr](#)  
**Cc:** [Sean Bovingdon](#); [Rosanna Mastropietro](#)  
**Subject:** Re: Update  
**Date:** November 13, 2023 4:36:01 PM

---

Thanks Matt.

The LOI contemplated a diligence deadline of Nov 15 and a closing date of Nov 22.

Can you provide some insight on how we are doing relative to these dates?

Cheers,

Keith

---

**From:** Matt Milich <mmilich@bzam.com>  
**Date:** Saturday, November 11, 2023 at 7:22 PM  
**To:** Bassam Alghanim <bassam101@gmail.com>, Sherry Tross <trossvsherry@gmail.com>, Keith Merker <keithmerker@gmail.com>, Wendy Kaufman <wkaufman.board@gmail.com>, Chris Schnarr <cschnarr@loriangroup.com>  
**Cc:** Sean Bovingdon <sbovingdon@bzam.com>, Rosanna Mastropietro <rmastropietro@bzam.com>  
**Subject:** Update

Hi all,

Hope this finds you well.

Wanted to provide a brief update on the progress of the Final Bell Canada transaction.

Since we last spoke, we have progressed a number of items in parallel, including:

1. We set up a data room for both parties, and Final Bell has populated a number of items, including a financial model and several key material agreements, among other things.
2. We have already reverted with a number of queries on the model they posted, and the legal review of the material in the data room is underway. The folks at Clarus are working on a pro-forma combined model, which should continue to progress as we get responses to the questions that were sent.
3. We've completed an initial draft Share Exchange Agreement (which remains subject to due diligence and board approval) that has been circulated to Final Bell Holdings International (the sole shareholder of Final Bell Canada).
4. We have also started planning on the operations side in parallel. As part of this, a key production person from BZAM is traveling to the Jeeter facility in California this coming week to get a first-hand understanding of their manufacturing process. And, we have started the process of making our first sample Jeeter pre-rolls at the Ancaster facility.

Will aim to provide a further update mid-week. So far, everything seems to be moving at a good pace in a positive direction.

As always, if you have any questions feel free to reach out.

Best regards,

Matt

**FINAL BELL CANADA INC.****OFFICER'S CERTIFICATE**

**TO: BZAM LTD. (the "Purchaser")**

**RE: Share exchange agreement between the Purchaser, Final Bell Canada Inc. (the "Corporation") and Final Bell Holdings International Ltd. dated December 5, 2023 (the "Share Exchange Agreement")**

---

This certificate is being delivered pursuant to Sections 7.1(a) and 7.1(b) of the Share Exchange Agreement. Capitalized terms used and not otherwise defined in this certificate have the meanings specified in the Share Exchange Agreement.

I, Greg Boone, the President, Vice-President and Secretary of the Corporation, hereby certify for and on behalf of the Corporation (and not in my personal capacity and without personal liability) as follows:

1. each of the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**FBC Specified Representations**") of the Share Exchange Agreement are true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties have been made on and as of such date;
2. each of the representations and warranties of the Corporation to the Purchaser in the Share Exchange Agreement (other than the FBC Specified Representations) are true and correct, other than as disclosed in Schedule "A" attached hereto, as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Corporation to be so true and correct (without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and
3. the Corporation has fulfilled, performed or complied with in all material respects all covenants contained in the Share Exchange Agreement required to be fulfilled, performed or satisfied with by it in the Share Exchange Agreement on or prior to the Closing Date.

*[Signature Page Follows]*

DATED this 5<sup>th</sup> day of January, 2024

DocuSigned by:

*Greg Boone*

18EDE32FA8CC485

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Greg Boone  
President, Vice-President and Secretary

**SCHEDULE "A"**

The following extraprovincial registrations are added for Final Bell Corp. to Section 4.2 of the FBC Disclosure Letter:

1. Saskatchewan (EP Registered)
2. British Columbia (EP Registered)

The following liabilities are added to Section 4.7 of the FBC Disclosure Letter:

1. Final Bell Corp. currently owes approximately \$138,080.66 to Swiss Luxe Products Inc. relating to outstanding license fees pursuant to an expired agreement for Blessed and Flir chocolate products as of an invoice dated December 20, 2023.

The following transactions outside of the Ordinary Course are added to Section 4.11 of the FBC Disclosure Letter:

1. Final Bell Corp. made a payment of approximately \$525,559 on November 20, 2023 to Golden Iris International Limited under direction from Final Bell Holdings International Ltd.
2. Final Bell Corp. made a payment of approximately \$354,600 to Final Bell Holdings International Ltd. on December 1, 2023 in connection with accounting services rendered by Davidson & Company LLP.
3. Final Bell Corp. made a payment of approximately \$172,500 to Final Bell Holdings International Ltd. on December 21, 2023 in connection with legal services rendered by Sangra Moller LLP.

In addition, the previously disclosed liability in Section 4.7 of the FBC Disclosure Letter pertaining to royalty payments owed of approximately CAD\$535,630.50 under the Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis) has been discharged as of December 29, 2023.

**From:** [Ariel Wessling](mailto:Ariel.Wessling@finalbell.com)  
**To:** [mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com)  
**Subject:** Re: Weekly Report Reserve  
**Date:** December 5, 2023 4:02:45 PM  
**Attachments:** [image001.png](#)

Closing the loop - the funds have been received!

**Ariel Peterson-Wessling** | Final Bell  
VP, Finance

(320) 420-1042  
7731-B Hayvenhurst Ave.  
Van Nuys, CA 91406 USA

On Tue, Dec 5, 2023 at 7:40 AM <[mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com)> wrote:

Hi Ariel,

Please see the below confirmation that it was delivered. The funds have not been taken from our account yet but will most likely be updated later in the day.

Tracker ID: 267948-FWS2RO | Final Bell Canada Inc

**Delivered** ⓘ

BANK OF MONTREAL

Accepted Dec 1, 2023 | Processed Dec 5, 2023 | Delivered Dec 5, 2023

**Rail Ecosystem**

<b>CAMBRIDGE GLOBAL PAYMENTS CORP.(UK) LIMITED</b> BIC: CMFYGB2LXXX LONDON UNITED KINGDOM Released 12/5/2023 Instructed Amount CAD 342,500.00	<b>BOFAGB225BS</b> BIC: BOFAGB225BS Received 12/5/2023	<b>BANK OF AMERICA, NATIONAL ASSOCIATION</b> BIC: BOFACATXXX TORONTO CANADA Released 12/5/2023 Instructed Amount CAD 342,500.00	<b>PMI: LYX</b> SWIFT status unknown	<b>BANK OF MONTREAL</b> BIC: BOFMCAM2XXX CANADA Received 12/5/2023 Released 12/5/2023 Credited Amount CAD 342,500.00
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Swift Message: [View Message](#)  
UETR: [Copy to Clipboard](#)  
Instructed Amount: CAD 342,500.00  
Credited Amount: CAD 342,500.00  
Total Deductions: --  
Payment Charges: SHA  
Wire Ref:

**Michelle McNutt** | Final Bell  
Accounting Specialist

[mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com)

(905) 404-7441  
1100 Bennett Road North  
Bowmanville, ON, L1C 3K5 Canada  
[finalbell.ca](http://finalbell.ca)

**From:** Ariel Wessling <[awessling@finalbell.com](mailto:awessling@finalbell.com)>  
**Sent:** Friday, December 1, 2023 4:31 PM  
**To:** Kiarash Hessami <[khessami@finalbell.com](mailto:khessami@finalbell.com)>  
**Cc:** [mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com); Jennifer Maccarone <[jmaccarone@finalbell.com](mailto:jmaccarone@finalbell.com)>; Keith Adams <[kadams@finalbell.com](mailto:kadams@finalbell.com)>  
**Subject:** Re: Weekly Report Reserve

Michelle + Jennifer - thanks for getting this payment queued up & out today. Kindly forward the confirmation when you get a chance.



Along with that can you please send a summary of cash using the below format?

**CAD**

Beginning Cash of  
12/1/23 **2,958,743.88**

Payment to FBHI (342,500.00)

Payment to Sherbs (340,587.00)

Payments to Others                     

Ending Cash as of  
12/1/23 **2,275,656.88**

---

**Ariel Peterson-Wessling** | Final Bell  
VP, Finance

(320) 420-1042  
7731-B Hayvenhurst Ave.  
Van Nuys, CA 91406 USA

On Fri, Dec 1, 2023 at 12:03 PM Kiarash Hessami <[khessami@finalbell.com](mailto:khessami@finalbell.com)> wrote:

Hi Michelle,

Please see attached.

Best,

Kiarash

On Fri, Dec 1, 2023 at 11:10 AM Ariel Wessling <[awessling@finalbell.com](mailto:awessling@finalbell.com)> wrote:

Hi Michelle - looping in [@Kiarash Hessami](#) to provide the notice to pay as we are working through finalizing the engagement letter with Davidson.

---

**Ariel Peterson-Wessling** | Final Bell  
VP, Finance

(320) 420-1042  
7731-B Hayvenhurst Ave.  
Van Nuys, CA 91406 USA

On Fri, Dec 1, 2023 at 9:49 AM <[mmcnuutt@finalbell.com](mailto:mmcnuutt@finalbell.com)> wrote:

Hi Ariel,

Can you please send over the invoices for the below request so I can get the payments set up?

Thanks,

Michelle

**Michelle McNutt** | Final Bell  
Accounting Specialist

[mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com)

(905) 404-7441  
1100 Bennett Road North  
Bowmanville, ON, L1C 3K5 Canada  
[finalbell.ca](http://finalbell.ca)

---

**From:** Ariel Wessling <[awessling@finalbell.com](mailto:awessling@finalbell.com)>  
**Sent:** Thursday, November 30, 2023 10:18 AM  
**To:** Michelle McNutt <[mmcnutt@finalbell.com](mailto:mmcnutt@finalbell.com)>  
**Cc:** Jennifer Maccarone <[jmaccarone@finalbell.com](mailto:jmaccarone@finalbell.com)>  
**Subject:** Weekly Report Reserve

Hi Michelle!

Can you put a reserve on the weekly report for this week & next week for the amounts listed below?

These money's will go towards paying a audit deposit & legal bills.

THIS WEEK: 250,000 USD/ 335,000 CAD

NEXT WEEK: 125,000 USD / 167,500 CAD

Thanks!

--

---

**Ariel Peterson-Wessling** | Final Bell  
VP, Finance

(320) 420-1042  
7731-B Hayvenhurst Ave.  
Van Nuys, CA 91406 USA

--

**Kiarash Hessami**  
Director of Corporate Accounting

+1 (604) 679-9660

**Final Bell Holdings Inc.**  
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# TAB 13

Court File No. CV-24-00715773-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

BETWEEN:

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 BZAM LTD., BZAM HOLDINGS INC., BZAM  
MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE  
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE  
GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC.,  
HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.  
(collectively the "Applicants", and each an  
"Applicant")

CROSS-EXAMINATION OF KAY JESSEL  
on his affidavits sworn on  
March 18th, 2024 and April 1st, 2024  
held via Arbitration Place Virtual  
on Wednesday, April 10, 2024, at 3:16 p.m.

APPEARANCES :

Joseph Blinick  
Thomas Feore  
Michael Shakra

for the BZAM Group of  
Companies

Andrew Winton  
David Ionis  
Brendan Bohn

for Final Bell Holdings  
International Inc.

Colin Pendritch  
Jonathan Sheppard

For Cortland Credit  
Lending Corporation

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AND OBJECTIONS

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1 Arbitration Place Virtual  
2 --- Upon commencing on Wednesday, April 10, 2024, at  
3 3:16 p.m.

4 AFFIRMED: KAY JESSEL

5 CROSS-EXAMINATION BY MR. BLINICK:

6 BY MR. BLINICK:

7 1. Q. Good afternoon, sir.

8 A. Good afternoon.

9 2. Q. How are you?

10 A. Good.

11 3. Q. I see you have some documents  
12 with notes in front of you there. I'll just ask  
13 you to pass those to me --

14 MR. WINTON: Yeah, let's take these  
15 off.

16 MR. BLINICK: No, I'll ask for  
17 copies.

18 MR. WINTON: No, it's okay. We can  
19 -- he didn't mean to have these with him, so we'll  
20 just get rid of them before --

21 MR. BLINICK: Well, he has them with  
22 him. They're marked up copies of his affidavits.  
23 I'd like copies of those, counsel.

24 MR. WINTON: No, I just removed  
25 them.

1 MR. BLINICK: I'm entitled --

2 MR. WINTON: No, you're not. I just  
3 removed them. He's not giving evidence based on  
4 these, so you don't need to worry.

5 MR. BLINICK: Well, it is relevant  
6 information relating to the examination. I'd like  
7 it before I begin. Please pass those documents  
8 across the table.

9 MR. WINTON: No. Thank you for  
10 pointing that out. We've removed them from the  
11 witness. He doesn't have access to them anymore,  
12 so you can ask your questions, and he will not  
13 refer to any notes. So, no, you do not have  
14 access. I'll keep the documents separately. If  
15 you want to talk to Justice Osborne about it, go  
16 for it. But no, you don't get to have copies of  
17 documents that have his notes on them if he's not  
18 referring to them during his cross-examination.

19 MR. BLINICK: Okay. I'm going to  
20 ask for an undertaking right now for production of  
21 all of that material you just gathered up from the  
22 witness and put to the side.

23 REF MR. WINTON: Refused, but I will  
24 preserve the documents, as I said, and if you want  
25 to raise the matter with His Honour, go for it.

1 MR. BLINICK: Thank you.

2 MR. BLINICK:

3 4. Q. Sir, you're here today for  
4 cross-examination on your two affidavits filed on  
5 behalf of Final Bell Holdings International Limited  
6 in connection with its motion or claim seeking  
7 rescission of the transaction under which its  
8 subsidiary, Final Bell Canada Inc., was acquired by  
9 BZAM?

10 A. Yes.

11 5. Q. And you sat through Mr. Adams'  
12 examination, which we just concluded. Just in  
13 terms of referring to the parties during your  
14 examination, for Final Bell holdings International  
15 Limited, I'll simply refer to it as Final Bell.

16 A. Okay.

17 6. Q. You'll understand what I'm  
18 referring to?

19 A. Yes.

20 7. Q. And with respect to Final Bell  
21 Canada Inc., I'll refer to that as Final Bell  
22 Canada or FBC.

23 A. Yes.

24 8. Q. And if I refer to any other  
25 entity, and you have any other -- or any questions

1 about which specific entity I'm referring to, or  
2 require any clarification at all throughout the  
3 examination, you just let me know, okay?

4 A. Yes.

5 9. Q. You swore your first affidavit  
6 on March 18th, 2024?

7 A. Yes.

8 10. Q. And you had a marked up copy of  
9 that affidavit in front of you a moment ago.

10 MR. WINTON: Counsel, we just went  
11 through this.

12 MR. BLINICK: No, we didn't.

13 REF MR. WINTON: We're not answering  
14 questions -- yes, we're not answering questions  
15 about the documents that were in front of Mr.  
16 Jessel on this cross-examination. They've been  
17 removed from him. They are sitting on the  
18 windowsill. I will preserve them. You are more  
19 than welcome to make whatever overtures you wish to  
20 make to the court about those documents. They're  
21 not the subject of this cross-examination.

22 MR. BLINICK:

23 11. Q. You have a clean copy of your  
24 affidavit that I've provided to your counsel that  
25 sits in front of you, your March 18th first

1 affidavit?

2 MR. WINTON: He does.

3 MR. BLINICK:

4 12. Q. You swore the truth of the  
5 contents of this affidavit?

6 A. Yes.

7 13. Q. Before swearing it, I take it  
8 you were careful to ensure that its contents were  
9 accurate and complete?

10 A. Yes.

11 14. Q. And then you swore a second  
12 reply affidavit on April 1st, 2024?

13 A. Yes.

14 15. Q. And you have a copy of that  
15 affidavit before you and clean copy as well,  
16 correct?

17 A. Yes.

18 16. Q. And you swore to the truth of  
19 the contents of this affidavit as well?

20 A. Yes.

21 17. Q. And like with the first, I take  
22 it you were careful to ensure that your reply  
23 affidavit was accurate and complete?

24 A. To which one of the two  
25 affidavits are you right now referring to?

1 18. Q. The reply affidavit or your  
2 second affidavit. Your April 1st, 2024 affidavit.

3 A. Yeah. Can you repeat the  
4 question, please?

5 19. Q. Before you swore your reply  
6 affidavit --

7 A. Yes.

8 20. Q. -- your second affidavit --

9 A. Yes.

10 21. Q. -- you were careful to ensure  
11 that it was accurate and complete?

12 A. Yes.

13 22. Q. And in your reply affidavit, you  
14 made several corrections --

15 A. Yes.

16 23. Q. -- to the contents of your first  
17 affidavit?

18 A. Yes.

19 24. Q. And in preparing for today, I  
20 take it you reviewed your affidavits again?

21 A. Yes.

22 25. Q. And are there any corrections to  
23 the contents of either of your affidavits that you  
24 would like to make beyond those that you've already  
25 made as set out in your reply affidavit?

1 A. No.

2 26. Q. No corrections?

3 A. No corrections.

4 27. Q. So, as far as you are concerned,  
5 your two affidavits are accurate in all respects?

6 A. Yes.

7 28. Q. Can you briefly just tell me  
8 about your postgraduate education?

9 A. Postgraduate?

10 MR. WINTON: Graduating from high  
11 school, you mean? So, he means starting after  
12 that.

13 MR. BLINICK:

14 29. Q. Secondary education.

15 A. Okay. I had two internships,  
16 that's what we do in Germany, or apprenticeships.  
17 One as an import and export salesman, one as a  
18 banker. Then I went to university in Hamburg and  
19 finalized my undergrad in economics. From then, I  
20 worked for various different companies like  
21 Deutsche Bank, Esso, and had a private asset  
22 management company.

23 30. Q. An asset management company that  
24 you founded?

25 A. I was a co-founder.

1 31. Q. Do you have any professional  
2 accreditations beyond your undergraduate degree?

3 A. No.

4 32. Q. I'm going to show you your  
5 LinkedIn profile, sir.

6 A. Yeah.

7 33. Q. So, this was just printed off  
8 the Internet last night.

9 A. Okay.

10 34. Q. Does this look like a copy of  
11 your LinkedIn profile? We'll mark this is the next  
12 exhibit, or first exhibit to this exam.

13 A. Yes.

14 EXHIBIT NO. 1:

15 Kay Jessel LinkedIn profile

16 MR. BLINICK:

17 35. Q. The summary section of your  
18 LinkedIn profile, you are described as an  
19 experienced economist, asset manager, and  
20 investment banker with a track record of successful  
21 capital markets transactions and strategic advisory  
22 services for corporations, creditors and equity  
23 owners?

24 A. Yes.

25 36. Q. Is that an accurate --



1 A. That's accurate.

2 37. Q. Okay. And the work experience  
3 set out here is also accurate?

4 A. It's not complete, but it's  
5 accurate.

6 38. Q. In that there is additional  
7 experience you've had not reflected here?

8 A. Yes.

9 39. Q. Anything relevant to this  
10 proceeding?

11 A. No.

12 40. Q. Beyond your work with Final  
13 Bell, do you have any cannabis experience?

14 A. No.

15 41. Q. You do have some mining  
16 experience, though?

17 A. Some mining experience, correct.

18 42. Q. And you are currently the  
19 Executive Director of Final Bell?

20 A. Yes, I am.

21 43. Q. And you've been a director of  
22 Final Bell since its inception, correct?

23 A. I don't know what you understand  
24 under inception.

25 44. Q. So, when -- why don't you tell

1 me. When did you become a director of Final Bell?

2 A. I was a director before the  
3 company, FBHI, which you call Final Bell, used to  
4 be Karsten Energy Corp. So, I was a CEO and a  
5 director in that company. And we went through the  
6 RTO, and during this process, I still remained as  
7 director in Final Bell --

8 45. Q. I see.

9 A. -- Holdings International.

10 46. Q. So, that's Karsten Energy Corp.  
11 K-A-R-S-T-E-N.

12 A. That was, yeah, the corporate  
13 vehicle.

14 47. Q. And that was, at a time, a  
15 publicly listed company in the mining industry?

16 A. It was a publicly listed  
17 company, yes.

18 48. Q. And its shares were voluntarily  
19 delisted in 2021, correct?

20 A. Correct.

21 49. Q. And then later that year, on  
22 October 27, 2021, Karsten's name was changed to  
23 Final Bell, or FBHI, as you referred to it, and its  
24 shares were then, subsequent to that time, listed  
25 for public trading again?

1                   A. Final Bell was never, ever  
2 publicly traded on the Exchange.

3 50.               Q. So, following the name change  
4 from Karsten Energy Corp. to Final Bell, that  
5 occurred October 27, 2021?

6                   A. Yes.

7 51.               Q. And Final Bell, as it's now  
8 constituted, sort of developed from that point in  
9 time forward?

10                   A. Yes.

11 52.               Q. And you state at paragraph 3 of  
12 your affidavit, your first affidavit, that's your -  
13 - the thicker record there.

14                   A. Yeah.

15 53.               Q. That you were the Chief  
16 Financial Officer of Final Bell in the fall and  
17 winter of 2023.

18                   A. I was interim Chief Financial  
19 Officer from March 2023 until November 6th or 8th  
20 November 2023, when Keith joined and took over the  
21 position as permanent CFO.

22 54.               Q. And you assumed the role as  
23 interim CFO in March 2023, because the then acting  
24 CFO, Justin Germain, had resigned as Final Bell's  
25 Chief Financial Officer, correct, and President of

1 the company?

2 A. Yes. Yes.

3 55. Q. So, March 2023, Mr. Germain  
4 resigns as CFO and President, correct?

5 A. Correct.

6 56. Q. You step into the role of  
7 interim CFO --

8 A. Correct.

9 57. Q. -- as of March 2023, and then in  
10 November of 2023, you transition that role to Mr.  
11 Adams as the full time CFO.

12 A. Yes. It was obviously stated in  
13 a news release that I just had an interim position.

14 58. Q. Understood. And based on what  
15 Mr. Adams told me this morning, I understand that  
16 while he was formally appointed to the CFO role, I  
17 think November 9th, 2023 was the date, he actually  
18 had been at the company since early October,  
19 presumably working hand in hand with you --

20 A. I believe so, yes.

21 59. Q. -- to sort of have a more  
22 seamless transition; is that correct?

23 A. Correct.

24 60. Q. So, while Mr. Adams was formally  
25 appointed CFO November 9th, he actually was acting

1 in a CFO role type capacity in advance of that  
2 date?

3 A. Correct.

4 61. Q. And it's fair to say that Mr.  
5 Adams led all of the diligence efforts on the Final  
6 Bell side in connection with the transaction with -  
7 -

8 A. Yes.

9 62. Q. -- BZAM? Sorry, it's important  
10 that you just let me finish the question before you  
11 answer, even though you know where I'm going, just  
12 for the sake of the record.

13 A. I will take some more time.

14 MR. BLINICK:

15 63. Q. So, just to repeat, it's fair to  
16 say that Mr. Adams led all the diligence on the  
17 Final Bell side in connection with the transaction  
18 with BZAM?

19 A. Yes.

20 64. Q. And sir, as Executive Director  
21 of Final Bell, you're responsible for certifying  
22 Final Bell's financial statements and other public  
23 disclosure documents?

24 A. Yes.

25 65. Q. You state in your affidavit,

1 paragraph 3 that you are responsible for all public  
2 filings?

3 A. Yes.

4 66. Q. And so, I'm going to show you  
5 Final Bell's condensed consolidated financial  
6 statements as of, and for, the three and nine  
7 months ended December 31st, 2022 and 2021.

8 MR. WINTON: This is one document.  
9 Are these together? Is this stapled set?

10 THE WITNESS: Yes.

11 MR. WINTON: Okay. The heading,  
12 counsel, just -- sorry, I just want to make sure I  
13 understand this. Is this on the document you  
14 downloaded, or is this created by you?

15 MR. FEORE: It was on the document  
16 download.

17 MR. BLINICK: Yeah, this was --

18 MR. WINTON: Okay, thank you.

19 MR. BLINICK:

20 67. Q. Are you familiar with this  
21 document, sir?

22 A. Yes.

23 68. Q. And just to answer your  
24 counsel's question, this is as Final Bell had  
25 prepared their financial statements, correct?

1 A. Yes.

2 69. Q. Cover page, and you can take  
3 your time to page through it if you'd like. These  
4 financial statements were approved and authorized  
5 by the Final Bell board of directors on March 1st,  
6 2023?

7 A. Yes.

8 70. Q. And if you go to page 3, I  
9 suppose, of the financial statements, you'll see  
10 that notation.

11 A. Yeah.

12 71. Q. And you were a signing officer,  
13 signing off on these financial statements, correct?

14 A. Yes.

15 MR. BLINICK: So, let's just mark  
16 this as the next exhibit.

17 MR. WINTON: For now, let's mark  
18 this as an exhibit for identification. I'm just  
19 not sure how this is admissible, like, why it's  
20 relevant to anything.

21 MR. BLINICK: Well, I'll tell you,  
22 I'm going to ask some questions about it.

23 MR. WINTON: That's fine. I'm not  
24 sure I agree that any questions about these  
25 financials. So, for now, let's mark it as Exhibit

1 A. We'll talk about it offline.

2 MR. BLINICK: No, counsel, it's my  
3 examination. We're going to mark it as Exhibit 2.  
4 These are -- Final Bell produced its financial  
5 statements. They were requested in the Redfern.  
6 They're publicly available documents. The witness  
7 is the signing officer, and they're the financial  
8 statements of the claimant here. So, I really  
9 don't understand your position. So, that said,  
10 we're going to maintain the exhibit marking of  
11 Exhibit 2.

12 MR. WINTON: No, counsel, if I  
13 object to a document being marked as a numbered  
14 exhibit, you can't mark it as a numbered exhibit  
15 over my objection. So, we can mark it as a  
16 lettered exhibit.

17 MR. BLINICK: Sorry, you're going to  
18 maintain that objection, that the Final Bell  
19 financial statements signed off by the witness who  
20 swore two affidavits and is sitting here today,  
21 which you've produced in the litigation, cannot be  
22 marked as a numbered exhibit? That's seriously  
23 your position, counsel?

24 MR. WINTON: I just want to make it  
25 clear. I don't believe we did produce these in the



1 litigation. You said you got them off SEDAR.  
2 Where were they produced?

3 MR. BLINICK: I think whether they  
4 were produced or taken off SEDAR is sort of beside  
5 the point, counsel.

6 MR. WINTON: Actually, I disagree  
7 with that. So, just show me where they are in the  
8 record or where we produced them, and then I'll  
9 reconsider my position, but my understanding is  
10 this is a document that you downloaded off of SEDAR  
11 and are now trying to introduce into the record.  
12 If I'm wrong about that, I would apologize and  
13 gladly retract my objection.

14 MR. BLINICK: I can tell you we did  
15 request all the latest financial statements in our  
16 Redfern I don't have in front of me at this moment.

17 MR. WINTON: No, I think the request  
18 was the audit or unaudited annual financial  
19 statements from its last fiscal year end, together  
20 with the MD&A for that period, together with any  
21 quarterly financial statements they prepared since  
22 that time. And the response is it has not  
23 finalized its annual financial statements for its  
24 last fiscal year end, or related MD&A, or  
25 subsequent quarterly financials. There are no

1 documents responsive to the request.

2 MR. FEORE: Yeah, it's FB 239.

3 MR. WINTON: Okay.

4 MR. FEORE: I believe. Oh no,  
5 that's September.

6 MR. WINTON: Yeah, just -- that's  
7 what I'm saying. I just want to make sure --

8 MR. BLINICK: Listen, you've  
9 produced financial statements for Final Bell. I  
10 don't think a whole lot turns on it. If you want  
11 to seriously maintain an objection to the  
12 claimant's financial statements being admitted into  
13 the record as a numbered exhibit, that's your  
14 right. I think that's preposterous, and I'm going  
15 to maintain my position that this is Exhibit 2.  
16 Again, it's my examination.

17 MR. WINTON: No, counsel --

18 MR. BLINICK: I control the  
19 exhibits.

20 MR. WINTON: No, counsel, I disagree  
21 with that. You don't control the exhibits. You  
22 can't number an exhibit over my objection. I don't  
23 think that's how it works at all. I'm saying I  
24 object to this being introduced as an exhibit so  
25 that until we get to the bottom of this, we can

1 mark it for identification, and once we decide  
2 whether or not it will be included in the record,  
3 I'm sure, offline, we'll be able to sort this out.  
4 But I'm just telling you right now, because I'm  
5 going to object to questions about the document,  
6 I'm not agreeing that it be marked as a numbered  
7 exhibit.

8 MR. BLINICK: I would think we  
9 equally could agree to it online and not just  
10 offline, but I don't intend to waste further time  
11 on it. I'll accede to your request under protest.

12 MR. WINTON: Thank you.

13 MR. BLINICK: So, that will be  
14 Exhibit A.

15 EXHIBIT A:  
16 Condensed Interim Consolidated  
17 Financial Statements as of and  
18 for the Three and Nine Months  
19 Ended December 31, 2022 and 2021

20 MR. BLINICK: And just so I'm clear,  
21 counsel, is it your position that Final Bell's  
22 financial statements are irrelevant to this  
23 litigation?

24 MR. WINTON: I'm maintaining the  
25 position that Exhibit A is irrelevant to matters at

1 issue in this litigation.

2 MR. BLINICK:

3 72. Q. Mr. Jessel in the productions,  
4 and just so we have it for the record, it's  
5 FB000239. There has been production of financial  
6 statements, except it's for the year -- or for the  
7 three and six months ended September 30, 2022 and  
8 2021. And I believe Mr. Winton is correct in that  
9 the document I put in front of you was not  
10 produced. Why?

11 MR. WINTON: It's not responsive to  
12 the Redfern request, nor do we think it's relevant.

13 MR. BLINICK: You produced financial  
14 statements for a period preceding this.

15 MR. WINTON: Fine. That's not an  
16 admission of relevance. We produced them. You  
17 made a specific Redfern request, number 11, and our  
18 response to that was there were no documents  
19 responsive to that request. To the extent we  
20 produced another document responsive to a different  
21 request, that's fine. It doesn't mean it's an  
22 admission of relevance. That document is not  
23 before us. The document you put before us is a  
24 different document. And as I said, I'm not  
25 convinced, sitting here, that this is relevant to

1 any matter at issue in the litigation. You can ask  
2 your questions. I'm going to let the witness  
3 answer those questions pursuant to Rule 34.12 and  
4 let's see where it goes.

5 MR. BLINICK: Well, you're not  
6 giving a blanket qualifier on 34.12, counsel.

7 MR. WINTON: I am for every question  
8 --

9 MR. BLINICK: I'm not accepting  
10 that.

11 MR. WINTON: That's fine. Then ask  
12 your questions. I'll object each time, but I'm  
13 trying to speed this up by letting you know that I  
14 intend to object to every question you're going to  
15 ask about this document pursuant to Rule 34.12 and  
16 let the witness answer so you can get the questions  
17 and we can go from there.

18 MR. BLINICK: Counsel, is there  
19 something particularly sensitive in this document  
20 as compared to the September 30th version that was  
21 produced that you're so guarded against?

22 MR. WINTON: I have never seen this  
23 document before, counsel, so I have no idea what's  
24 in it, and I'm not going to allow -- agree, having  
25 not seen it before, not that it's relevant or that

1 any of your questions are relevant. So, why don't  
2 you ask your questions? I've registered my  
3 objection. I'll continue to register my objection  
4 if I need to, but I'm just saying go ahead, get the  
5 questions and the answers on the record, and let's  
6 move on.

7 MR. BLINICK:

8 73. Q. Sir, are these the latest  
9 financial statements that Final Bell has in its  
10 possession, power or control?

11 OBJ MR. WINTON: Objection, but you can  
12 answer pursuant to Rule 34.12. That means you can  
13 go ahead and answer just --

14 THE WITNESS: Yes.

15 MR. WINTON: -- we're reserving our  
16 --

17 MR. BLINICK:

18 74. Q. These are the latest financial  
19 statements?

20 A. Yes.

21 75. Q. And sir, you acknowledge having  
22 received a Redfern request from our office?

23 MR. WINTON: I don't think you put  
24 that to him yet. I think Mr. Adams, did.

25 MR. BLINICK:

1 76. Q. Did you receive a Redfern  
2 request from our office?

3 A. No.

4 77. Q. You never --

5 A. Not --

6 78. Q. Sorry, let me finish the  
7 question. Are you familiar with the Redfern  
8 request that was delivered by BZAM to Final Bell?

9 A. No.

10 79. Q. Do you know what a Redfern  
11 request is?

12 A. No.

13 80. Q. Is this the first time you're  
14 ever hearing of a Redfern request separate and  
15 apart from what you may have heard in Mr. Adams'  
16 examination today?

17 A. Yes.

18 81. Q. Okay. I'm going to show you  
19 what is a copy of the document request, or the  
20 Redfern request, that was delivered to Final Bell's  
21 lawyers date of March 28th, 2024. And this also  
22 has Final Bell's responses to the Redfern request  
23 that we made.

24 A. Okay.

25 82. Q. You've never seen this document

1 before?

2 A. No, I haven't.

3 83. Q. Take your time to look through  
4 the requests set out in the chart. That's the  
5 first -- that's column number two, documents or  
6 categories of documents requested.

7 A. Sorry, where is that?

8 MR. WINTON: Column two.

9 THE WITNESS: Okay.

10 MR. WINTON: It starts here.

11 THE WITNESS: Yeah.

12 MR. WINTON: And it goes to there.

13 THE WITNESS: Okay, I see it.

14 MR. BLINICK:

15 84. Q. Have you been asked at any point  
16 in time between March 28th and today for copies of  
17 any documents that respond to these requests?

18 A. Yes.

19 85. Q. You have?

20 A. Yes.

21 86. Q. Okay. And one of the things  
22 that were requested was the audited or unaudited  
23 annual financial statements of Final Bell for its  
24 last fiscal year end, together with its MD&A for  
25 that period, together with any quarterly financial



1 statements that have been prepared since that time.

2 Do you see that request?

3 A. Yes.

4 87. Q. And the financial statements I  
5 put in front of you marked as Exhibit A are for the  
6 three and nine months ended December 31st, 2022 and  
7 2021. So, clearly responsive to this request,  
8 you'd agree?

9 MR. WINTON: Which number are you  
10 on?

11 MR. BLINICK: Number 11.

12 MR. WINTON: Okay, let's go back to.  
13 You said you were on number two.

14 MR. BLINICK: It's column two.

15 MR. WINTON: Okay. Here we go.

16 Number 11.

17 THE WITNESS: Yeah, I see it.

18 MR. BLINICK:

19 88. Q. And so, the financial statements  
20 I put to you that your counsel has been insisting  
21 be marked as a lettered exhibit, despite your  
22 identification of the document, you having signed  
23 it and authorized it, is directly responsive to the  
24 request we made at number 11.

25 MR. WINTON: No, it's not. That's

1 my -- that's for me to respond to, counsel. We say  
2 it's not.

3 MR. BLINICK: These are interim  
4 financial statements for the three months ended  
5 December 31st, 2022. We asked for any quarterly  
6 financial statements. Is it your position,  
7 counsel, that this is not responsive? Are you  
8 really going to get that cute with the Redfern  
9 request?

10 MR. WINTON: Counsel, it's not about  
11 being cute. It's about responding to the request  
12 as it's worded by BZAM. You sought audited or  
13 unaudited annual financial statements of Final Bell  
14 for its last fiscal year end. Its last fiscal year  
15 end is 2023, those are not prepared, together with  
16 MD&A for that period, not prepared, together with  
17 any quarterly financial statements that have been  
18 prepared since that time, since 2023, which is the  
19 last fiscal year, have not been prepared. The  
20 answer that you received is a correct answer.  
21 There are no documents that are responsive to your  
22 request.

23 MR. BLINICK: Okay. And you  
24 produced interim financials for September 30th,  
25 2022.

1 MR. WINTON: Not responsive to  
2 request number 11. They may have been produced  
3 responsive to a different request.

4 MR. BLINICK: Which request?

5 MR. WINTON: I don't know. I'm sure  
6 it's in a folder somewhere, but I don't have that  
7 information with me right now.

8 MR. BLINICK: Why don't we take a  
9 break, go off the record, to figure it out please?

10 --- Recess taken at 3:47 p.m.

11 --- Upon resuming at 3:54 p.m.

12 MR. WINTON: Thank you. All right.  
13 Off the record, we made inquiries. The financial  
14 statements for the period ending September 30th, I  
15 believe it's 2022, you asked us to identify what  
16 request it is responsive to. It was responsive to  
17 request number one, which was a request concerning  
18 materials provided presented to the board of  
19 directors in connection with meetings where the  
20 Final Bell BZAM transaction was discussed.

21 And so, those statements that are in  
22 your possession that we delivered were attached to  
23 the Kia Hessami email dated November 24th, 2023,  
24 which was marked as Exhibit 2 to Mr. Adams' cross-  
25 examination, and it's one of the documents that was

1 attached to Kia's email, and that is where it was  
2 produced as response to Redfern number one.

3 We maintain the position that  
4 Redfern number 11 does not capture any response  
5 documents. As I said, counsel, and I maintain, I  
6 have no problem with it being marked as Exhibit A.  
7 I have no problem with you asking the witness  
8 questions about this document.

9 I will object to the admissibility  
10 of his answers, subject to being satisfied that the  
11 questions are relevant to a matter at issue in the  
12 proceeding, but I'm not trying to deprive you of an  
13 opportunity to cross-examine the witness on the  
14 document.

15 MR. BLINICK:

16 89. Q. Okay. So, with that having been  
17 said, let me ask you some questions about this  
18 document, sir, being Exhibit A, the condensed  
19 interim consolidated financial statements as and  
20 for the three and nine months ended December 31st,  
21 2022 and 2021. I believe your evidence was that  
22 these are the most recent financial statements for  
23 Final Bell in its possession, power or control?

24 A. Yes.

25 90. Q. So, let's just turn up the

1 statement of loss and comprehensive loss on page 4.

2 Are you there?

3 A. Yeah.

4 91. Q. So, just looking at the column  
5 for the three months ended December 31st, 2022.

6 A. Yeah.

7 92. Q. Final Bell had a loss from  
8 operations of over \$2 million?

9 A. Yes.

10 93. Q. And then if you go down the line  
11 to its net loss, \$34,337,917?

12 A. Can you repeat this again,  
13 please?

14 94. Q. If you go down the line, the net  
15 loss for the three months ended December 31st,  
16 2022, is \$34,337,917?

17 A. Yes.

18 95. Q. And the comprehensive loss is  
19 \$34,731,383?

20 A. Yes.

21 96. Q. And that's sort of consistent  
22 throughout Final Bell for the last quarter ending  
23 September 2023. That was the last quarter  
24 preceding the signing of the Share Exchange  
25 Agreement. It also had a loss or negative net

1 income of over \$2 million, correct? I could take  
2 you to the document, but it's Exhibit EE to Mr.  
3 Milich's affidavit.

4 A. Okay.

5 97. Q. That's Volume 2. And if you  
6 just go to the P&L rather than the balance sheet  
7 behind the blue page --

8 A. Yeah.

9 98. Q. -- you'll see what I'm showing  
10 you, sir, is the profit and loss statement for  
11 Final Bell, this is Canada, Inc., for the three  
12 months ended September 30th, 2023, and the net  
13 profit is negative over \$2 million, correct?

14 A. Negative, yes.

15 99. Q. So, Final Bell acquired Final  
16 Bell Canada in a transaction that closed November  
17 30th, 2022?

18 A. Yes.

19 100. Q. So, within less than one year of  
20 closing its acquisition of FBC, Final Bell had  
21 entered into an LOI to flip FBC to BZAM.

22 A. Yes.

23 101. Q. I'd like to just discuss the  
24 November 2022 acquisition of FBC. So, if you go  
25 back to the financial statements at Exhibit A, go

1 to page 42 of those statements, we're now into the  
2 notes. Feel free to take your time to read through  
3 this note regarding the FB Canada acquisition.

4 A. Okay. I've read it.

5 102. Q. You've read it. So, as  
6 consideration for acquiring FBC in November of  
7 2022, there's a table that saw summarizes what the  
8 consideration was, and it's cash of \$2,486,705,  
9 right?

10 A. Yes.

11 103. Q. Prom notes, promissory notes for  
12 \$1,224,795?

13 A. Yeah. U.S. dollars.

14 104. Q. U.S. dollars.

15 A. Yeah. Why don't we speak in  
16 Canadian dollars? It's all in Canadian.

17 105. Q. I mean, I'm going off the table  
18 here. The paragraph above, I think, has the  
19 conversions.

20 A. Okay.

21 106. Q. And then there's also a share  
22 issuance, estimated fair value of which was  
23 \$3,711,500 U.S. So, the total notional  
24 consideration for Final Bell's acquisition of FBC  
25 Canada was, in U.S. dollars, \$7,423,000?

1 A. Yes.

2 107. Q. And that's correct?

3 A. Yes.

4 108. Q. Now, if you go down to the next  
5 table, it's a summary of the accounting estimates  
6 of the acquisition.

7 A. Yeah.

8 109. Q. And so, what this does is it  
9 values or provides accounting estimates to the  
10 various components of the acquisition, and what is  
11 summarized there, that the total identifiable net  
12 asset value is actually negative \$2,416,534. Do  
13 you agree with that?

14 A. That's what it says.

15 110. Q. And that is an accurate  
16 accounting estimate, in your view, as having signed  
17 these financial statements?

18 A. Yes.

19 111. Q. It is accurate?

20 A. Yes.

21 112. Q. And so, the way you get to  
22 giving notional consideration of 7.4 million is you  
23 chalk up goodwill to 9.8 million or so, such that  
24 when you take the negative value of the assets that  
25 were acquired at negative 2.4 million, add 9.8



1 million of goodwill to that, you get to the 7.4  
2 million of consideration provided, correct?

3 A. Yes, correct.

4 113. Q. Who was the owner of FBC at the  
5 time that Final Bell acquired it November of 2022?

6 A. I believe there were 13  
7 shareholders, of which the main shareholder, one of  
8 the main shareholders was Greg Boone, 40 per cent I  
9 believe. And then there was the partner of Greg  
10 Boone, and then six or seven smaller shareholders.

11 114. Q. And who was Mr. Boone's partner?

12 A. I forgot his name. I've never  
13 ever talked to him.

14 115. Q. I'd like you to undertake to  
15 advise who the other individuals were, Mr. Boone's  
16 partner and the other however many or so you  
17 mentioned, that were the owner of FBC at the time  
18 of this transaction.

19 U/A MR. WINTON: I won't give you the  
20 undertaking, but I will take that under advisement.

21 MR. BLINICK:

22 116. Q. You were aware, sir, that Mr.  
23 Boone and his cohort had acquired the business for  
24 \$2.5 million about a year prior to this  
25 transaction?

1 A. No.

2 117. Q. You had no knowledge of that?

3 A. No.

4 118. Q. Sitting here today, you have no  
5 knowledge of that?

6 A. No.

7 119. Q. No, you don't have any knowledge  
8 of it?

9 A. No knowledge.

10 120. Q. Did Final Bell do any diligence  
11 on this transaction?

12 A. I was not part of the due  
13 diligence, so I don't know if the CFO at that time  
14 did the due diligence on the company.

15 121. Q. So, you don't know that any  
16 diligence was done on this deal?

17 A. It was -- when Final Bell Canada  
18 was formed, I was not the CFO nor the CEO of the  
19 company. The company had different management. I  
20 was only a director. And the management at that  
21 time suggested to us to do this Final Bell Canada  
22 transaction.

23 122. Q. And that's very similar to  
24 what's happened here in that management suggested a  
25 strong desire to consummate the sale of Final Bell

1 Canada to BZAM, correct?

2 A. Sorry, can you repeat this?

3 Rephrase this question?

4 123. Q. In this case --

5 A. In this case.

6 124. Q. Not the case of the November

7 2022 acquisition --

8 A. Okay, thank you.

9 125. Q. -- of FBC by Final Bell, but in  
10 the case of the divestiture by Final Bell of FBC to  
11 BZAM, that was a transaction that was consummated  
12 at the insistence of Mr. Meyer, correct?

13 A. Mr. Meyer was in favour of that  
14 business proposition.

15 126. Q. And he was in favour of it from  
16 the outset, before there had been any diligence?

17 A. Our team, led by Keith Adams,  
18 Jimmy, Kiarash, and Ariel, were in the middle of  
19 doing all the due diligence.

20 127. Q. Not my question.

21 A. Then please repeat your  
22 question.

23 128. Q. Mr. Meyer was in favour of doing  
24 this transaction before any due diligence  
25 whatsoever had been undertaken by Final Bell.

1 A. He was willing to sign an LOI, a  
2 non-binding LOI.

3 129. Q. And he was --

4 A. He was in favour. As much as I  
5 know, he was part in the negotiations between one  
6 of our co-founders and Robert Meyer and Mr. Milich.

7 130. Q. And the co-founder you're  
8 referring to is Tom --

9 A. Fornarelli.

10 131. Q. -- Fornarelli. Thank you.

11 Final Bell, sir, is currently subject to a cease  
12 trade order issued by the British Columbia --

13 A. Correct.

14 132. Q. -- Securities Commission,  
15 correct?

16 A. Yes.

17 133. Q. And that cease trade order was  
18 issued on August 14th, 2023?

19 A. Yes.

20 134. Q. I can show you a copy. We'll do  
21 that.

22 A. Yes. Correct. It was in  
23 August.

24 135. Q. You recall that?

25 A. Yeah, I recall it was in August,

1 but I don't know the day anymore.

2 136. Q. So, I'll just show you this  
3 document, sir.

4 A. Thank you.

5 137. Q. Again, another publicly  
6 available document. It's 2023.

7 A. Yeah.

8 138. Q. August 14th cease trade order.

9 A. Yes.

10 139. Q. And what's noted here is it's  
11 really a failure to file a cease trade order?

12 A. That's correct.

13 140. Q. It's because Final Bell had not  
14 filed audited financials for its year end, or its  
15 annual management discussion and analysis, MD&A, or  
16 its certification of annual filings?

17 A. Yes.

18 141. Q. And Final Bell sought a partial  
19 lifting of this cease trade order in and around  
20 September of 2023, so that it could issue shares to  
21 convertible note holders with a view to avoiding  
22 defaulting on interest payments?

23 A. Yes.

24 MR. BLINICK: So, before we move on,  
25 I'll just mark the cease trade order as Exhibit 1.

1 MR. WINTON: I think it would be  
2 two. We have Mr. Jessel's LinkedIn profile as one.

3 EXHIBIT NO. 2:  
4 Cease Trade Order dated  
5 August 14, 2023

6 MR. BLINICK:  
7 142. Q. And so, I'll just show you  
8 another document. This is reflective of what I  
9 think you just acknowledged, sir, in that there was  
10 a partial revocation order issued on September 27,  
11 2023?

12 A. Yes.

13 143. Q. You recognize this document?

14 MR. WINTON: He's just looking it  
15 over.

16 THE WITNESS: Yes, I remember it.

17 MR. BLINICK: So, let's mark this as  
18 the next exhibit.

19 MR. WINTON: Exhibit 3.

20 EXHIBIT NO. 3:  
21 Partial Revocation Order  
22 dated September 27, 2023

23 MR. BLINICK:

24 144. Q. So, sir, if you look at  
25 paragraph 8 of this order, and just generally, this

1 section in which paragraph 8 is found is titled  
2 "Representations", and what it says in paragraph 4  
3 of the decision is that this decision is based on  
4 the following facts represented by the issuer. Do  
5 you see that?

6 A. Yeah.

7 145. Q. So, what follows in these  
8 paragraphs are based -- information based on  
9 representations that Final Bell made to the B.C.  
10 Securities regulator?

11 A. Yeah.

12 146. Q. And what it says here is on  
13 September 15, an aggregate interest payment of  
14 \$459,143 in respect of the unsecured convertible  
15 notes became due, defined as the interest payment?

16 A. Yeah.

17 147. Q. And pursuant to the terms of the  
18 trust -- or sorry, I think I'm reading paragraph 9.

19 A. That's paragraph 9, yes.

20 148. Q. Yes. And so, paragraph 9, when  
21 it says pursuant to the terms of the trust  
22 indenture, if the issuer fails to complete the  
23 interest payment by September 30th, the debt  
24 becomes immediately payable in cash, which would  
25 materially prejudice the issuer's financial

1 condition in the interest of its stakeholders. And  
2 if you go back up to paragraph 8, the second  
3 sentence, the issuers exclusively relied and must  
4 continue to rely upon on the issuance of supporting  
5 --

6 A. That's not eight. Oh, there.  
7 Okay, good. Yeah.

8 149. Q. So, the issuers exclusively  
9 relied and must continue to rely upon the issuance  
10 of subordinate voting shares to satisfy all  
11 interest payments in respect to the unsecured  
12 convertible notes?

13 A. Yes.

14 150. Q. That's an accurate  
15 representation that Final Bell made to the B.C.  
16 Securities Commission?

17 A. Yes.

18 151. Q. Yes, it is?

19 A. Yes.

20 152. Q. In other words, Final Bell just  
21 didn't have the cash to pay its debt obligations?

22 A. Yes.

23 153. Q. And then there's a further  
24 partial revocation order on January 9th, 2024. Do  
25 you recall that?



1 A. Yes.

2 154. Q. So, I'll just show you that.  
3 This is the January 9, 2024 partial revocation  
4 order. So, this was just a few days after the  
5 closing of the Share Exchange Agreement?

6 A. Yes.

7 MR. BLINICK: Let's just mark this  
8 as the next exhibit.

9 EXHIBIT NO. 4:  
10 Partial Revocation Order  
11 dated January 9, 2024

12 MR. BLINICK:

13 155. Q. And the purpose of seeking this  
14 order was to complete a private placement?

15 A. Yes. Correct.

16 156. Q. And Final Bell had to raise at  
17 least \$1.36 million in equity financing by the  
18 maturity date on -- or under the unsecured  
19 convertible notes?

20 A. Yes.

21 157. Q. And that that maturity date was  
22 January 31st, 2024?

23 A. Correct.

24 158. Q. And here, like the prior partial  
25 revocation order, there's a representation section

1 --

2 A. Yes.

3 159. Q. -- starting at paragraph 4 --

4 A. Yeah.

5 160. Q. -- where it says, "This decision  
6 is based on the following facts represented by the  
7 issuer"?

8 A. Yeah.

9 161. Q. It's everything from A downward  
10 is a representation of the issuer, correct?

11 A. Yeah. Yes.

12 162. Q. And if you go to paragraph J,  
13 for instance.

14 A. Yeah.

15 163. Q. If the issuer fails to complete  
16 the requisite equity financing prior to the  
17 maturity date, the debt represented by the  
18 unsecured convertible notes, plus accrued and  
19 unpaid interest thereon, will become due and  
20 payable in cash, which the issuer is currently  
21 unable to fund.

22 A. Correct.

23 164. Q. And so, that was a  
24 representation of fact that was made to the B.C.  
25 Securities Commission?

1 A. Yes.

2 165. Q. Final Bell didn't have cash to  
3 pay its debt obligations.

4 A. We were under a cease trade  
5 order. We were not allowed to issue any equity or  
6 promissory notes.

7 166. Q. Right. That's why you --

8 A. That's why we asked for it.

9 167. Q. -- had to lift this.

10 A. Yes. Partially lifted. To make  
11 at least our debt payments.

12 168. Q. Now, if you go to paragraph O.

13 A. Yes.

14 169. Q. What paragraph O provides is  
15 upon completion of the issuer's audit for the year  
16 ended March 31, 2023, which is anticipated on or  
17 before February 29, 2024, the issuer intends to  
18 complete the required filings and can currently  
19 apply for full revocation of the FFCTO, the failure  
20 to file cease trade order?

21 A. Yes.

22 170. Q. Final Bell hasn't gotten that,  
23 has it?

24 A. No, we are slightly delayed.

25 171. Q. It's what, now April 10th, and

1 the audit for March 31, 2023 still has not been  
2 complete?

3 A. No. We had to change our  
4 auditor, and changing the auditor from MGO to a  
5 Canadian firm was -- came with quite a lot of work,  
6 and we believe that we are in a position to  
7 finalize our financial statements before middle of  
8 May 2024.

9 172. Q. Has that been communicated to  
10 the B.C. Securities Commission?

11 A. I guess our corporate attorney,  
12 Mihai, had various conversations with the B.C.  
13 Securities Commission, but I wouldn't be involved.

14 173. Q. Okay. And just to be clear, the  
15 cease trade order remains active?

16 A. Remains active until we have  
17 fired the fiscal year in Q1, Q2 and Q3.

18 174. Q. And you had said your auditor  
19 resigned?

20 A. Our auditor -- our auditor  
21 didn't resign. We were not happy working with this  
22 audit firm. They couldn't finalize our audit and  
23 it was a really long-term process where we went  
24 through, and the auditor was hired still at the  
25 time when Mr. Germain was the acting CFO, and after

1 Keith Adams came on board and we saw the problems  
2 with the audit, we decided to change the auditor.  
3 175. Q. So, your evidence is that that

4 was a conscious decision made by Final Bell to axe  
5 its auditor? It wasn't the auditor's voluntary  
6 choice to resign?

7 A. Yes.

8 176. Q. I'm going to show you another  
9 filing with the B.C. Securities Commission, sir.

10 A. Sure.

11 177. Q. This is a Notice of Change of  
12 Auditor. This is a filing you signed on November  
13 9th, 2023?

14 A. Yeah.

15 178. Q. And what you state in this  
16 public disclosure is that the corporation has  
17 received the resignation of its auditor, Macias,  
18 Gini & O'Connell LLP, on its own initiative by a  
19 letter dated November 3, 2023.

20 A. Yes.

21 MR. BLINICK: So, let's just mark  
22 this as the next exhibit.

23 EXHIBIT NO. 5:

24 Notice of Change of Auditor  
25 dated November 9, 2023

1 MR. BLINICK:

2 179. Q. This isn't what you're saying  
3 here, that MGO LLP resigned on its own initiative?

4 A. It was mutual.

5 180. Q. I see. A moment ago --

6 A. It was mutual.

7 181. Q. Sir, before I showed you that  
8 document, your evidence was that it wasn't at MGO's  
9 insistence or voluntary initiative. You said it  
10 was Final Bell. Now that you've seen the document,  
11 it's mutual?

12 A. It was mutual.

13 182. Q. Okay. That's your evidence?

14 A. That's my evidence, yes.

15 183. Q. The Final Bell board, of which  
16 you are the Executive Director -- and maybe just  
17 clarify for me, what is the Executive Director? Is  
18 that effectively chairman of the board?

19 A. No, Executive Director means  
20 that I have executive tasks in the company which I  
21 fulfill. So, for example, I talk to -- do the  
22 investor relation. I talk to investors, I do the  
23 filing and keep, basically, at least the filing and  
24 all our Canadian filings intact.

25 184. Q. I see. Is there a chairman of

1 the board?

2 A. Yes.

3 185. Q. Who is that?

4 A. Jason Deland.

5 186. Q. And who are the other board

6 members?

7 A. It's Robert Meyer, myself, Kay

8 Jessel, Nancy Wang and Ron Segev.

9 MR. BLINICK:

10 187. Q. Now, Nancy Wang...

11 A. You can call her Chun Xia as

12 well, but like most Asian people, they have two

13 names.

14 188. Q. Right. So, she is Nancy Wang?

15 A. So, I call her Nancy.

16 189. Q. Understood, but Nancy and --

17 A. It's the same person.

18 MR. WINTON: Chun Xia, C-H-U-N, X-I-

19 A.

20 THE WITNESS: Yeah.

21 MR. BLINICK:

22 190. Q. Are one in the same?

23 A. Is one in the same, yeah.

24 191. Q. Now, Beau Wang is a separate

25 individual?

- 1 A. Beau Wang is her husband.
- 2 192. Q. And Beau Wang is not a board  
3 member?
- 4 A. No, Beau Wang is not a board  
5 member. No.
- 6 193. Q. What companies are Beau Wang  
7 affiliated with -- is Beau Wang affiliated with?
- 8 A. Beau Wang is -- I honestly don't  
9 know if he still is, but he used to be -- he worked  
10 for Serendipity Fund.
- 11 194. Q. And what is that?
- 12 A. It's a fund which has invested  
13 various monies in the cannabis space.
- 14 195. Q. Yet he's not on the board?
- 15 A. He's not on the board, no.
- 16 196. Q. It's Nancy?
- 17 A. It's Nancy, yeah.
- 18 197. Q. And does Nancy actually fulfill  
19 any function other than being a stand in for Beau?
- 20 A. She signs our resolutions, and  
21 she participates in board meetings.
- 22 198. Q. And where is Nancy Wang located?
- 23 A. She is in Sydney, Australia.
- 24 199. Q. And where is Mr. Segev located?
- 25 A. Vancouver, B.C.



1 200. Q. And you, sir, are located in  
2 Vancouver as well?

3 A. Vancouver, B.C.

4 201. Q. And Mr. Meyer?

5 A. Mr. Meyer is located currently  
6 in the U.K.

7 202. Q. And is that his regular place of  
8 residence?

9 A. I believe it is his main  
10 residence, yes.

11 203. Q. And Mr. Deland?

12 A. Mr. Deland lives in the State of  
13 New York.

14 204. Q. The Final Bell board approved  
15 the Share Exchange Agreement based on materials  
16 that were provided to it on November 24th, 2023,  
17 correct?

18 A. Correct.

19 Q. I'll show you an email, sir.  
20 It's a document that was produced by Final Bell as  
21 part of its response to a Redfern request.

22 A. Yeah.

23 MR. WINTON: I can pull it up. You  
24 know what? I'll use our copy. This is Exhibit 2  
25 to Mr. Adams' cross.

1 THE WITNESS: Thank you.

2 MR. BLINICK: Correct.

3 MR. WINTON: So, I'll just pull that  
4 up.

5 MR. BLINICK:

6 205. Q. So, this, I take it, is the  
7 November --

8 A. Yeah, I remember it. Yeah.

9 206. Q. This is the November 24th, 2023  
10 email providing the board with --

11 A. It's not providing the board.  
12 It's providing our management team and our senior  
13 lender.

14 207. Q. I see. So, who is Moe at the  
15 Mosaic?

16 A. Moe is the advisor of our senior  
17 lender.

18 208. Q. Being the Golden Iris?

19 A. Golden Iris, yes.

20 209. Q. And Beau is a board member?

21 A. Beau is not a board member.

22 210. Q. Beau's wife is a board member?

23 A. Beau's wife is a board member.

24 Beau is a representative for our fund, and he knows  
25 as well our senior lender, Golden Iris.

1 211. Q. And Golden Iris is located  
2 where?

3 A. It's an offshore entity. They  
4 work out of the -- I think it is offshore.

5 212. Q. Singapore?

6 A. No, it's not Singapore.

7 213. Q. Somewhere in Asia?

8 A. I think it is somewhere in Asia.

9 214. Q. Justin Yang is who?

10 A. Justin Yang is -- I don't know  
11 why that is actually -- do I have to answer this?

12 MR. WINTON: I don't think it  
13 matters because I don't think any of this is  
14 relevant, but I'm not stopping you.

15 THE WITNESS: Okay.

16 MR. WINTON: So, yeah, go ahead.

17 THE WITNESS: Justin Yang is an  
18 investor in the company, and he is, as well,  
19 involved with our senior lender.

20 MR. BLINICK:

21 215. Q. Golden Iris?

22 A. Golden Iris, yes.

23 216. Q. So, this email is effectively  
24 Mr. Hessami and Final Bell providing your outside  
25 lenders, investors --

1 A. Yes.

2 217. Q. -- as well as copying several  
3 directors of the board with these materials?

4 A. Yeah, it's only Jason Deland,  
5 myself and Robert. And then we have our co-  
6 founder, Tom Fornarelli, and definitely our CFO,  
7 Keith Adams.

8 218. Q. And so, sir, I've reviewed the  
9 Redfern productions in detail. I didn't see any  
10 email delivering any of these materials to Nancy  
11 Wang or to Ron Segev.

12 A. I can't give you an answer on  
13 this one. I don't know.

14 219. Q. I would presume that to the  
15 extent materials went to them, they would have been  
16 captured by Final Bell's response to our Redfern  
17 request, correct?

18 A. I can't answer this.

19 MR. WINTON: I'd share that  
20 assumption, but I can look into it if you want.

21 MR. BLINICK:

22 220. Q. In any event, sir, you'd agree  
23 that it was on December 1st, pardon me, November  
24 24th, 2023, that the board, or at least a few  
25 members of the board, received the materials upon

1 which they based, or allegedly based, their  
2 approval of the transaction?

3 A. Now, this transaction which you  
4 call exhibit -- what was it?

5 MR. WINTON: This is Exhibit 2.

6 THE WITNESS: Exhibit 2, that one  
7 was only really sent to our senior lender in order  
8 to understand the deal with BZAM and to see what  
9 our due diligence read out is, and they wanted to  
10 seal the deal with rationale.

11 MR. BLINICK:

12 221. Q. The board's decision to approve  
13 the entering into the Share Exchange Agreement was  
14 made by consent resolution dated December 3rd,  
15 2023?

16 A. Correct.

17 222. Q. I'll just show you a copy of  
18 that document, sir.

19 MR. WINTON: It's in the record.  
20 It's also attached. It's attached to Mr. Jessel's  
21 March 18th affidavit as Exhibit 3. So, it's page  
22 55 of our Motion Record. This is the resolution.

23 MR. BLINICK:

24 223. Q. And so, as a board member, you  
25 received what you call the transaction PowerPoint

1 in your affidavit as part of the materials.

2 A. If I remember correctly, I  
3 received the deal. Now, we received the -- we  
4 called it the tower...

5 224. Q. Project Tower PowerPoint?

6 A. Yeah, Project Tower, and I  
7 received the transaction PowerPoint.

8 225. Q. And is that all the board  
9 received?

10 A. That's what I received, and I  
11 was making my decisions on, yes.

12 226. Q. So, you were entirely  
13 comfortable forming your decision making just on  
14 the basis of those two documents?

15 A. On these -- mainly on these two  
16 documents, yes.

17 227. Q. You say at paragraph 12 of your  
18 affidavit:

19 "After reviewing materials,  
20 including the transaction  
21 PowerPoint and a draft Share  
22 Exchange Agreement -- "

23 A. Yes.

24 228. Q. " -- Final Bell's board  
25 executed consent resolutions

1 to enter into the Share  
2 Exchange Agreement with  
3 BZAM."

4 That's an accurate statement?

5 A. That's an accurate statement,  
6 yes.

7 229. Q. There was no actual meeting of  
8 the Final Bell board?

9 A. No. We do very often  
10 resolutions by consent basically based on the fact  
11 that we have people in Europe, in Australia,  
12 sometimes one person in Asia, on the east coast and  
13 west coast. Just from a timely manner, it's  
14 basically impossible.

15 230. Q. Understood. But there was no  
16 Final Bell board meeting in which the transaction  
17 was discussed?

18 A. There was not a board meeting,  
19 no. We do it by consent.

20 231. Q. Now you take some issue in your  
21 affidavit with BZAM's board minutes, the timing  
22 within which they were provided to you, but it's  
23 right, sir, that Final Bell doesn't actually  
24 maintain any minutes of any of its board meetings?  
25 Is that right?

1                   A. No, because we do everything by  
2 consent. So, we have consent resolutions. We  
3 don't need minutes, but this - sorry.

4 232.            Q. Let's talk about your  
5 appointment to the BZAM board following the closing  
6 of the FBC acquisition.

7                   A. Sure. Yes.

8 233.            Q. You assumed a role as a director  
9 of the BZAM?

10                  A. Yes.

11 234.            Q. And I take it that this is a  
12 role you treated with the seriousness you thought  
13 it deserved?

14                  A. Yes.

15 235.            Q. You attended a budget and board  
16 meeting on January 24th, 2024?

17                  A. I attended a budget meeting,  
18 yes.

19 236.            Q. There was also a board meeting  
20 on that date?

21                  A. I realized that after the fact.

22 237.            Q. After the fact of swearing your  
23 first affidavit?

24                  A. After the fact, I -- after the  
25 fact that we had the two-hour board meeting, and we



1 received invitations stating it's a budget meeting,  
2 and 20 people were involved. The first meeting I  
3 had with BZAM, I did not know how they conduct  
4 meetings. So, when I see 20 people, I don't call  
5 it a board meeting.

6 238. Q. Right, because at Final Bell you  
7 would have board meetings, you just do everything  
8 by resolution.

9 A. We would love to have board  
10 meetings, but because of the time constraint, it's  
11 very difficult to undertake.

12 239. Q. Now, you do acknowledge, sir,  
13 that there was a board meeting on January 24th,  
14 2024?

15 A. After the fact, yes.

16 240. Q. Today you acknowledge that?

17 A. I acknowledge it today, and I  
18 acknowledged it when I wrote my reply affidavit.

19 241. Q. Yes, you did. And so, in that  
20 reply affidavit, let me just turn it up, you  
21 acknowledged that you approved Mr. Milich's  
22 appointment to the board of directors on January  
23 24th?

24 A. Correct. Yes.

25 242. Q. And yet, in your initial

1 affidavit, you asserted that it was only on  
2 February 8th that you first learned of Mr. Milich's  
3 appointment to the board.

4 A. Correct.

5 243. Q. In your reply affidavit, you  
6 don't provide any explanation for this  
7 inconsistency?

8 A. It was an oversight.

9 244. Q. Now, with respect to Mr.  
10 Bovingdon, while you asserted in your initial  
11 affidavit that you also didn't learn of his  
12 departure until February 8th, in your reply  
13 affidavit, you did acknowledge that you had, in  
14 fact, learned of this earlier, and you claim to  
15 have no recollection of any discussions involving  
16 Mr. Bovingdon leaving the board or you having voted  
17 on that issue at the January 24th meeting, correct?

18 A. Correct. I haven't voted on  
19 this.

20 245. Q. Pardon me?

21 A. Correct.

22 246. Q. You do, however, acknowledge in  
23 your reply affidavit that there was a discussion  
24 about Mr. Bovingdon leaving his role as CFO at the  
25 January 24th meeting?

1 A. Yes, I believe I heard that when  
2 I reconnected to the call.

3 247. Q. But you don't -- you maybe  
4 didn't capture the full discussion because --

5 A. I didn't capture the -- yeah.

6 248. Q. -- you left, or you rejoined --

7 A. Yeah.

8 249. Q. -- and maybe you just don't  
9 remember?

10 A. No.

11 MR. WINTON: Let him finish. It's  
12 just best for the reporter.

13 MR. BLINICK:

14 250. Q. So, you left, you maybe missed  
15 part of it?

16 A. Yes.

17 251. Q. And then you came back, and you  
18 heard part of it, but you don't quite remember what  
19 you heard?

20 A. Yes.

21 252. Q. You don't deny that you voted to  
22 approve his resignation from the board on January  
23 24th?

24 A. I don't recall.

25 253. Q. So, you don't know one way or

1 another whether you did vote or not?

2 A. I know I voted for the  
3 appointment of Matt Milich.

4 254. Q. But you're just uncertain as to  
5 whether or not you approved the resignation from  
6 the board by Mr. Bovingdon.

7 A. Correct.

8 255. Q. You attended another BZAM board  
9 meeting on February 6th, 2024?

10 A. Yes.

11 256. Q. This was a meeting lasting over  
12 two hours?

13 A. Yes.

14 257. Q. You made no mention of this  
15 meeting in your initial affidavit?

16 A. Yes.

17 258. Q. Yes, as in --

18 A. Correct.

19 259. Q. -- what I say is correct and  
20 that --

21 A. Yes, it is correct.

22 260. Q. You did not address it at all in  
23 your affidavit?

24 A. Yes.

25 261. Q. Your initial affidavit.

1 A. Yes.

2 262. Q. And in your reply affidavit, you  
3 explain this omission by asserting that you were  
4 logged in, but you didn't actively participate  
5 because you were dealing with something else.

6 A. Yeah, I had a family emergency  
7 issue.

8 263. Q. And so, you don't recall what  
9 was discussed at the February 6th meeting?

10 A. No, I don't.

11 264. Q. So, you have no insight  
12 whatsoever into the issues that were discussed or  
13 the particulars that were discussed around those  
14 issues?

15 A. No, I don't. I didn't even  
16 recollect the meeting because I had (indiscernible)  
17 family issues.

18 265. Q. I'm sorry to hear that. I hope  
19 everyone's okay.

20 A. Thank you.

21 266. Q. But this, I guess, would explain  
22 why in your initial affidavit you took issue with  
23 the supposed shortness of the February 8th meeting?  
24 You're nodding, but can you give yes or no answers?

25 A. Yes.

1 267. Q. Is it fair to say, sir, that  
2 your recollection of the BZAM board meetings is  
3 hazy at best?

4 A. Only for the February 6th  
5 meeting.

6 268. Q. And the January 24th, of which  
7 you don't recall whether or not you voted of Mr.  
8 Bovington?

9 A. The January 24th was a 2.5-hour  
10 meeting, and I, unfortunately, disconnected at the  
11 end of the meeting because everybody left. And  
12 then when I left, I realized people stayed on. For  
13 me, it was the first meeting. It was a mistake.

14 269. Q. Right. But you told me just a  
15 moment ago that you had rejoined.

16 A. I rejoined.

17 270. Q. And there was discussion about  
18 Mr. Bovington's departure, correct? That you had  
19 heard. And you -- yes?

20 A. I remember that I voted for Mr.  
21 Milich to be appointed on the board. I can't fully  
22 connect Mr. Bovington. I believe it was discussed  
23 because I received on the 25th an email from the  
24 secretary of BZAM.

25 271. Q. And so, that's another email you

1 received after the 24th?

2 A. Yeah.

3 272. Q. Yet when you swore your initial  
4 affidavit, you didn't make any reference to that  
5 either?

6 A. Correct.

7 273. Q. So, the proposition I was  
8 putting to you, sir, is that your recollection  
9 around events relating to BZAM in this time period  
10 is somewhat tenuous or hazy.

11 MR. WINTON: You asked that question  
12 and he responded.

13 MR. BLINICK: Well, to be fair, we  
14 are now circling back with the benefit of some  
15 clarifications around the facts and the evidence as  
16 he related.

17 MR. BLINICK:

18 274. Q. So, I'm putting the question to  
19 you again, sir.

20 A. I don't see it hazy.

21 275. Q. Okay.

22 A. I explained February 6th, and I  
23 explained in detail the budget meeting on January  
24 24.

25 276. Q. Sir, the first time you learned

1 of the potential transaction involving BZAM, was it  
2 on the day the LOI was signed?

3 A. I believe I heard before from  
4 Robert and Tom that they were in negotiation with  
5 Matt Milich. I didn't talk to Greg Boone about it.

6 MR. BLINICK: Why don't we take --  
7 off the record.

8 --- Recess taken at 4:48 p.m.

9 --- Upon resuming at 4:58 p.m.

10 MR. BLINICK:

11 277. Q. Sir, the Final Bell Canada  
12 business, you would agree, represented a  
13 significant cash strain on Final Bell?

14 A. Yes, that's what I stated.

15 278. Q. That's what you've stated?

16 A. Yeah.

17 279. Q. Any additional burden associated  
18 with the Jeeter launch would only increase the cash  
19 strain on Final Bell, correct?

20 A. Correct.

21 280. Q. I'm going to show you an email,  
22 sir. This is in Final Bell production number 54.  
23 It's an email chain that appears to be to the  
24 board, albeit Beau rather than Nancy is included.  
25 This is a chain. The subject line: Heads Up. The



1 first email on the chain, so sort of going to the  
2 back of the package I just sent you, is an email  
3 from Robert Meyer sent on November 1st, 2023?

4 A. Yes.

5 281. Q. Addressed, "Dear chairman and  
6 members of the board"?

7 A. Yes.

8 282. Q. Do you recall receiving this  
9 email?

10 A. Yes, I do.

11 MR. BLINICK: So, let's mark this as  
12 the next exhibit.

13 MR. WINTON: Exhibit 6.

14 EXHIBIT NO. 6:

15 Email from R. Meyer of  
16 November 1, 2023 (FB0000054)

17 MR. BLINICK:

18 283. Q. And what Mr. Meyer says in the  
19 first paragraph of his November 1st, 2023 email,  
20 and you'll recall, sir, November 1st, 2023 is the  
21 date that the LOI was signed?

22 A. Yes.

23 284. Q. So, what he says is:

24 "In writing to you today, I  
25 would like to provide an

1 introduction to a transaction  
2 that I would like to pursue."

3 A. Yes.

4 285. Q. You see that?

5 A. Yeah.

6 286. Q. And then he describes the  
7 transaction at a high level, and he goes on, just  
8 going sort of midway through the email, "The  
9 rationale for this deal is as follows," and there's  
10 a number of enumerated points, but the first one is  
11 the significant cash strain that FBC has imposed on  
12 Final Bell.

13 A. Yes.

14 287. Q. And then if you look at the  
15 first response to this email, it's an email from  
16 Greg Boone sent later that same day, November 1st.  
17 Do you see that? It sort of starts at the bottom  
18 of the first page.

19 A. Oh, yeah. Okay. Yeah.

20 288. Q. What he says is, "Robert, thank  
21 you very much for the wonderful summary," and talks  
22 about the growth FBC has experienced. He says:

23 "We now have the opportunity  
24 to licence the Jeeter brand,  
25 the number one pre-roll in

1 the world. This will put  
2 further stress on our  
3 financial position, as Robert  
4 so eloquently stated."

5 Do you see that?

6 A. Yes.

7 289. Q. And that was a fair statement  
8 made by Mr. Boone at this time?

9 A. Yes.

10 290. Q. And then Robert responds to  
11 express appreciation for Greg's supportive remarks,  
12 and notes that the business will prosper once the  
13 necessary consolidation has occurred. He talks  
14 about a potential takeover bid once they realize  
15 the threat that the merged entity will pose to  
16 them. Do you see that?

17 A. I don't see that. Where is  
18 that?

19 291. Q. That's in Mr. Meyer's response  
20 to Mr. Boone on November 2nd.

21 A. November 2nd. Yes, I see that.

22 292. Q. And so, clearly, Mr. Boone is  
23 highly supportive of the deal as at November 1st,  
24 2023, you'd agree?

25 A. Yes, I do.

1 293. Q. And this was clearly a deal Mr.  
2 Meyer was intent on proceeding with as at November  
3 1st, 2023, correct?

4 A. Correct.

5 294. Q. In your initial affidavit,  
6 paragraphs 47 to 50, if you care to pull them up.  
7 This section addresses an in-person meeting you had  
8 with Mr. Milich on February 14th, Valentine's Day?

9 A. Correct.

10 295. Q. And the way you described the  
11 meeting is that you were looking for information  
12 from Mr. Milich as to what BZAM's financial  
13 situation was, why a restructuring was necessary,  
14 and you claimed to have informed him, and this is  
15 at paragraph 49, that you had spoken with multiple  
16 individuals who had expressed interest in funding  
17 BZAM?

18 A. Correct.

19 296. Q. And what you say is he refused  
20 to engage with you in further discussions; is that  
21 right?

22 A. Correct.

23 297. Q. In a paragraph 50, you say his  
24 behaviour at the meeting was very odd. Do you see  
25 that?

1 A. Yes.

2 298. Q. And so, you left that meeting  
3 with the belief that he was afraid to discuss  
4 BZAM's circumstances with you. Do you see that?

5 A. Yes.

6 299. Q. Is that an accurate account of  
7 the February 14th meeting?

8 A. The February 14th meeting  
9 started on a very bad thought, because Mr. Milich  
10 mixed up the Joey's Restaurant on Burrard and  
11 Pender, and Burrard and Robson. So, he showed up  
12 in Burrard and Robson, and I showed up at Burrard  
13 and Pender. So, we didn't have a lot of time.

14 So, I walked up to Burrard and  
15 Robson, which is basically 10 blocks. Then we met,  
16 and I said to him, Matt, I'm a director in your  
17 company. I'm a director in Final Bell. Let's talk  
18 about what's going on in this company. And Mr.  
19 Milich said at that point that he would rather talk  
20 to Mr. Fornarelli, the co-founder of the company.  
21 And I said to Mr. Milich, I don't understand that  
22 Mr. Fornarelli is only a shareholder in our  
23 company, but he's neither a director nor officer.  
24 I said, why don't you talk to me? On the other  
25 hand, I am actually a director in your company and

1 I'm here, really, to try to help. He said, no, I  
2 talk to Mr. Fornarelli and that's my plan.

3 So, I said, then, we don't even need  
4 a much longer meeting anymore. And on the way out,  
5 I said to him, Matt, I have some people who show  
6 really interest in your company. And he said to  
7 me, Kay, I have no interest in people out of that  
8 group.

9 300. Q. Now you're suggesting that Mr.  
10 Milich didn't want to engage with you in any kind  
11 of discussion about the business; is that right?  
12 He just wanted to talk to Tom Fornarelli?

13 A. Yes.

14 301. Q. Yet he met you on Valentine's  
15 Day in person to sit down at a Joey's with you,  
16 correct?

17 A. Correct. Three days late, yes.  
18 And he was alone in Vancouver, so his wife was not  
19 there. So, he decided not to be at home over  
20 Valentine's Day. So, I don't think that was really  
21 a big problem for him. He had business meetings in  
22 Vancouver at that day.

23 302. Q. Now, Mr. Milich's evidence, sir,  
24 is that you said you had a lead on a single  
25 possible funder, but you never followed through on

1 an offer that he had made to meet with this person  
2 and chase down that lead. Now, you say in your  
3 reply affidavit that you completely disagree with  
4 how Mr. Milich describes the situation.

5 A. Yes, I do.

6 303. Q. But then you go on in your reply  
7 affidavit to describe a single individual, being  
8 Peter Lee of Gallant Investment Partners, as a  
9 possible funder.

10 A. Correct.

11 304. Q. You don't mention any other  
12 individuals.

13 A. I talked to various individuals,  
14 but after the fact, because the conversation  
15 started on February 8 with Mr. Milich, and we were  
16 texting back and forth, and he was flying from  
17 Ontario, Toronto -- I guess he was in Toronto at  
18 that time. He was flying back to the West Coast,  
19 and it was really difficult because he was on the  
20 way to the airport.

21 So, we were talking to various  
22 people, but then on the 12th, it became obvious  
23 that the company was filing -- was preparing to  
24 file for CCAA. A lot of the interested people  
25 which I talked to just walked away, because for an

1 investor, in our circles, a company under  
2 bankruptcy protection is not an interesting vehicle  
3 to invest in anymore.

4 305. Q. Again, you don't provide any  
5 particulars in your reply affidavit as to any other  
6 individuals beyond Mr. Lee, correct?

7 A. Mr. Lee showed very in-depth  
8 interest in BZAM.

9 306. Q. Now, the way you described the  
10 meeting in your affidavit and just now as you've  
11 further explained it, I mean, I take it you  
12 wouldn't describe this as a meeting you felt good  
13 about or liked with Mr. Milich, correct?

14 A. I felt that the meeting was  
15 awkward.

16 307. Q. Understood. I'm going to show  
17 you this email, sir.

18 A. Sure.

19 308. Q. Or email -- exchange of texts.  
20 You'll see there's bubbles in white. "I think you  
21 are at the other Joey's. You are not here. We  
22 have multiple Joeys in Vancouver." This is  
23 consistent with what you said about Mr. Milich  
24 being at the wrong Joey's on Burrard Street?

25 A. Yes.



1 309. Q. And then after the meeting, you  
2 sent Mr. Milich -- these are, just to be clear,  
3 your text messages to Mr. Milich in the white  
4 bubbles.

5 A. Yes.

6 310. Q. What you say to Mr. Milich after  
7 your meeting is, "Safe travels. I liked our  
8 meeting. Keep me in the loop." You see that?

9 A. Yes. No, I don't see it. Oh,  
10 yeah. Okay. Yeah, there. Yeah, I see it.

11 MR. BLINICK: Let's mark this as the  
12 next exhibit.

13 MR. WINTON: Exhibit 7?

14 MR. BLINICK: Yeah.

15 MR. WINTON: Thank you.

16 EXHIBIT NO. 7:

17 Text exchange between M.

18 Millich and K. Jessel

19 MR. BLINICK:

20 311. Q. I'm just going to go back to  
21 Exhibit 5, sir.

22 A. Exhibit 5.

23 312. Q. Now, this is the Notice of  
24 Change of Auditor we had discussed previously.

25 A. Yeah.

1 313. Q. And just to follow the chain of  
2 your evidence and, counsel, jump in if I have it  
3 wrong, but you initially said the resignation was  
4 initiated by Final Bell. I showed you this  
5 document. You said, no, it was actually mutual,  
6 right?

7 MR. WINTON: I think you're a little  
8 editorializing, but he did say later it was mutual.

9 MR. BLINICK:

10 314. Q. And then I just want to bring  
11 you to paragraph 5 of this Notice of Change of  
12 Auditor that you signed, sir.

13 A. Yes.

14 315. Q. The second sentence:  
15 "MGO discussed with  
16 management and identified in  
17 its resignation letter a  
18 disagreement with management  
19 concerning certain valuation  
20 assumptions."

21 A. Yes.

22 316. Q. So, the basis for MGO's  
23 resignation was that there was a disagreement  
24 regarding certain valuation assumptions contained  
25 in the financial statements Final Bell had prepared

1 and was looking for auditor sign off on?

2 A. Yeah, there were, but Keith was  
3 in charge of the audit. I was just the signing  
4 officer on file. So, Keith was in charge talking  
5 to MGO and Davidson & Company.

6 317. Q. So, I'd like you to give me a  
7 copy of that resignation letter, please?

8 U/A MR. WINTON: I'll take that under  
9 advisement.

10 MR. BLINICK: And let me be very  
11 clear. To the extent that there is anything in  
12 that letter that concerns Final Bell Canada in any  
13 way, that has to be produced, counsel.

14 MR. WINTON: Thank you for that  
15 comment.

16 MR. BLINICK: Those are all my  
17 questions for now.

18 MR. WINTON: All right. I've got no  
19 re-examination of this witness, so that concludes  
20 the cross-examination. Mr. Jessel, you're free to  
21 go.

22 THE WITNESS: Thank you.

23 --- Whereupon the examination concluded at 4:16  
24 p.m.

25

## Contact

[www.linkedin.com/in/kay-jessel-7b918524](https://www.linkedin.com/in/kay-jessel-7b918524) (LinkedIn)  
[www.dexchange.ca](https://www.dexchange.ca) (Company)

## Top Skills

Venture Capital  
Mergers & Acquisitions  
Private Equity

## Languages

German (Native or Bilingual)  
English (Native or Bilingual)

# Kay Jessel

President & CEO at Heart Force Medical Inc.  
West Vancouver, British Columbia, Canada

## Summary

Kay Jessel is an experienced economist, asset manager and investment banker, with a track-record of successful capital markets transactions and strategic advisory services for corporations, creditors, and equity owners. Mr. Jessel has held director positions in public and private companies in North America and Europe, including Fila Golf, Inc., HeartForce Medical Inc. and Biokronix Inc. Mr. Jessel also co-founded Melchior Kapital AG, a prominent Swiss-German portfolio asset management company specializing in venture capital. His experience has been leveraged by companies worldwide to raise approximately a quarter of a billion dollars in financing. At FBHI and HFM, he serves as Executive Director, generally overseeing operations, securityholder communications/investor relations, and fund-raising. Mr. Jessel holds a Diplom-Kaufmann degree from Hamburg University, which is equivalent to an MBA.

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## Experience

Heart Force Medical Inc.  
President & CEO, Director  
September 2017 - Present (6 years 8 months)  
Vancouver, British Columbia, Canada

HeartForce is a Canadian / Swiss technology company focused on the development of cardiac assessment technologies for personal and professional health monitoring. With offices in Zurich and Vancouver, HeartForce is set out to supply the European and North American markets with innovative heart assessment technologies for everyone.

Our CardioPro is the first self-monitoring heart screening device for the early detection and prevention of cardiovascular disease.

Final Bell Holdings International Ltd.  
Executive Director  
April 2021 - Present (3 years 1 month)

Vancouver, BC, Canada

Final Bell provides end-to-end services, products, and expertise to third party cannabis brands. Through its network of subsidiaries, Final Bell represents a new paradigm for the legal cannabis industry: the ability to fully outsource production and manufacturing of state-of-the-art hardware, child-resistant packaging, licensed co-manufacturing, and retail sales support.

### Dexchange Financial Corp

Founder & Chairman

September 2011 - Present (12 years 8 months)

West Vancouver

DeXchange Financial Corp is a full investor relation and financial service provider. With close ties into the German speaking financial community, we assist our clients in their ambition to access the foreign financial community. Since 1999, we provide capital, creating media awareness and increasing the investor base.

### Eurxchange Consulting Ltd

President and Co-Founder

February 1999 - June 2014 (15 years 5 months)

Vancouver

### Atlantis Gold Mines Corp

Executive Chairman, CEO and Director

November 2009 - August 2012 (2 years 10 months)

Vancouver, BC

### Menzel & Partners Asset Management AG

CEO and Managing Partner

November 1992 - December 1998 (6 years 2 months)

Zurich, Switzerland

### Melchior Kapital GmbH

Managing Director and Co-founder

April 1988 - August 1992 (4 years 5 months)

Hamburg, Germany

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## Education

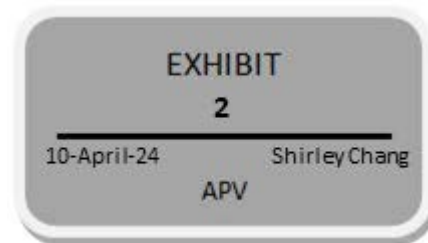
Universität Hamburg



Citation: 2023 BCSECCOM 402

**Cease Trade Order**

**Aurora Solar Technologies Inc.  
Final Bell Holdings International Ltd.  
XMachina AI Group Inc.  
(each referred to separately as the Issuer)**



**Under the securities legislation of British Columbia (Legislation)**

**Background**

- ¶ 1 This is the order of the regulator of the British Columbia Securities Commission (the Decision Maker).
- ¶ 2 The Issuer has not filed the following periodic disclosure required by the Legislation:
1. annual audited financial statements for the year ended March 31, 2023,
  2. annual management’s discussion and analysis for the year ended March 31, 2023,
  3. certification of annual filings for the year ended March 31, 2023.
- ¶ 3 As a result of this order, if the Issuer is a reporting issuer in a jurisdiction in which Multilateral Instrument 11-103 *Failure-to-File Cease Trade Orders in Multiple Jurisdictions* applies, a person or company must not trade in or purchase a security of the Issuer in that jurisdiction, except in accordance with the conditions that are contained in this order, if any, for so long as this order remains in effect.
- ¶ 4 Further, this order takes automatic effect in each jurisdiction of Canada that has a statutory reciprocal order provision, subject to the terms of the local securities legislation.

**Interpretation**

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

**Order**

- ¶ 6 The Decision Maker is satisfied that the decision concerning the cease trade meets the test set out in the Legislation to make this decision.
- ¶ 7 It is ordered under the Legislation that trading cease in respect of each security of the Issuer.
- ¶ 8 Despite this order, a beneficial securityholder of the Issuer who is not, and was not at the date of this order, an insider or control person of the Issuer, may sell securities of the Issuer acquired before the date of this order if both of the following apply:
1. the sale is made through a “foreign organized regulated market”, as defined in section 1.1 of the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; and

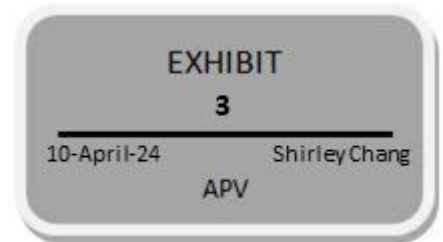
2. the sale is made through an investment dealer registered in a jurisdiction of Canada in accordance with applicable securities legislation.

¶ 9 August 14, 2023

Michael Moretto, CPA, CA, CPA (Illinois)  
Deputy Director, Corporate Disclosure



Citation: 2023 BCSECCOM 464



## Partial Revocation Order

### Final Bell Holdings International Ltd.

#### Under the securities legislation of British Columbia (the Legislation)

#### Background

- ¶ 1 Final Bell Holdings International Ltd. (the Issuer) is subject to a failure-to-file cease trade order (FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) on August 14, 2023.
- ¶ 2 The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

#### Interpretation

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

#### Representations

- ¶ 4 This decision is based on the following facts represented by the Issuer:
1. The Issuer was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Issuer completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Issuer's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Issuer's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Issuer filed articles of amendment under the Business Corporations Act (British Columbia) changing its name from "Karsten Energy Corp." to "Final Bell International Holdings Ltd."
  2. The Issuer's registered office is located at 1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada.
  3. Effective November 30, 2022, the Issuer completed a series of transactions (collectively the Business Combination) pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation, 14th Round Inc., a Delaware corporation, Final Bell Canada Inc., an Ontario corporation, and their respective subsidiaries.
  4. Also effective November 30, 2022, in connection with the Business Combination, the Issuer completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a class designated Class B Proportionate Voting Shares (the Proportionate Voting Shares), and to reclassify the common shares as Class A Subordinate Voting Shares (the Subordinate Voting Shares). The shareholders of the Issuer approved the share reorganization at a special meeting on February 28, 2022.

Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting Shares, and is entitled to vote with the Subordinate Voting Shares at a rate of 100 votes per Proportionate Voting Share.

5. The Issuer's authorized share capital consists of an unlimited number of Proportionate Voting Shares and an unlimited number of Subordinate Voting Shares. The Issuer currently has 35,483,345 Proportionate Voting Shares and 2,398,950 Subordinate Voting Shares issued and outstanding.
6. During fiscal 2021, in order to expand its business and facilitate the Business Combination, the Issuer raised an aggregate of \$22.8 million (the Debt) through the private placement of subordinated unsecured convertible notes (the Unsecured Convertible Notes) with forty-six (46) individual investors (the Convertible Note Holders). The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the Trust Indenture), and will mature on January 31, 2024 (the Maturity Date).
7. All Convertible Note Holders purchased the Unsecured Convertible Notes under the exemptions contained in sections 2.3 (Accredited investor) or 2.10 (Minimum amount investment) of National Instrument 45-106 (NI 45-106), or in distributions outside of Canada.
8. The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue, which is payable semi-annually, in either cash or Subordinate Voting Shares of the Issuer, at its discretion. The Issuer has exclusively relied, and must continue to rely, upon the issuance of Subordinate Voting Shares to satisfy all interest payments in respect of the Unsecured Convertible Notes.
9. On September 15, 2023, an aggregate interest payment of \$459,143 in respect of the Unsecured Convertible Notes became due (the Interest Payment). Pursuant to the terms of the Trust Indenture, if the Issuer fails to complete the Interest Payment by September 30, 2023, the Debt becomes immediately payable in cash, which would materially prejudice the Issuer's financial condition and the interests of its stakeholders.
10. The Issuer seeks partial revocation of the FFCTO to accommodate the issuance to the Convertible Note Holders, before September 30, 2023, of 998,139 Subordinate Voting Shares at the deemed price of \$0.46 per share, in full satisfaction of the September 15, 2023 Interest Payment (the Proposed Trade).
11. The Proposed Trade will be made in British Columbia, in reliance on the prospectus exemption contained in section 2.42(1)(a) (Conversion, Exchange or Exercise) of NI 45-106, and in jurisdictions outside of Canada, in accordance with laws of the applicable jurisdiction.
12. The Issuer failed to file the
  - (a) annual audited financial statements for the year ended March 31, 2023;
  - (b) annual management's discussion and analysis for the year ended March 31, 2023;
  - and
  - (c) certification of annual filings for the year ended March 31, 2023,

(collectively the Required Filings) due to delays in the completion of its audit for the fiscal year ended March 31, 2023. The delays resulted from complexities arising from the Business Combination, but are not the result of the FFCTO.

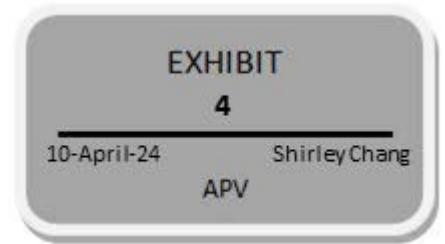
13. Upon completion of the Issuer's audit for the year ended March 31, 2023, which is anticipated on or before October 31, 2023, the Issuer intends to complete the Required Filings and concurrently apply for full revocation of the FFCTO.
14. The Issuer has the necessary financial and human resources to complete the Required Filings and to apply for full revocation of the FFCTO.
15. Together with the notice to Convertible Note Holders of the Interest Payment, the Issuer will:
  - (a) Provide each Convertible Note Holder with: (1) copy of the FFCTO; and (2) a copy of this partial revocation order; and
  - (b) Request from each Convertible Note Holder a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Proposed Trade, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future.
16. The Issuer undertakes to make available a copy of all signed written acknowledgements it receives to staff of the Decision Makers on request.

#### **Order**

- ¶ 5 The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Executive Director to make this order.
- ¶ 6 The order of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to complete the Proposed Trade.
- ¶ 7 September 27, 2023

Larissa M. Streu  
Manager, Corporate Disclosure  
Corporate Finance

Citation: 2024 BCSECCOM 13



## Partial Revocation Order

### Final Bell Holdings International Ltd.

#### Under the securities legislation of British Columbia (the Legislation)

#### Background

- ¶ 1 Final Bell Holdings International Ltd. (the Issuer) is subject to a failure-to-file cease trade order (FFCTO) issued by the regulator of the British Columbia Securities Commission (the Principal Regulator) on August 14, 2023.
- ¶ 2 The Issuer has applied to the Principal Regulator for a partial revocation of the FFCTO.

#### Interpretation

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

#### Representations

- ¶ 4 This decision is based on the following facts represented by the Issuer:
  - a. The Issuer was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Issuer completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Issuer's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Issuer's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Issuer filed articles of amendment under the Business Corporations Act (British Columbia) changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."
  - b. The Issuer's registered office is located at 1000-925 West Georgia St., Vancouver, British Columbia, V6C 3L2, Canada.
  - c. Effective November 30, 2022, the Issuer completed a series of transactions (collectively the Business Combination) pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation, 14th Round Inc., a Delaware corporation, Final Bell Canada Inc., an Ontario corporation, and their respective subsidiaries.
  - d. Also effective November 30, 2022, in connection with the Business Combination, the Issuer completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a class designated Class B Proportionate Voting Shares (the Proportionate Voting Shares), and to reclassify the common shares as Class A Subordinate Voting Shares (the Subordinate Voting Shares). The shareholders of the Issuer approved the share reorganization at a special meeting on February 28, 2022. Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting

Shares, and is entitled to vote with the Subordinate Voting Shares at a rate of 100 votes per Proportionate Voting Share.

- e. The Issuer's authorized share capital consists of an unlimited number of Proportionate Voting Shares and an unlimited number of Subordinate Voting Shares. The Issuer currently has 35,483,345 Proportionate Voting Shares and 3,397,089 Subordinate Voting Shares issued and outstanding.
- f. During fiscal 2021, in order to expand its business and facilitate the Business Combination, the Issuer raised an aggregate of \$22.8 million (the Debt) through the private placement of subordinated unsecured convertible notes (the Unsecured Convertible Notes) with forty-six (46) individual investors (the Convertible Note Holders) in multiple tranches. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture, as amended, with an institutional trustee (the Trust Indenture), and will mature on January 31, 2024 (the Maturity Date).
- g. All Convertible Note Holders purchased the Unsecured Convertible Notes under the exemptions contained in sections 2.3 (Accredited investor) or 2.10 (Minimum amount investment) of National Instrument 45-106 (NI 45-106), or in distributions outside of Canada.
- h. The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue, which is payable semi-annually, in either cash or Subordinate Voting Shares of the Issuer, at its discretion. To date, the Issuer has relied exclusively on the issuance of Subordinate Voting Shares to satisfy all interest payments in respect of the Unsecured Convertible Notes.
- i. Pursuant to the Trust Indenture, if the Issuer raises \$1.36 million in an equity financing prior to the Maturity Date, the Debt represented by the Unsecured Convertible Notes will automatically convert into Subordinate Voting Shares at a price of \$0.46 per share, without any further action required by the Convertible Note Holders (the Note Conversion).
- j. If the Issuer fails to complete the requisite equity financing prior to the Maturity Date, the Debt represented by the Unsecured Convertible Notes, plus accrued and unpaid interest thereon, will become due and payable in cash, which the Issuer is currently unable to fund.
- k. The Issuer seeks partial revocation of the FFCTO so that it may: (i) complete a private placement (the Private Placement) of up to 2,978,261 Subordinate Voting Shares at the subscription price of \$0.46 per share (or the equivalent in US Dollars using the prevailing exchange rate at the time of closing) (or the equivalent in Proportionate Voting Shares), for maximum proceeds of \$1.37 million (which amount includes \$1.36 million required to trigger the Note Conversion, and a \$10,000 contingency to accommodate exchange rate fluctuations and rounding); and (ii) issue up to 52,141,834 Subordinate Voting Shares at the subscription price of \$0.46 per share (or the equivalent in US Dollars using the prevailing exchange rate at the time of closing) in respect of the Debt represented by the Unsecured Convertible Notes, plus accrued and unpaid interest thereon (collectively the Proposed Trades).
- l. The distributions made in respect of the Note Conversion will be made in British Columbia, in reliance on the prospectus exemption contained in section 2.42(1)(a) (Conversion, Exchange or Exercise) of NI 45-106.
- m. The distributions made pursuant to the Private Placement will be made in reliance on the prospectus exemptions contained in section 2.3 (Accredited investor) and 2.10 (Minimum amount investment) of NI 45-106, and in jurisdictions outside of Canada, in accordance with laws of the applicable jurisdiction.

- n. The Issuer failed to file the
- (i) annual audited financial statements for the year ended March 31, 2023;
  - (ii) annual management's discussion and analysis for the year ended March 31, 2023; and
  - (iii) certification of annual filings for the year ended March 31, 2023,
- (collectively the Required Filings) due to delays in the completion of its audit for the fiscal year ended March 31, 2023. The delays resulted from complexities arising from the Business Combination, and from the unexpected resignation of the Issuer's auditor, but are not the result of the FFCTO.
- o. Upon completion of the Issuer's audit for the year ended March 31, 2023, which is anticipated on or before February 29, 2024, the Issuer intends to complete the Required Filings and concurrently apply for full revocation of the FFCTO.
- p. The Issuer has the necessary financial and human resources to complete the Required Filings and to apply for full revocation of the FFCTO.
- q. The Issuer will:
- (i) Provide each investor in the Private Placement (each an Investor) and Convertible Note Holder with: (1) copy of the FFCTO; and (2) a copy of this partial revocation order;
  - (ii) Obtain from each Investor a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Private Placement, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future; and
  - (iii) Request from each Convertible Note Holder a signed and dated acknowledgement which states all of the Issuer's securities, including the securities issued in connection with the Note Conversion, will remain subject to the FFCTO and that the issuance of partial revocation orders does not guarantee the issuance of full revocation orders in the future.
- r. The Issuer undertakes to make available a copy of all signed written acknowledgements it receives to staff of the Decision Makers on request.

#### **Order**

- ¶ 5 The Principal Regulator is satisfied that a partial revocation order of the FFCTO meets the test set out in the Legislation for the Principal Regulator to make the decision.
- ¶ 6 The order of the Principal Regulator under the Legislation is that the FFCTO is partially revoked solely to complete the Private Placement and the Note Conversion.
- ¶ 7 January 9, 2024

Allan Lim, CPA, CA  
Manager, Corporate Disclosure  
Corporate Finance

**FINAL BELL HOLDINGS INTERNATIONAL LTD.****NOTICE OF CHANGE OF AUDITOR**

**TO:** British Columbia Securities Commission  
Alberta Securities Commission

**AND TO:** Macias Gini & O'Connell LLP

**RE:** Notice Regarding Change of Auditor Pursuant to Section 4.11 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**")

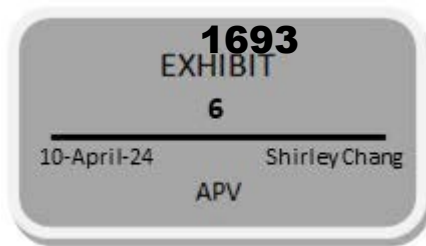
Notice is hereby given of a change of the auditor of Final Bell Holdings International Ltd. (the "**Corporation**") pursuant to section 4.11 of NI 51-102 as follows:

1. The Corporation has received the resignation of its auditor, Macias Gini & O'Connell LLP ("**MGO**"), on its own initiative, by letter dated November 3, 2023;
2. The Corporation is seeking the appointment of a new auditor of the Corporation, to hold office until the next annual general meeting of the Corporation.
3. The determination to accept the resignation of MGO as the Corporation's auditor have not currently been considered or approved by the Corporation's board of directors or its Audit Committee, as the neither the board of directors nor Audit Committee of the Corporation were given an opportunity to consider the resignation.
4. MGO did not express any reservations or modified opinions for any of its reports on the financial statements of the Corporation for: (a) the two most recently completed fiscal years ended March 31, 2022 preceding the date of this Notice; or (b) any subsequent period.
5. In the opinion of the Corporation's Audit Committee and board of directors, no "reportable events" (as defined in section 4.11(1) of NI 51 - 102) have occurred. MGO discussed with management and identified in its resignation letter a disagreement with management regarding certain valuation assumptions. However, the Corporation confirms that neither the Audit Committee nor the board of directors of the Corporation discussed the disagreement with MGO and does not believe that one exists.

**DATED** the 9th day of November, 2023.

**FINAL BELL HOLDINGS  
INTERNATIONAL LTD.**

Per: (signed) "Kay Jessel"  
Kay Jessel  
Executive Director



**From:** [beau@finalbell.com](mailto:beau@finalbell.com)  
**To:** "Robert Meyer"; "Greg Boone"  
**Cc:** "Kay Jessel"; "Ron Segev"; "Jason Deland"; "Keith Adams"; "Tom Fornarelli"  
**Subject:** RE: Heads up  
**Date:** November 6, 2023 1:26:57 AM

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Hi All,

Sorry for the late response, I wasn't checking this email regularly. Thanks for the Heads Up.

Kind regards

Beau

+61 421 037 171

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**From:** Robert Meyer <[robert@finalbell.com](mailto:robert@finalbell.com)>  
**Sent:** Thursday, November 2, 2023 7:39 AM  
**To:** Greg Boone <[gboone@finalbell.com](mailto:gboone@finalbell.com)>  
**Cc:** Kay Jessel <[kay@kayjessel.com](mailto:kay@kayjessel.com)>; Ron Segev <[ron@segev.ca](mailto:ron@segev.ca)>; Jason Deland <[jason@finalbell.com](mailto:jason@finalbell.com)>; Beau Wang <[beau@finalbell.com](mailto:beau@finalbell.com)>; Keith Adams <[kadams@finalbell.com](mailto:kadams@finalbell.com)>; Tom Fornarelli <[tom@finalbell.com](mailto:tom@finalbell.com)>  
**Subject:** Re: Heads up

I appreciate for your supportive remarks Greg. The Canadian business will prosper once the necessary consolidation has occurred, and BZAMxFBC will be the leader of the pack. I would not be surprised to see the likes of Chronos launch a takeover bid once they realise the threat that our merged entity poses to them.

Christy is now part of the deal team, thanks for the pointer.

Best

R

Robert Meyer

On 1 Nov 2023, at 16:17, Greg Boone <[gboone@finalbell.com](mailto:gboone@finalbell.com)> wrote:

Robert,

Thank you very much for the wonderful summary. In order to be a large player in the Canadian cannabis industry, the more you sell, the more capital you require. We have experienced 60% growth year over year from 2022 to 2023. In addition to our explosive growth, and thanks to Tom, we now have the opportunity to licence the Jeeter brand, the #1 preroll in the world. This will put further stress on our financial position as Robert so eloquently stated. 2024 will represent the consolidation of



Canadian Licenced entities. The combination of BZAM and FBC will lead this consolidation for all the right reasons.

I would like to encourage you to reach out to Christy for assistance with the due diligence process as she has the best understanding of the company's up to date contracts, and corresponding obligations and liabilities.

Best,

**Greg Boone | Final Bell**

(905) 741-6848

1100 Bennett Road North

Bowmanville, ON, L1C 3K5 Canada

finalbell.ca

On Nov 1, 2023, at 10:22 AM, Robert Meyer <[robert@finalbell.com](mailto:robert@finalbell.com)> wrote:

Dear Chairman and members of the board,

In writing to you today I would like to provide an introduction to a transaction that I would like to pursue. I am in the final stages of agreeing non-binding terms and will provide these to you in the course of today.

In short, the plan is to inject FB Canada ("FBC") into a CSE-listed cannabis company, BZAM ([www.BZAM.com](http://www.BZAM.com)). BZAM is the 7th largest Canadian LP, and owns/ operates a growing and a manufacturing facility in BC. Combining BZAM's existing footprint with FBC will create the 4th or 5th largest player in Canada and offers significant cost and revenue synergies to the merged entity.

Operationally, this business combination will also allow the merged entity to take on the Jeeter business for the Canadian market, which would place the merged group in the top5 for all main cannabis categories: vape, flower, prerolls and edibles.

The deal that Matt Milich, CEO of BZAM and I have agreed on, and which has the full support of BZAM's board and key shareholder (Bassam Alghanim, a Kuwaiti billionaire) is structured as follows:

1. We execute a share swap: 100% of FBC for 90m new shares in BZAM,

which equates to 33% ownership of the enlarged entity. This will make us the second largest shareholder, behind Bessam's investment company Stone Pine Capital (37% post deal). BZAM closed yesterday at CAD0.14.

2. Prior to the deal, we convert all interco balances (circa US7.6m PNote and US8m in AP, exact numbers to follow) into FBC shares.
3. BZAM will assume a total of CAD8m in debt owing to FBHI/ 14R, spilt into CAD 4m AP which will be repaid over 120days and CAD4m senior secured note due 3/31/25.
4. We will be entitled to one board seat. The BZAM board will be reduced to 5 in total, one being the chairman Bessam, one being our nominee and 3 being independents.

Both sides are keen to execute this transaction before the annual cannabis trade show MJ Biz, end of November.

The rationale for this deal is as follows:

1. FBC has been a significant cash drain on our group, mainly in the form of accruing interco balances as FBS scales their business. The combined entity will continue to procure all packaging and hardware through 14R, but has access to banking facilities and will actually pay us as a supplier. This transaction will transform the cash flow profile of FBHI.
2. The enlarged BZAM will increase their business with 14R, as 14R will gradually produce all packaging and hardware for the enlarged group - not just for the current FBC SKU's.
3. This deal creates a new dominant player in Canada, with a portfolio of leading brands, efficient manufacturing technology and supply chain management.
4. FBHI will stand to make significant profits on brand royalties (animal, dosist etc) and 14R supplies.
5. As a non-control investor we have immediate access to liquidity shareholding when markets improve.
6. This is an important demonstration of FBHI's ability to build a capital-efficient business of scale and substance.
7. This transaction creates a pathway for us to exit plant-touching businesses and become eligible for a potential U.S. listing or trade sale to non-cannabis buyers. I am working on a similar game plan for the

Californian co-manufacturing business.

I am aware that this is a deal with a very tight timetable and look forward to engaging with the board once the non-binding documentation has been executed.

Please note that I am in the US until Friday morning, so perhaps we can schedule a board call later today or tomorrow.

This opportunity has been developed together with the FBC CEO and management team.

Greg, while you will probably have to be recused from voting on this deal, please feel free to share your thoughts on this opportunity with the board.

Best,  
Robert

Robert Meyer

EXHIBIT

7

10-April-24

ShirleyChang

APV

Wed, Feb 14

1697

Hi Kay, here in the dining area, by the window.

2:52 PM ✓✓

In the front or in the back 2:56 PM

Front 2:56 PM ✓✓

I think you are at the other Joey's

2:59 PM

You are not here 2:59 PM

We have multiple Joey's in vancouver

3:00 PM

Safe travels, I liked our meeting, but keep me in the loop

6:23 PM

Great seeing you, will do 6:30 PM ✓✓

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**(formerly Karsten Energy Corp.)**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**AS OF AND FOR THE THREE AND NINE MONTHS  
ENDED DECEMBER 31, 2022 AND 2021**

**(Unaudited)**

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**INDEX TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements of Final Bell Holdings International Ltd. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As of December 31, 2022 and 2021**  
**(Unaudited)**

	<u>December 31, 2022</u>	<u>March 31, 2022</u> (Audited)
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 4,772,039	\$ 3,406,733
Accounts Receivable, Net	NOTE 22 10,407,831	12,360,287
Accounts Receivable, Related Party	-	-
Inventories	12,778,662	9,337,797
Prepaid Expenses	2,439,305	1,712,426
Total Current Assets	<u>30,397,837</u>	<u>26,817,243</u>
Property and Equipment, Net	NOTE 7 5,588,115	4,613,030
Intangible Assets, Net	NOTE 8 13,811,309	16,229,880
Goodwill	NOTE 8 11,869,216	2,029,682
Investments	NOTE 9 1,845,018	-
Right-of-Use Asset	NOTE 12 7,656,517	8,770,549
Notes Receivable- Related Party, Net of Current Portion	NOTE 6 -	5,950,630
Net Investment in Sublease	NOTE 12 515,467	759,026
Other Long Term Assets	892,411	413,703
<b>TOTAL ASSETS</b>	<u>\$ 72,575,890</u>	<u>\$ 65,583,743</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 21,246,013	\$ 12,851,728
Accrued Expenses	NOTE 11 2,325,542	5,335,254
Deferred Revenue	2,483,400	2,388,386
Related Party Loans	NOTE 19 2,310,654	3,215,999
Current Portion of Credit Facility	NOTE 13 714,037	-
Current Portion of Lease Liability	NOTE 12 1,449,916	1,364,668
Income Tax Payable	196,600	196,600
Total Current Liabilities	<u>30,726,162</u>	<u>25,352,635</u>
Series A Preferred Stock Liability	NOTES 21 -	11,150,038
Lease Liability, Net of Current Portion	NOTE 12 7,993,953	8,755,447
Credit Facility	NOTE 13 4,240,041	3,468,797
Contingent Liability	NOTE 14 200,000	499,623
Promissory Note	NOTE 23 1,224,795	-
Notes Payable	NOTE 15 -	27,897,907
Convertible Notes	NOTE 15 13,994,226	-
Derivative Financial Instruments	NOTES 15, 17 6,134,835	74,916
Secured Term Loan	NOTE 16 21,000,000	-
Other Long Term Liability	59,290	59,290
Deferred Income Tax Liability	441,864	469,710
<b>TOTAL LIABILITIES</b>	<u>86,015,166</u>	<u>77,728,363</u>

*Continued Next Page*

See accompanying notes to the condensed interim consolidated financial statements.



**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As of December 31, 2022 and 2021**  
**(Unaudited)**

		<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity:	<i>NOTE 16</i>		
Share Capital		91,588,272	-
Additional Paid-in-Capital		-	6,617,111
Share Based Payments Reserve		1,258,843	-
Accumulated Other Comprehensive Income		(517,869)	35,157
Accumulated Deficit		<u>(106,786,350)</u>	<u>(22,846,880)</u>
Equity attributable to Controlling Shareholders		(14,457,104)	(16,194,612)
Non-controlling interest	<i>NOTE 17</i>	<u>1,017,828</u>	<u>4,049,992</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>(13,439,276)</b>	<b>(12,144,620)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b><u>\$ 72,575,890</u></b>	<b><u>\$ 65,583,743</u></b>

Nature of Operations (Note 1)  
 Commitments and Contingencies (Note 18)  
 Subsequent events (Note 24)

Approved and authorized by the Board of Directors on March 1, 2023

"Jason DeLand"  
 Director and Chairman of the Board

"Kay Jessel"  
 Director

See accompanying notes to the condensed interim consolidated financial statements.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

	For the three months ended December 31, 2022	For the three months ended December 31, 2021	For the nine months ended December 31, 2022	For the nine months ended December 31, 2021
Revenues	\$ 18,307,004	\$ 20,121,800	\$ 52,262,871	\$ 56,029,794
Cost of Goods Sold	<u>13,275,651</u>	<u>15,893,772</u>	<u>37,360,418</u>	<u>42,663,412</u>
Gross Profit	<u>5,031,353</u>	<u>4,228,028</u>	<u>14,902,453</u>	<u>13,366,382</u>
Expenses:				
General and Administrative	2,923,843	4,264,035	12,958,000	11,251,275
Bad Debt Expense	2,505,790	4,003,327	2,777,345	6,385,531
Stock Based Compensation	71,557	(295,910)	94,121	621,290
Depreciation and Amortization	1,621,876	1,312,833	4,781,557	3,341,052
Total Expenses	<u>7,123,066</u>	<u>9,284,285</u>	<u>20,611,023</u>	<u>21,599,148</u>
Loss from Operations	<u>(2,091,713)</u>	<u>(5,056,257)</u>	<u>(5,708,570)</u>	<u>(8,232,766)</u>
Other Income (Expense):				
Change in Fair Value of Series A Preferred Stock Liability	-	2,332,488	-	(864,675)
Change in Fair Value of Contingent Consideration	181,500	(3,432)	181,123	(14,768)
Change in Fair Value of Investments	-	-	(130,190)	-
Loss from Investment in Associate	-	(23,697)	-	(72,858)
Fair Value Adjustment on Equity Accounted Investment	-	72,858	-	72,858
Interest and Accretion Expense, Net and Financing Costs	(2,256,698)	(1,087,156)	(3,920,669)	(1,497,438)
Transaction Costs	(30,865,491)	-	(30,865,491)	-
Other Income/Expense	<u>685,203</u>	<u>579,170</u>	<u>939,179</u>	<u>676,380</u>
Total Other Expense	<u>(32,255,486)</u>	<u>1,870,231</u>	<u>(33,796,048)</u>	<u>(1,700,501)</u>
Loss before Income Taxes	<u>(34,347,199)</u>	<u>(3,186,026)</u>	<u>(39,504,618)</u>	<u>(9,933,267)</u>
Income Tax Benefit (Expense)	<u>(9,282)</u>	<u>(339,712)</u>	<u>(27,846)</u>	<u>(516,226)</u>
<b>Net Loss</b>	<u><b>(34,337,917)</b></u>	<u><b>(2,846,314)</b></u>	<u><b>(39,476,772)</b></u>	<u><b>(9,417,041)</b></u>
Other Comprehensive Income (Loss):				
Foreign Currency Translation Gain/(Loss)	<u>(393,466)</u>	<u>(1,677)</u>	<u>(553,026)</u>	<u>23,125</u>
<b>Comprehensive Loss</b>	<u><b>\$ (34,731,383)</b></u>	<u><b>\$ (2,847,991)</b></u>	<u><b>\$ (40,029,798)</b></u>	<u><b>\$ (9,393,916)</b></u>
Loss for the Period Attributable to:				
Final Bell Holding, Inc.	<u>(34,040,242)</u>	<u>(3,068,107)</u>	<u>(39,382,245)</u>	<u>(7,769,416)</u>
Non-Controlling Interest	<u>(691,141)</u>	<u>220,116</u>	<u>(647,553)</u>	<u>(1,624,500)</u>
	<u><b>\$ (34,731,383)</b></u>	<u><b>\$ (2,847,991)</b></u>	<u><b>\$ (40,029,798)</b></u>	<u><b>\$ (9,393,916)</b></u>
Basic and Diluted Loss per Share	\$ (0.34)	\$ (0.02)	\$ (0.91)	\$ (0.04)
Weighted Average Number of Common Shares (formerly LLC Units) - Basic and Diluted	100,425,483	173,596,400	43,225,704	173,596,400

See accompanying notes to the condensed interim consolidated financial statements.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity**  
**For the nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

	Share Capital	Additional Paid-In-Capital	Share Based Payments Reserve	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity Attributable to Controlling Shareholders	Non-Controlling Interest	Total Shareholders' Equity
Balance as of March 31, 2021	\$ -	\$ 6,617,111	\$ -	\$ 38,085	\$ (3,224,317)	\$ 3,430,879	\$ 4,678,731	\$ 8,109,610
Net (Loss)	-	-	-	-	(7,784,368)	(7,784,368)	(1,632,673)	(9,417,041)
Foreign Currency Translation Gain	-	-	-	14,952	-	14,952	8,173	23,125
Stock-Based Compensation								
Vesting Stock	-	-	-	-	-	-	(197,650)	(197,650)
Warrants	-	-	-	-	-	-	41,216	41,216
Options	-	-	-	-	-	-	774,449	774,449
Warrant exercise	-	-	-	-	-	-	30,000	30,000
Amortization of Discount on Note Receivable - Related Party	-	-	-	-	-	-	13,116	13,116
Share of Assets Acquired from Non-Controlling Interest	-	-	-	-	178,692	178,692	(178,692)	-
Extinguishment of Note Receivable - Related Party	-	-	-	-	(313,399)	(313,399)	-	(313,399)
Acquisition of Westside	-	-	-	-	-	-	1,702,091	1,702,091
<b>Balance as of December 31, 2021</b>	<b>\$ -</b>	<b>\$ 6,617,111</b>	<b>\$ -</b>	<b>\$ 53,037</b>	<b>\$ (11,143,392)</b>	<b>\$ (4,473,244)</b>	<b>\$ 5,238,761</b>	<b>\$ 765,517</b>
Balance as of March 31, 2022	\$ -	\$ 6,617,111	\$ -	\$ 35,157	\$ (22,846,880)	\$ (16,194,612)	\$ 4,049,992	\$ (12,144,620)
Net (Loss) Income	-	-	-	-	(38,829,219)	(38,829,219)	(647,553)	(39,476,772)
Foreign Currency Translation Gain	-	-	-	(553,026)	-	(553,026)	-	(553,026)
Advisor Shares	3,374	-	-	-	-	3,374	-	3,374
Reclassification of Additional Paid-In-Capital	6,617,111	(6,617,111)	-	-	-	-	-	-
Acquisition of Final Bell Canada	3,711,500	-	-	-	-	3,711,500	-	3,711,500
Acquisition of 14th Round Minority Interest	57,480,178	-	1,258,843	-	(45,573,195)	13,165,826	(2,015,788)	11,150,038
FBHI Shares and Deemed Acquisition by FBH at Fair Value of Capital Consideration	12,058,452	-	-	-	-	12,058,452	-	12,058,452
Compensation Share Issuable on Closing of Business Combination	11,717,657	-	-	-	-	11,717,657	-	11,717,657
Stock-Based Compensation								
Vesting Stock	-	-	-	-	-	-	94,121	94,121
Option Expiry	-	-	-	-	94,427	94,427	(94,427)	-
Warrant Expiry	-	-	-	-	368,517	368,517	(368,517)	-
<b>Balance as of December 31, 2022</b>	<b>\$ 91,588,272</b>	<b>\$ -</b>	<b>\$ 1,258,843</b>	<b>\$ (517,869)</b>	<b>\$ (106,786,350)</b>	<b>\$ (14,457,104)</b>	<b>\$ 1,017,828</b>	<b>\$ (13,439,276)</b>

See accompanying notes to the condensed interim consolidated financial statements.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

	<b>For the nine months ended December 31, 2022</b>	<b>For the nine months ended December 31, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss for the Period	\$ (39,476,772)	\$ (9,417,041)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and Amortization	4,781,557	3,341,052
Share-based Payments Expense	94,121	621,290
Deferred Income Taxes	(27,846)	(647,398)
Bad Debt Expense	2,777,345	6,385,531
Gain on Forgiveness of Small Business Loan	-	(1,260,314)
Gain Recognized on Transition of Lease	-	(272,829)
Gain on Lease Amendment	(27,290)	-
Loss on Disposal of Fixed Assets	39,380	-
Interest income accrued	(413,640)	(195,253)
Interest expense accrued	2,098,354	775,220
Change in Fair Value of Preferred Stock Liability	-	864,675
Change in Fair Value of Contingent Liability	(181,123)	(425,232)
Change in Fair Value of Investments	(130,190)	-
Transaction Costs	19,147,834	-
Issuance of Compensation Shares on Close of Business Combination	11,717,657	
Loss from investment in associate	-	72,858
Fair Value Adjustment on Equity Accounted Investment	-	(72,858)
Changes in Operating Assets and Liabilities:		
Accounts Receivable, Net	(760,764)	(9,414,855)
Inventories	1,657,779	(5,385,223)
Prepaid Expenses	(684,225)	(1,407,373)
Other Long Term Assets/Liabilities	(73,146)	235,020
Accounts Payable	3,054,650	7,202,272
Accrued Expenses	(3,167,849)	2,273,164
Performance Obligation	(816,225)	(65,428)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(390,393)</b>	<b>(6,792,722)</b>

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See accompanying notes to the condensed interim consolidated financial statements.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**For the nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

	<b>For the nine months ended December 31, 2022</b>	<b>For the nine months ended December 31, 2021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	(1,858,105)	(1,510,736)
Payment of Contingent Consideration	(118,500)	(197,279)
Principal Reduction in Lease Receivable	270,193	(97,825)
Investment in GSW and Sherbinski	130,190	(7,000,000)
Acquisition of Final Bell Canada	(2,486,705)	-
Cash Acquired on Acquisition of Final Bell Canada	1,251,016	-
Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc.	517,973	-
Acquisition of Westside	-	(7,400,000)
Issuance of notes receivable	-	(5,639,500)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,293,938)</b>	<b>(21,845,340)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Issuance of Common Shares	809	-
Issuance of Notes Payable	-	26,648,388
Proceeds of Credit Facility	6,228,426	-
Payment of Credit Facility	(5,220,564)	-
Proceeds of Related Party Loans	112,828	1,500,000
Repayment of Related Party Loans	(1,631,259)	(165,164)
Proceeds of Term Loan	(298,933)	-
Cash Contributions from Non-Controlling Interest	-	30,000
Principal Reduction in Lease Liability	(1,089,804)	(378,106)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>(1,898,497)</b>	<b>27,635,118</b>
Effect of Exchange Rate Changes on Cash	5,948,134	(17,537)
<b>NET DECREASE IN CASH</b>	<b>1,365,306</b>	<b>(1,020,481)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>3,406,733</b>	<b>5,028,440</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ 4,772,039</b>	<b>\$ 4,007,959</b>
<b>SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES</b>		
Cash Paid for Income Taxes and Installments	\$ -	\$ -
Cash Received for Income Taxes and Installments	\$ -	\$ (131,172)
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Value of Shares Issued on Acquisition of Final Bell Canada	\$ 3,711,500	\$ -
Acquisition of 14th Round Minority Interest	\$ 57,480,178	\$ -
Value of Shares Issued on Reverse Acquisition of FBHI	\$ 12,058,452	\$ -
Accounts Receivable for Common Shares	\$ (2,565)	\$ -
Investment in Sublease	\$ -	\$ (1,222,471)
Extinguishment of Note Receivable - Related Party	\$ -	\$ 313,399
Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash	\$ -	\$ (8,173)
Change in Non-Controlling Interest due to Amortization of Note Receivable - Related I	\$ -	\$ (13,116)
Right of Use Asset and Lease Liability at Acquisition/Inception	\$ -	\$ 8,956,010

See accompanying notes to the condensed interim consolidated financial statements.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

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**1. REPORTING ENTITY AND NATURE OF OPERATIONS**

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*Final Bell Holdings International Ltd.*

The Company was incorporated as Karsten Energy Corp. under the Business Corporations Act (British Columbia) on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. Listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

Effective November 30, 2022, the Company completed a series of transactions (collectively the "Business Combination") pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the Business Combination, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize the Proportionate Voting Shares and to reclassify the common shares as Subordinate Voting Shares, each having the special rights and restrictions set out in Schedule A to the management information circular dated January 28, 2022 further to which the shareholders of the Company approved the share reorganization at a special meeting on February 28, 2022. Subject to certain conditions, each Proportionate Voting Share is convertible into 100 Subordinate Voting Shares, and is entitled to vote with the Subordinate Voting Shares at the rate of 100 votes per Proportionate Voting Share.

*Final Bell Holdings, Inc.*

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a formation and contribution agreement, a roll-up transaction was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis space. The acquisition included a majority interest in 14R. Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

*Business Combination*

Prior to the Business Combination, the Company conducted business activities designed to support the advancement of the Business Combination, and to capitalize the business of FBH. The Company entered into a cooperation and investment agreement with FB LLC as of May 11, 2021, which provided for (i) an investment by the Company in the form of a convertible promissory note (the "Final Bell Note"), which was issued by Final Bell Corp. (a subsidiary of FB LLC) in November 2021; (ii) an agreement by the parties to mutually cooperate to jointly develop and expand their cannabis business; (iii) an agreement by the parties to negotiate, advance and consummate the Business Combination; and (iv) a license agreement providing for a 10 year license granted by FB LLC to the Company to produce and distribute cannabis products for certain leading cannabis brands in Canada.

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the common shares of FBH common shares in exchange for Proportionate Voting Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 newly created Proportionate Voting Shares, being 1,735,964 Proportionate Voting Shares in the aggregate. The FBH SEA, as amended, further provides that, following the closing, the Company will use commercially reasonable efforts, subject to market conditions, to secure listing of the Subordinate Voting Shares on the Canadian Securities Exchange.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

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In order to expand into the cannabis business and to facilitate the Business Combination to acquire FBH, the Company raised C\$22.7 million of unsecured convertible notes (the "Unsecured Convertible Notes") and C\$13.0 million through the issuance of units comprised of secured convertible notes (the "Secured Convertible Notes") pursuant to a note indenture made between the Company and Odyssey Trust Company (the "Trustee") dated as of November 17, 2021, and contingent common share purchase warrants (the "Warrants") pursuant to an indenture made between the Company and the Trustee dated as of November 17, 2021. Most of the net proceeds from the issuances of Unsecured Convertible Notes and Secured Convertible Notes were used by the Company to periodically invest in FBH, pursuant to the terms of the Final Bell Note, in order to finance its operations and growth and for general corporate purposes. The Secured Convertible Notes were repaid in full in August 2022, using proceeds from the Term Loan (as defined below).

Effective January 17, 2022, the Company entered into an agreement and plan of merger, as amended (the "14R Merger Agreement"), with 14R, the shareholders of 14R and a newly formed wholly owned subsidiary of the Company, pursuant to which the Company would acquire all of the issued and outstanding shares of 14R held by the minority shareholders of 14R, being approximately 44% of the issued share capital of 14R. The Company would indirectly acquire the remaining 56% of the share capital of 14R, which was held by FBH, through the FBH SEA. Pursuant to the 14R Merger Agreement, effective November 30, 2022, the 14R shareholders received 639,986 Proportionate Voting Shares in consideration for their shares of 14R based on 14R having a total valuation equal to 70% of the \$250,000,000 deemed valuation of Company immediately following the Business Combination.

Effective January 26, 2022, the Company entered into a share purchase agreement, as amended (the "FB Canada SPA"), with FB Canada and the FB Canada Shareholders, pursuant to which the Company would acquire all right, title and interest in and to the issued and outstanding shares in the capital of FB Canada for an aggregate purchase price of C\$10 million payable in a combination of cash and Subordinate Voting Shares. Effective November 30, 2022, the shareholders of FB Canada received aggregate consideration comprised of C\$3,350,000 in cash, C\$1,650,000 in promissory notes and 4,453,609 Subordinate Voting Shares of the Company.

As a result of the Business Combination which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree".

The Company now operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company also operates in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products. The Company's California and Canada operations bring the ability for brands to fully outsource production and manufacturing of state-of-the-art hardware, packaging, licensed co-manufacturing, and product commercialization to a single supply chain partner.

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

	Country of incorporation	% Ownership		Subsidiary of
		December 31, 2022	March 31, 2022	
Final Bell Holding, Inc.	USA	100%	NA	Final Bell Holdings International Ltd.
14th Round, Inc. ("14th Round")	USA	100%	56%	Final Bell Holding, Inc.
Uneka Concepts, Inc. ("Uneka")	USA	100%	100%	14th Round
14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen")	China	100%	100%	14th Round
Mallen Tech Co., Limited ("Mallentech")	Hong Kong	100%	100%	14th Round
Mallen Tech (Dongguan) Co., Ltd. ("DG Co.")	China	100%	100%	14th Round
Ares Imports, Inc. ("Ares")	USA	100%	100%	14th Round
14th Round (Canada) Inc.	Canada	100%	100%	14th Round
Final Bell Corp	USA	100%	100%	Final Bell Holding, Inc.
DB Innovation Inc. ("DB Innovation")	USA	89%	89%	Final Bell Holding, Inc.
DB Designs, LLC ("DB Designs")	USA	100%	100%	DB Innovation Inc.
Westside Caregivers Club, Inc. ("WCC")	USA	81%	81%	Final Bell Corp.
Final Bell Canada Inc.	Canada	100%	NA	Final Bell Holdings International Ltd.
Final Bell Corp	Canada	100%	100%	Final Bell Canada Inc.
Starseed Medicinal Inc.	Canada	100%	100%	Final Bell Canada Inc.



**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**Basis of Presentation and Statement of Compliance**

The Company's unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Certain information and footnote disclosures included in audited annual consolidated financial statements 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"), have been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with FBH's audited consolidated financial statements for the year ended March 31, 2022, filed on the System for Electronic Document Analysis and Retrieval ("SEDAR"), and the related notes thereto, and have been prepared using the same accounting policies described therein.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Company's board of directors on March 1, 2023.

**Adoption of New and Revised Standards and Interpretations**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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The preparation of these condensed interim consolidated financial statements requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Company's reported amounts of assets, liabilities, and items in net income (loss), and the related disclosure of contingent assets and liabilities, if any. Such estimates are based on various assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net income (loss) that are not readily apparent from other sources. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, and actual results may differ from these estimates under different assumptions or conditions. Set out below are the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of these condensed interim consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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**(Unaudited)**

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(Continued)*

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*Going concern*

At the end of each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources, and future obligations. The conclusion that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budgets, expected profitability, investment and financing activities and management's strategic planning. The assumptions used in management's going concern assessment are derived from actual operating results along with industry and market trends and are consistent with those used to evaluate impairment of goodwill and intangible assets at December 31, 2022. Management believes there is sufficient capital to meet the Company's business obligations for at least the next twelve months, after taking into account expected cash flows and the Company's cash position at period-end. See Note 23 for the details of the funding of a term loan agreement and Note 13 for the details of asset-based lending facilities.

These condensed interim consolidated financial statements do not reflect adjustments to the reported carrying values of assets and liabilities; reported revenues and expenses; or classifications in statements of financial position that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

*Consolidation and Combination*

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity.

Prior to the Business Combination, and as of March 31, 2022, Final Bell Holdings Inc. owned 56% of 14<sup>th</sup> Round, Inc. and 89% of DB Innovations from a roll-up transaction on December 27, 2020 and pursuant to a Formation and Contribution Agreement. As a result of the Business Combination that closed on November 30, 2022, the Company fully acquired 100% of 14<sup>th</sup> Round, Final Bell Holdings Inc., and Final Bell Canada at December 31, 2022. The Company continues to retain its 89% ownership in DB Innovations at December 31, 2022.

On January 1, 2021, the FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. On May 17, 2021, FBH purchased 220 shares (22.0% of WCC) for \$2,000,000 and on November 30, 2021, acquired an additional 593 shares of WCC for \$5,400,000. FBH classified its investment in WCC as an investment in associate from May 17, 2021 to November 30, 2021 based on management's judgement that FBH had significant influence through its ownership of 22.0% of WCC and on November 30, 2021 transferred its investment in WCC to a business acquisition based on management's assessment that it had control through its 81.3% ownership interest. See Note 4.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
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**(Unaudited)**

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(Continued)*

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*Determination of Cash Generating Units (“CGUs”)*

Management is required to use judgment in determining which assets or group of assets make up appropriate CGUs, for the level at which goodwill and intangible assets are tested for impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent on the cash inflows from other assets or groups of assets. Determining the impact of impairment requires significant judgment in identifying which assets or groups of assets form CGUs of the Company. At March 31, 2020, Uneka was identified as a CGU as it operated under separate management, used separate assets, and generated cash inflows independent from one another that were monitored by the Company on this basis. For the period from Inception to March 31, 2021, 14<sup>th</sup> Round integrated the Uneka operations with operations of the 14<sup>th</sup> Round as a whole. Management views 14<sup>th</sup> Round as a vertically integrated design, development and technology company. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business.

*Purchase Price Allocation*

Applying the acquisition method to the business combination requires each identifiable asset and liability to be measured at acquisition date fair value. The excess, if any, of the fair value of the consideration over the fair value of the net identifiable assets is allocated to goodwill. The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and includes estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation.

At the time of filing, the Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the fair value measurements presented herein surrounding purchase price allocation have been left at the book values at the time of acquisition. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.

*Fair Value of Financial Instruments*

Certain financial instruments, such as contingent liability and preferred stock liability, are measured at fair value. The Company uses judgement in selecting the methods used to make certain assumptions and in performing the fair value calculations in order to determine the fair value measurements for financial instruments that require subsequent measurement at fair value on a recurring basis. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market. See Note 21.

*Useful life of property, plant and equipment and intangible assets with finite useful lives*

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(Continued)*

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*Useful life of property, plant and equipment and intangible assets with finite useful lives (Continued)*

Components of an item of property, plant and equipment may have different useful lives. The Company makes estimates when determining depreciation methods, depreciation rates and asset useful lives, which requires taking into account industry trends and company-specific factors. The Company reviews depreciation methods, useful lives and residual values annually or when circumstances change and adjusts its depreciation methods and assumptions prospectively.

*Expected credit losses*

Determining an allowance for expected credit losses ("ECLs") requires management to make assumptions about the historical patterns for the probability of default, the timing of collection and the amount of incurred credit losses, which are adjusted based on management's judgment about whether economic conditions and credit terms are such that actual losses may be higher or lower than what the historical patterns suggest.

*Discount rate used in adoption of IFRS 16*

The determination of the Company's lease liabilities, right-of-use assets, and net investment in leases depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the Company's incremental borrowing rate. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

*Income and other taxes*

The calculation of current and deferred income taxes requires the Company to make estimates and assumptions and to exercise judgment regarding the carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results, the timing of reversal of temporary differences and possible audits of income tax filings by the tax authorities. In addition, when the Company incurs losses for income tax purposes, it assesses the probability of taxable income being available in the future based on its budgeted forecasts. These forecasts are adjusted to take into account certain non-taxable income and expenses and specific rules on the use of unused credits and tax losses. When the forecasts indicate that sufficient future taxable income will be available to deduct the temporary differences, a deferred tax asset is recognized for all deductible temporary differences.

Changes or differences in underlying estimates or assumptions may result in changes to the current or deferred income tax balances on the condensed interim consolidated statements of financial position, a charge or credit to income tax expense included as part of net income (loss) and may result in cash payments or receipts. Judgment includes consideration of the Company's future cash requirements in its tax jurisdictions.

All income, capital and commodity tax filings are subject to audits and reassessments. Changes in interpretations or judgments may result in a change in the Company's income, capital or commodity tax provisions in the future. The amount of such a change cannot be reasonably estimated.

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

*Share-based payment transactions and warrants*

The Company measures the cost of equity-settled transactions with officers, directors, warrants, and options by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair values for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain and changes in these assumptions will affect the fair value estimates.

*Inventory obsolescence*

Inventories are stated at the lower of cost and estimated net realizable value. The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in retail prices less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or declining selling prices.

*Functional currency*

Determining the appropriate functional currencies for entities in the Company requires analysis of various factors, including the currencies and country-specific factors that mainly influence sales prices, and the currencies that mainly influence labor, materials, and other costs of providing goods or services. The Company's functional currency is the U.S. Dollar ("USD").

**4. ACQUISITION OF WESTSIDE CAREGIVERS CLUB, INC.**

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial \$2,000,000 for 220 shares or 22% of WCC equity and on November 30, 2021, paid \$5,400,000 for an additional 593 shares or 59.3% of WCC.

WCC has a cannabis license under the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") to operate a microbusiness, including the manufacture, distribution, and retail sale of cannabis products in California at its existing location in Los Angeles, California. WCC has applied for a corresponding permanent license to continue its business at its current location. WCC has operated as a cannabis company, specializing in co-packing, formulating, and manufacturing cannabis products. The following table summarizes the preliminary accounting estimates of the acquisition of WCC with a purchase price of \$7,400,000:

Cash	\$ 5,400,000
Transfer from Investment in Associate (see Note 10)	2,000,000
<b>Total Consideration</b>	<b>\$ 7,400,000</b>
Property and Equipment	\$ 1,160,579
Right of Use Asset	4,546,034
Deposits	168,750
License	6,300,000
Right of Use Liability	(4,546,034) <sup>1</sup>
Deferred Tax Liability	(556,920)
<b>Total Identifiable Net Assets</b>	<b>7,072,409</b>
Goodwill	2,029,682
Non-controlling Interest	(1,702,091)
<b>Preliminary Accounting Estimates of Net Assets Acquired</b>	<b>\$ 7,400,000</b>

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**5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK**

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The Company maintains cash balances in reputable financial institutions in Canada and financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to certain federal limitations. At times, the Company’s cash balance exceeds these federal limitations. The Company has not historically experienced any material losses. The Company’s cash held in foreign banks are not subject to FDIC insurance coverage and at December 31, 2022 and March 31, 2022 the Company had \$273,561 and \$283,544, respectively, in foreign banks.

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Sales to the Company’s three largest customers accounted for 38.3% of total revenues for the nine months ended December 31, 2022 (nine months ended December 31, 2021 – 46%). As of December 31, 2022, \$3,212,165 (March 31, 2022 - \$3,503,098) was included in trade accounts receivable for these three hardware and packaging customers. In management’s opinion, these customers could be replaced by other customers, if necessary.

One of the Company’s hardware suppliers accounted for 46% of the cost of goods sold for the nine months ended December 31, 2022 (nine months ended December 31, 2021 – 49%). As of December 31, 2022, \$9,803,150 (March 31, 2022, \$7,055,799) was included in accounts payable and \$157,737 (March 31, 2022 - \$185,478) was included in prepaid expenses as amounts related to the Company’s outsourced hardware and packaging manufacturer. In management’s opinion, the hardware and packaging supplies and manufacturing capabilities can be acquired from another outsourced manufacturer, if necessary.

**6. NOTES RECEIVABLE – RELATED PARTY**

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**FB Canada**

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada \$5,639,500. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. During the three and nine months ended December 31, 2022, the Company accrued \$123,987 and \$362,571 (three and nine months ended December 30, 2021 - \$98,979 and \$195,253), respectively, in interest on the loan that is included in other income/expense in the condensed interim consolidated statements of loss and comprehensive loss. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 23) and the balance of the intercompany loan was eliminated on consolidation. As of December 31, 2022, the balance of the principal and accrued interest was \$nil (March 31, 2022 - \$5,950,630).

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**7. PROPERTY AND EQUIPMENT**

As of December 31, 2022 and March 31, 2022, property and equipment consisted of the following:

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
<u>Cost</u>							
Balance as of April 1, 2022	\$ 430,429	\$ 4,011,234	\$ 1,440,432	\$ 1,265,532	\$ 269,955	\$ 363,701	\$ 7,781,283
Additions	-	623,703	702,907	520,343	9,239	1,913	1,858,105
Acquisition of FB Canada	5,880	206,482	-	351,452	-	5,368	569,182
Disposals	-	(61,744)	-	-	-	-	(61,744)
Effect of Foreign Exchange	(671)	(107,449)	-	(2,505)	-	(1,177)	(111,802)
<b>Balance as of December 31, 2022</b>	<b>\$ 435,638</b>	<b>\$ 4,672,226</b>	<b>\$ 2,143,339</b>	<b>\$ 2,134,822</b>	<b>\$ 279,194</b>	<b>\$ 369,805</b>	<b>\$ 10,035,024</b>
<u>Accumulated Depreciation</u>							
Balance as of April 1, 2022	\$ 197,139	\$ 1,183,430	\$ 1,217,322	\$ 243,902	\$ 151,679	\$ 174,781	\$ 3,168,253
Depreciation	72,632	637,099	215,664	308,232	37,921	45,178	1,316,726
Disposals	-	(22,364)	-	-	-	-	(22,364)
Effect of Foreign Exchange	(242)	(16,361)	-	1,341	-	(444)	(15,706)
<b>Balance as of December 31, 2022</b>	<b>\$ 269,529</b>	<b>\$ 1,781,804</b>	<b>\$ 1,432,986</b>	<b>\$ 553,475</b>	<b>\$ 189,600</b>	<b>\$ 219,515</b>	<b>\$ 4,446,909</b>
<u>Net Book Value</u>							
Balance as of April 1, 2022	\$ 233,290	\$ 2,827,804	\$ 223,110	\$ 1,021,630	\$ 118,276	\$ 188,920	\$ 4,613,030
<b>Balance as of December 31, 2022</b>	<b>\$ 166,109</b>	<b>\$ 2,890,422</b>	<b>\$ 710,353</b>	<b>\$ 1,581,347</b>	<b>\$ 89,594</b>	<b>\$ 150,290</b>	<b>\$ 5,588,115</b>
<u>Cost</u>							
Balance as of April 1, 2021	\$ 227,483	\$ 2,744,467	\$ 1,124,933	\$ 300,010	\$ 215,677	\$ 168,522	\$ 4,781,092
Acquisition of Westside	133,637	245,925	15,211	765,806	-	-	1,160,579
Additions	69,070	995,534	300,288	344,198	54,278	194,781	1,958,149
Disposals	-	(18,981)	-	(149,648)	-	-	(168,629)
Effect of Foreign Exchange	239	44,289	-	5,166	-	398	50,092
<b>Balance as of March 31, 2022</b>	<b>\$ 430,429</b>	<b>\$ 4,011,234</b>	<b>\$ 1,440,432</b>	<b>\$ 1,265,532</b>	<b>\$ 269,955</b>	<b>\$ 363,701</b>	<b>\$ 7,781,283</b>
<u>Accumulated Depreciation</u>							
Balance as of April 1, 2021	\$ 153,161	\$ 566,192	\$ 972,536	\$ 111,509	\$ 102,900	\$ 119,654	\$ 2,025,952
Disposals	-	(4,436)	-	(36,332)	-	-	(40,768)
Depreciation	43,919	617,609	244,786	168,111	48,779	55,032	1,178,236
Effect of Foreign Exchange	59	4,065	-	614	-	95	4,833
<b>Balance as of March 31, 2022</b>	<b>\$ 197,139</b>	<b>\$ 1,183,430</b>	<b>\$ 1,217,322</b>	<b>\$ 243,902</b>	<b>\$ 151,679</b>	<b>\$ 174,781</b>	<b>\$ 3,168,253</b>
<u>Net Book Value</u>							
Balance as of April 1, 2021	\$ 74,322	\$ 2,178,275	\$ 152,397	\$ 188,501	\$ 112,777	\$ 48,868	\$ 2,755,140
<b>Balance as of March 31, 2022</b>	<b>\$ 233,290</b>	<b>\$ 2,827,804</b>	<b>\$ 223,110</b>	<b>\$ 1,021,630</b>	<b>\$ 118,276</b>	<b>\$ 188,920</b>	<b>\$ 4,613,030</b>

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses their useful lives in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the nine months ended December 31, 2022 or the year ended March 31, 2022.

Depreciation expense for the three and nine months ended December 31, 2022 was \$489,876 and \$1,316,726, respectively.

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**8. INTANGIBLE ASSETS AND GOODWILL**

**Intangibles**

The components of intangible assets as of March 31, 2022 and December 31, 2022 are as follows:

	Patents and Intellectual Property	Customer Relationships	Marketing Related Intangible Assets	Non- competition agreement	Licenses	Total
Balance March 31, 2021	\$ 11,643,809	\$ 1,085,000	\$ 175,000	\$ 12,500	\$ -	\$ 12,916,309
Acquisition of WCC	-	-	-	-	6,300,000	6,300,000
Amortization	(2,411,429)	(310,000)	(116,667)	(8,333)	(140,000)	(2,986,429)
Balance March 31, 2022	\$ 9,232,380	\$ 775,000	\$ 58,333	\$ 4,167	\$ 6,160,000	\$ 16,229,880
Amortization	(1,808,571)	(232,500)	(58,333)	(4,167)	(315,000)	(2,418,571)
Balance December 31, 2022	\$ 7,423,809	\$ 542,500	\$ -	\$ -	\$ 5,845,000	\$ 13,811,309

On November 30, 2021, FBH acquired WCC and recognized the fair value of the WCC cannabis license under MAUCRSA (the “WCC License”). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles.

The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. During the nine months ended December 31, 2022 and the year ended March 31, 2022, no impairment losses were recorded related to the Company’s intangible assets.

Amortization expense for the three and nine months ended December 31, 2022 was \$785,357 and \$2,418,571, respectively.

**Goodwill**

Changes in the carrying amount of goodwill are as follows:

Balance March 31, 2021	\$ -
Acquisition of WCC	2,029,682
Balance March 31, 2022	<u>\$ 2,029,682</u>
Acquisition of FB Canada (see Note 23)	9,839,534
Balance December 31, 2022	<u>\$ 11,869,216</u>

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest that the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

Intangible assets and goodwill associated with the Business Combination are still being evaluated at this time. The Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the intangible asset and goodwill metrics presented herein do not reflect the final determinations surrounding the purchase price allocation of the Business Combination. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.



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**9. INVESTMENTS**

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**GSW Creative Corporation dba dosist (“GSW”)**

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at \$0.625 per share for a total consideration of \$5,000,000, representing 4% of the outstanding shares of GSW. GSW is a wellness company empowering people to naturally manage their health through dose-controlled cannabis therapy. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW’s products in exchange for a sales-based royalty. At December 31, 2022 and March 31, 2022, management assessed the fair value of its investment in GSW as \$nil.

**Sherbinskis**

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. (“Elysian”), which owns the trademarks for the brand Sherbinskis (“Sherbinskis”), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of \$143.68 for an aggregate purchase price of \$2,500,000. In September 2021, FB completed a cash payment of \$2,000,000 to Elysian and made other payments of \$48,819 related to the purchase. At December 31, 2022 and March 31, 2022, management assessed the fair value of its investment in Sherbinskis as \$nil.

During the three and nine months ended December 31, 2022 the Company recorded losses of \$nil and \$130,190, respectively, related to customer manufacturing incentives associated with the initial investment.

**Starseed Medicinal Inc.**

On acquisition of FB Canada on November 30, 2022, FB Canada owned 100% of Starseed Medicinal Inc. FB Canada closed its stock purchase agreement to acquire all of the issued and outstanding shares of Starseed Medicinal Inc. on June 14, 2021 for C\$2,500,000. Through this acquisition, FB Canada acquired its Health Canada license and was able to process, manufacture, and package cannabis for distribution throughout the country.

**10. INVESTMENT IN ASSOCIATE**

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On January 1, 2021, FBH entered into a stock purchase agreement (“SPA”) with Westside 1237, Inc. (“Seller”) whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. (“WCC”), totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial \$2,000,000 for 22% of WCC equity. On November 30, 2021, FBH paid an additional \$5,400,000 for an additional 593 and transitioned the investment from equity accounted to investment in subsidiary. See Note 4.

WCC has a cannabis license under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) to operate a microbusiness, including the manufacture, distribution, and retail sale of cannabis products in California at its existing location in Los Angeles, California. WCC has applied for a corresponding permanent license to continue its business at its current location. WCC has operated as a cannabis company, specializing in co-packing, formulating, and manufacturing cannabis products.

FBH recorded equity losses of \$23,697 and \$72,858, respectively, for the three and nine months ended December 31, 2021 which represented the proportionate share of WCC’s net loss for the three and nine months ended December 31, 2021.

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**11. ACCRUED EXPENSES**

As of December 31, 2022 and March 31, 2022 accrued expenses consisted of the following:

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Goods Received/Not Invoiced	\$ -	\$ 4,492,514
Credit Card Payable	27,449	21,629
Accrued salaries	294,794	577,148
Accrued Audit and Tax Fees	-	25,000
Accrued Interest Expense	861,670	16,405
Other	1,141,629	202,559
<b>Total Accrued Expenses</b>	<b><u>\$ 2,325,542</u></b>	<b><u>\$ 5,335,255</u></b>

**12. LEASES**

The Company records its lease liabilities in accordance with IFRS 16, and as a result recognizes the right-of-use (“ROU”) assets and lease liabilities.

As of December 31, 2022, the Company’s right of use asset consisted of the following:

	<u>Cost</u>	<u>Amortization</u>	<u>Balance</u>
<b>Balance, March 31, 2021</b>	<b>\$ 2,305,958</b>	<b>\$ (916,208)</b>	<b>\$ 1,389,750</b>
Additions	4,527,511	(544,526)	3,982,985
Acquisition of Westside	4,546,034	(209,013)	4,337,021
Transition to investment in sublease receivable	(1,772,666)	823,023	(949,643)
Effect of Foreign Exchange	-	10,436	10,436
<b>Balance, March 31, 2022</b>	<b><u>\$ 9,606,837</u></b>	<b><u>\$ (836,288)</u></b>	<b><u>\$ 8,770,549</u></b>
Additions	-	(1,046,260)	(1,046,260)
Lease modification	(46,529)	-	(46,529)
Effect of Foreign Exchange	-	(21,243)	(21,243)
<b>Balance, December 31, 2022</b>	<b><u>\$ 9,560,308</u></b>	<b><u>\$ (1,903,791)</u></b>	<b><u>\$ 7,656,517</u></b>

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. 14R’s monthly payments are \$26,172, subject to a 3% annual increase during the duration of the lease term. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of \$1,222,471 included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of \$272,828 is included in general and administrative expense in the condensed interim consolidated statements of loss and comprehensive loss. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the condensed interim statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R’s average monthly payments for the lease term are RMB 48,382 subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of \$374,075.

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On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5 year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are \$26,053, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$1,396,353.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6 year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are \$40,540, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$3,013,623.

On November 30, 2021, FBH acquired WCC (see Note 4) which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of \$4,546,034, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were \$6,250, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$117,535. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to \$1,950 subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of \$27,290 is included in general and administrative expense in the condensed interim consolidated statement of loss and comprehensive loss for the nine months ended December 31, 2022.

For the nine months ended December 31, 2022, the Company recognized amortization and interest expense in the amounts of \$1,046,260 and \$529,883 (nine months ended December 31, 2021 - \$402,800 and \$61,828), respectively. As of December 31, 2022, the right-of use asset and lease liability balances are \$7,656,517 and \$9,443,869 (March 31, 2022 - \$8,770,549 and \$10,120,115), respectively.

A reconciliation of the lease liabilities for the nine months ended December 31, 2022 and the year ended March 31, 2022 are as follows:

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Balance, Beginning of Period	\$ 10,120,115	\$ 1,639,313
Acquisition of WCC	-	4,546,034
Lease amendment	(73,819)	-
Lease Additions	-	4,527,511
Lease Payments	(1,091,922)	(927,317)
Interest Expense on Lease Liability	513,004	323,411
Foreign Currency Adjustment	(23,509)	11,163
Balance, End of Period	<u>\$ 9,443,869</u>	<u>\$ 10,120,115</u>

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**12. LEASES (Continued)**

Future minimum payments due under the Company's operating leases are as follows:

<u>Year Ended March 31</u>	<u>Operating Lease Payment</u>
2023	504,229
2024	2,060,675
2025	2,095,512
2026	1,796,668
Thereafter	5,001,118
Total Lease Payments	11,458,202
Less Imputed Interest	(2,014,333)
Total	\$ 9,443,869
Less: current portion	(1,449,916)
<b>Lease Liability, Net of Current Portion</b>	<b>\$ 7,993,953</b>

A reconciliation of investment in sublease for the nine months ended December 31, 2022 and the year ended March 31, 2022 is as follows:

<u>Year Ended March 31</u>	<u>Operating Lease Receivable</u>
2023	\$ 91,476
2024	372,680
2025	384,296
2026	64,856
Total Undiscounted Lease Receivable	913,308
Less Imputed Interest Income	(77,183)
Total	\$ 836,125
Receivable	(320,658)
<b>Investment in Sublease, Net of Current Portion</b>	<b>\$ 515,467</b>

Future minimum payments receivable under the Company's investment in sublease are as follows:

	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Balance, Beginning of Period	\$ 1,055,250	\$ -
Transition from Lease Liability	-	1,222,471
Lease Payments Received	(270,194)	(207,515)
Interest Income	51,069	40,294
Balance, End of Period	<u>\$ 836,125</u>	<u>\$ 1,055,250</u>

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**13. CREDIT FACILITIES**

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**East West Bank (“EWB”)**

In February 2022, 14<sup>th</sup> Round entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the “ABL Facility”) in the amount of up to \$5,000,000 to fund the 14<sup>th</sup> Round’s working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14<sup>th</sup> Round’s inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of \$5,000,000 and 80% of eligible accounts receivable), 14<sup>th</sup> Round is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. As at December 31, 2022, the Company was in compliance with the loan covenants. On March 2, 2022, the Company drew down \$3,468,797. During the nine months ended December 31, 2022, 14<sup>th</sup> Round drew down \$1,531,203 on the credit facility, recorded \$278,767 in interest expense and repaid principal and interest of \$1,024,505. As of December 31, 2022, the principal balance of the lending facility was \$4,240,041 (March 31, 2022 - \$3,468,797). Interest accrued of \$30,656 at December 31, 2022 (March 31, 2022 - \$16,405) is included in accrued expenses in the statements of financial position.

**Short-Term Financing Facility**

In September 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba “Leaflink Financial”). The outstanding balance accrues interest at 2% per month and was due on December 1, 2022. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of \$700,695. The additional tranche matures on February 21, 2023 and accrues interest at 2.0% per month. During the nine months ended December 31, 2022, the Company drew down \$4,697,223 against the facility, incurred interest expense of \$212,873 and made repayments of principal and interest of \$4,196,059. As of December 31, 2022, the principal and accrued interest outstanding on the facility was \$714,037.

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**14. HOLDBACK AND CONTINGENT LIABILITY**

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On October 1, 2019, 14<sup>th</sup> Round obtained control of Uneka Concepts, Inc. (“Uneka”) through a management service agreement. Uneka is a successful, private company, the acquisition of which provided 14<sup>th</sup> Round with backward integration of a portion of its supply chain. Through the management service agreement, 14<sup>th</sup> Round had the power to control the relevant activities of Uneka, provides for exposure to variable returns and through its control, is able to use its power to affect the amount of returns to 14<sup>th</sup> Round. As a result of the control obtained, the assets and liabilities were consolidated into 14<sup>th</sup> Round’s consolidated financial statements. The acquisition was accounted for in accordance with IFRS 3. The assets consisted primarily of the cash, accounts receivable, inventory, property and equipment, customer relationships, intellectual property and certain other assets. The liabilities assumed consisted of accounts payable and various accrued liabilities. Subsequently, on February 26, 2020, 14<sup>th</sup> Round acquired 100% ownership of Uneka through entering into an Agreement and Plan of Merger (“the Agreement”).

As consideration for the acquisition, 14<sup>th</sup> Round issued 50,813 shares of its common stock with a per share fair value of \$246, based on management’s estimate of the fair value of 14<sup>th</sup> Round’s stock, for an aggregate purchase price of \$12,499,998. In addition, 14<sup>th</sup> Round would pay \$500,000 in cash, subject to any holdbacks for indemnification, one year after closing (the “Holdback Payable”). The net present value of the Holdback Payable on formation and roll up was \$497,636. Additionally, 14<sup>th</sup> Round had a working capital adjustment based upon the final closing working capital of \$408,233. The resulting holdback liability (the “Holdback Liability”) at the date of formation and roll up was \$89,402. During the six months ended September 30, 2021, the balance of the Holdback Liability of \$197,279 was paid. Additional consideration up to \$500,000 would be paid in cash on March 31, 2021 and March 31, 2022, contingent on gross profit milestones of \$5 million and \$6 million, respectively, being met. The net present fair value of the contingent consideration (the “Contingent Liability”) was estimated at \$479,681 at the date of formation and roll up. As of December 31, 2022, the fair value of the Contingent Liability was \$318,500 (March 31, 2022 \$499,623), with the gain on the change in fair value of the contingent consideration of \$181,500 and \$181,123, respectively, during the three and nine months ended December 31, 2022 (three and nine months ended December 31, 2021 – losses of \$3,432 and \$14,768, respectively) recorded in the condensed interim consolidated statements of loss and comprehensive loss. During the nine months ended December 31, 2022, the Company made payments of \$118,500 against the liability (nine months ended December 31, 2021 - \$440,000).

**15. DEBT**

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**FBHI Notes Payable**

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of \$6,250,000. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. On May 24, 2021, July 29, 2021, October 13, 2021, November 22, 2021, and September 6, 2022 the Company subscribed for additional principal amounts of \$7,570,000, \$3,400,000, 400,000, \$9,028,388, and \$500,000, respectively, under the same terms. The notes give the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the maturity date at price of \$2,000,000 per equity security. In the event Final Bell Corp raises \$50 million (including through a series of financings) in equity securities, the conversion price will be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as at December 31, 2021, was immaterial and has not been recorded. The Company recognized interest expenses related to these notes of \$1,551,415 for the nine months ended December 31, 2022 (nine months ended December 31, 2021 - \$774,275). On November 30, 2022, the Company completed a reverse take-over transaction with FBH under the terms of a Share Exchange Agreement (see Note 23 for details) and the intercompany notes were eliminated, and, as a result, as at December 31, 2022, the balance of the loan, including interest accrued, was \$nil (March 31, 2022 - \$27,897,907).

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**15. DEBT (continued)**

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**Convertible Notes / Karsten Convertible Notes**

Throughout calendar year 2021, the Company completed private placements in the aggregate principal amount of C\$22,770,000, primarily to further invest in and build the business operations of FBH and 14R. The Karsten Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the "Indenture") and will mature on January 31, 2024 (the "Maturity Date"). The Karsten Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or common shares of Karsten, at the discretion of the Company.

The principal amount of the Convertible Notes is convertible, at the option of the holder, into the Company shares at any time prior to the Maturity Date, at a conversion price of C\$1.65 per common share (the "Conversion Price"), being a conversion rate of approximately 606 common shares per \$1,000 principal amount of Convertible Notes so converted. In the event that the Company completes the Business Combination and issues shares to raise new equity capital of an aggregate value of C\$15 million or more (a "QCT"), the Convertible Notes will mandatorily and automatically convert into common shares, provided that: (i) if the issue price per common share (the "Issue Price") for the QCT is C\$2.00 or more, the Convertible Notes shall be converted into common shares at the Conversion Price; or (b) if the Issue Price for the QCT is between C\$0.80 and C\$2.00 per common share, the Convertible Notes shall be converted into common shares at the Issue Price minus 20%. If the Issue Price for the QCT is less than C\$0.80 per common share, the Convertible Notes shall not be automatically converted. The Convertible Notes are redeemable at par at the option of the Company on thirty days prior written notice after March 15, 2023.

The Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the convertible notes is variable, the Company accounted for the convertible notes as a hybrid financial instrument with separate debt and derivative liability components.

The Company incurred interest expense of \$501,112 for the nine months ending December 31, 2022 and had \$222,716 of accrued interest payable on the convertible debentures as of December 31, 2022.

**Secured Convertible Notes**

On November 17, 2021 the Company issued an aggregate amount of C\$13,000,000 of Secured Convertible Notes as part of a units private placement comprised of Secured Convertible Notes and Warrants between the Company and Odyssey Trust Company. Interest was payable on such notes at a rate of 8% per annum and was payable on the maturity date. The maturity date for the Secured Convertible Notes was six months after closing being May 18, 2022. Most of the net proceeds from the issuance the Secured Convertible Notes were used by the Company to invest in and further develop the business of FBH.

On May 19, 2022, the Company entered into a first supplemental indenture to the trust indenture dated November 17, 2021, to extend the maturity date to August 17, 2022, increase the interest rate to 12.0%, permit additional indebtedness, among other adjustments to the original agreement. In consideration for the amendments and adjustments to the trust indenture, the Company paid an amendment fee to the note holders in the amount of C\$1,300,000.

On August 30, 2022 the Company fully repaid and retired the Secured Convertible Notes. Further, upon retirement, the Company entered into a supplement to the indenture governing the contingent share purchase warrants that were issued to the holders of the Secured Convertible Notes. As a result of the supplement, and upon completion of the Business Combination, the exercise price for the contingent share purchase warrants were adjusted to C\$0.92.

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**15. DEBT** *(continued)*

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**Senior Secured Term Loan Facility**

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to US\$25 million (the "Term Loan"). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which will be satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At December 31, 2022, \$21,000,000 of the Term Loan had been fully funded across three funding tranches. The first tranche of \$13,000,000 was funded on August 30, 2022, the second tranche of \$4,000,000 was funded on October 12, 2022, and the third tranche of \$4,000,000 million was funded on November 15, 2022. Accordingly, accrued interest payable (the first half of the interest) on the Term Loan totaled \$381,616 and \$468,423 for the three and nine months ended December 31, 2022, respectively. The same amounts for the respective time periods were accrued (the second half of the interest) and added to the balance of the Term Loan and are due at maturity.

**Bridge Acquisition Loan**

In December 2022, the Company strengthened its balance sheet to opportunistically look at acquisitions in its operating territories and secured debt financing in the aggregate principal amount of \$1,250,000 from a group of strategic investors, which will be used to provide bridge and acquisition financing for potential targets in the operating territory. The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire subordinate voting shares of the Company upon closing. As of December 31, 2022, \$600,000 of the Bridge Acquisition Loan had been funded and interest of \$2,318 had accrued.

**Final Bell Canada Shareholder Promissory Note**

Upon closing of the Business Combination, and to effectuate the Final Bell Canada Acquisition, the Company issued (as part of the total consideration for the acquisition) a promissory note to Final Bell Canada shareholders in the aggregate amount of C\$1,650,000. The promissory note matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C\$5,000,000.



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**16. SHAREHOLDERS' EQUITY**

**Common Shares**

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Proportionate Voting Shares and an unlimited number of Class C Preferred Shares.

Holders of Subordinate Voting Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.

Holders of Proportionate Voting Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of Proportionate Voting Shares will be entitled to 100 votes in respect of each Proportionate Voting Share, and each fraction of a Proportionate Voting Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

The changes in the number of issued and outstanding shares for the periods is as follows:

	<u>Share Capital</u>	<u>Class A Subordinate Voting Shares</u>	<u>Class B Proportionate Voting Shares</u>
<b>Balance, March 31, 2022 and 2021</b>	<b>1,501,718</b>	-	-
Issuance of Common Shares	234,246	-	-
Conversion of common shares	(1,735,964)	-	1,735,964
Acquisition of Final Bell Canada	-	4,453,609	-
Acquisition of 14th Round Minority Interest	-	-	639,986
Shares Issued on Reverse Take-Over	-	14,469,531	-
Compensation Shares Issued on Closing of Business Combination	-	13,046,474	-
<b>Balance, December 31, 2022</b>	<b>-</b>	<b>31,969,614</b>	<b>2,375,950</b>

Class B proportionate voting shares of the Company have yet to be issued to 14th Round minority shareholders that either dissented to the transaction or have options and / or warrants that will be reissued by FBHI at a later date.

On November 30, 2022 FBH consolidated its common shares on the basis of one common share for each 0.696 shares outstanding of the Company. The impact of the share capital consolidation has been reflected retroactively in these condensed interim consolidated financials.

**Series A Preferred Stock**

14<sup>th</sup> Round was authorized to issue up to 84,389 preferred shares with \$0.01 par value per share.

On September 18, 2019, 14th Round closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of \$237 per share, for gross proceeds of \$11,900,007. On December 6, 2019, 14th Round closed an additional tranche to the Second Offering issuing 3,164 preferred shares, at a price of \$237 per share (the "Original Issue Price"), for gross proceeds of \$749,868. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred are entitled to receive dividends at a rate of 6% per annum. Such dividend is payable only when, as, and if declared by the board of directors of 14th Round and is non-cumulative. On February 12, 2021, 14<sup>th</sup> Round filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original Issue Price of \$237 divided by the Series A Conversion Price of \$175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

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Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14<sup>th</sup> Round. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization for example where additional shares of common stock are issued by 14<sup>th</sup> Round, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 21).

As of November 30, 2022, in connection with the acquisition of the minority interest of 14<sup>th</sup> Round, the preferred shares will be exchanged for 140,844 Class B Proportionate Voting Shares of FBHI. See Note 23.

**Share - Based Compensation**

From time to time, 14<sup>th</sup> Round may grant options, warrants, restricted stock units (“RSUs”) (the “Awards”) or common stock in exchange for services under 14<sup>th</sup> Round’s stock plan (the “Stock Plan”). The aggregate number of shares of stock that may be issued under the Stock Plan is 100,000 and the total number of shares of stock issuable on the exercise of all outstanding Awards and the total number of shares provided for under any stock bonuses of similar plan may not exceed 30% of the then outstanding shares of the 14<sup>th</sup> Round. 14<sup>th</sup> Round recognizes compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period.

The share-based payments recorded on the condensed interim consolidated statements of loss and comprehensive loss are presented in the table below:

	<b>Three months ended</b> <b><u>December 31, 2022</u></b>	Three months ended <u>December 31, 2021</u>	<b>Nine months ended</b> <b><u>December 31, 2022</u></b>	Nine months ended <u>December 31, 2021</u>
Restricted Share Units	\$ -	\$ -	\$ -	\$ 3,275
Warrants	-	-	-	41,216
Common Shares	71,557	(295,910)	94,121	(197,650)
Options	-	-	-	774,449
	<u>\$ 71,557</u>	<u>\$ (295,910)</u>	<u>\$ 94,121</u>	<u>\$ 621,290</u>

The continuity of share-based payments reserve activity for the nine months ended December 31, 2022 and the year ended March 31, 2022 was as follows:

	<b>Nine months ended</b> <b><u>December 31, 2022</u></b>	Year ended <u>March 31, 2022</u>
<b>Balance, beginning of period</b>	\$ -	\$ -
Amortization of fair value of warrants	-	108,926
Amortization of fair value of common stock	94,121	(52,725)
Grant of options	-	774,449
Options cancelled	(94,427)	-
Warrants cancelled	(368,517)	-
Exercise of warrants	-	(16,840)
Reclass to Non-Controlling Interest upon Rollup	-	(813,810)
Acquisition of minority interest	1,627,666	-
<b>Balance, end of period</b>	<b><u>\$ 1,258,843</u></b>	<b><u>\$ -</u></b>

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**Share - Based Compensation (Continued)**

*Restricted Stock Units*

From time to time, 14<sup>th</sup> Round may grant restricted share units in exchange for services provided. During the year ended March 31, 2022, 14<sup>th</sup> Round issued nil restricted share units to employees. 6,500 restricted share units were issued in advance for future services and vested on July 1, 2020. 14<sup>th</sup> Round also has 7,230 restricted share units outstanding that vest at a rate of 1/6<sup>th</sup> every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14<sup>th</sup> Round recorded prepayments of these shares in the amount of \$513,435 which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the three and nine months ended December 31, 2022, \$nil (three and nine months ended December 30, 2021 - \$nil and \$3,275), respectively related to this amortization was recognized as share-based payments expense in the statements of loss and comprehensive loss. As of December 31, 2022, 13,730 (March 31, 2022 - 13,730) restricted share units were issued and outstanding, all of which were vested.

*Vesting Stock*

On July 1, 2020, 14<sup>th</sup> Round granted 2,777 common shares of 14<sup>th</sup> Round under the terms of a board of advisors agreement (the “Advisors Agreement”). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of \$180 per common share was based on the consideration value in the Advisors Agreement. According to the terms of the Advisors Agreement, 1,111 of the shares vest on June 30, 2023 or 30 days following the successful completion of a change in control of 14<sup>th</sup> Round or the successful completion of a merger, stock transfer or public offering transaction that results in the shares of 14<sup>th</sup> Round being listed on a securities exchange (“Public Listing”) and 1,666 of the shares vest in the event 14<sup>th</sup> Round completes a Public Listing on or before June 30, 2023. The grant date fair value of the common shares of \$499,860 is amortized over the vesting period. During the three and nine months ended December 31, 2022, 14<sup>th</sup> Round recorded an expense of \$71,557 and \$94,121, respectively (three and nine months ended December 31, 2021 – recovery of \$295,910 and \$197,650), related to this amortization included in share-based payments expense in the condensed interim statements of loss and comprehensive loss.

The following table summarizes the option activity for the periods:

	<b>Number of Options</b>	<b>Weighted-Average Exercise Price</b>	<b>Weighted-Average Remaining Contractual Life</b>
<b>Options Exercisable as of March 31, 2021</b>	-	\$ -	-
Options Granted	17,223	73	2.42
<b>Options Exercisable as of March 31, 2022</b>	17,223	\$ 73	2.42
Options Cancelled	(2,100)	73	1.92
<b>Options Exercisable as of December 31, 2022</b>	15,123	\$ 73	1.92

During the year ended March 31, 2022, 14<sup>th</sup> Round granted 17,223 options with an exercise price of \$73.24 to employees and consultants of 14<sup>th</sup> Round that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14<sup>th</sup> Round’s shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was \$774,449.

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During the nine months ended December 31, 2022, 2,100 options with exercise prices of \$73.24, expired, unexercised.  
**Share - Based Compensation (Continued)**

*Vesting Stock (continued)*

As of December 31, 2022, 14<sup>th</sup> Round had the following options outstanding:

Date of expiry	Options outstanding	Options exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
August 31, 2024	15,123	15,123	\$ 73.24	\$ 680,021	1.67

*Warrants*

Warrant transactions for the nine months ended December 31, 2022 and the year ended March 31, 2022 were as follows:

	Nine months ended December 31, 2022		Year ended March 31, 2022	
	Number of warrants	Weighted-Average Exercise Price Per Share	Number of warrants	Weighted-Average Exercise Price Per Share
<b>Balance, beginning of period</b>	<b>23,289</b>	<b>\$ 80</b>	22,180	\$ 63
Warrants Granted	-	-	2,109	237
Warrants Exercised	-	-	(1,000)	30
Warrants Cancelled	<b>(15,180)</b>	<b>59</b>	-	-
<b>Balance, end of period</b>	<b>8,109</b>	<b>\$ 119</b>	23,289	80

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of \$30,000.

On January 14, 2022, 14<sup>th</sup> Round granted 2,109 warrants to EWB with an initial exercise price of \$237 per common share. The warrants carry a conversion right which allows the holder to exercise the warrants, into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14<sup>th</sup> Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14<sup>th</sup> Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The fair value of the warrants was estimated using the Black Scholes option pricing model, with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14<sup>th</sup> Round's shares, expected dividend yield of 0%, expected volatility of 88.53%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years. The grant-date fair value of the warrants was \$74,916.

On February 11, 2022, 14<sup>th</sup> Round extended the expiry dates of certain warrants such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14<sup>th</sup> Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The grant-date fair value of the warrant extension was \$67,710.

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During the nine months ended December 31, 2022, 15,180 warrants with weighted average exercise prices of \$59, were cancelled.

**Share - Based Compensation** (Continued)

*Warrants (Continued)*

As of December 31, 2022, 14<sup>th</sup> Round had warrants outstanding as follows:

Date of expiry	Warrants outstanding	Warrants exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
June 30, 2023	6,000	6,000	\$ 78	\$ 219,745	0.50
January 14, 2027	2,109	2,109	237	74,916	4.04
	8,109	8,109	\$ 119	\$ 294,661	1.42

There were no equity settled share-based payments granted during the nine months ended December 31, 2022. The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2022 were as follows:

	<b>Year ended</b> <b>March 31, 2022</b>
Fair Value at Grant Date	\$ 33.03
Share Price at Grant Date	\$ 73.24
Exercise Price	\$ 86.04
Expected Volatility	142.14%
Expected Life	2.56
Divident Yield	0%
Risk-free Interest Rate	0.59%

**17. NON-CONTROLLING INTEREST**

As part of the Final Bell Roll-Up transaction from the period of inception through March 31, 2021, the assets and liabilities of a combined group of companies were transferred into FBH. As a result, FBH owned 56% of 14th Round and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively were retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14th Round. As a result, the Company owns 100% of 14th Round and 89% of DB Innovations as of December 31, 2022

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**17. NON-CONTROLLING INTEREST (Continued)**

On November 30, 2021, FBH paid the remaining \$5,400,000 for 593 shares of WCC under the terms of an SPA with the Seller, whereby FBH would purchase all shares the Seller owned in Westside Caregivers Club, Inc. ("WCC"), totaling 813 shares or 81.3% of the total ownership stake. The remaining 18.7% was retained by the other owners of WCC. See Note 4.

The following summarizes the changes in non-controlling interest for the year ended March 31, 2022 and the nine months ended December 31, 2022:

Balance, March 31, 2021	\$	4,678,731
Share of Assets Acquired from Non-Controlling Interest		(178,692)
Amortization of Discount on Note Receivable - Related Party		13,116
Share Based Compensation		830,650
Warrant exercise		30,000
Acquisition of WCC		1,702,091
Share of loss for the year		(3,025,904)
<b>Balance, March 31, 2022</b>	<b>\$</b>	<b>4,049,992</b>
Share Based Compensation		94,121
Option cancellation		(94,427)
Warrant cancellation		(368,517)
Share of loss for the period		(647,553)
Share of Assets Acquired from Non-Controlling Interest		(2,015,788)
<b>Balance, December 31, 2022</b>	<b>\$</b>	<b>1,017,828</b>

The following table summarizes the information relating to non-controlling interest ("NCI"), before any intra-company eliminations:

Current assets	\$	90,583
Non-current assets		12,548,773
Liabilities - Current and Non-Current		(6,297,072)
<b>Net Assets</b>		<b>6,342,284</b>
<b>Carrying amount of NCI</b>	<b>\$</b>	<b>1,017,828</b>
Loss for the period	\$	3,341,539
Loss allocated to NCI		647,553

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**18. COMMITMENTS AND CONTINGENCIES**

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On April 4, 2019, 14<sup>th</sup> Round entered into an agreement for capital markets advisory services (the "Agreement") with an advisory service company (the "Advisor"). The term of the agreement is two years. In consideration for services provided by the Advisor to 14<sup>th</sup> Round, pursuant to the terms of the agreement, and upon the closing of a financing by 14<sup>th</sup> Round, the Advisor will be paid an advisory fee of 1% of the gross proceeds of a financing that involves an agent and/or underwriter and 5% of the gross proceeds of a financing by 14<sup>th</sup> Round that does not involve an agent and/or underwriter. In addition, on the occurrence of a Liquidity Event (defined below), the Advisor shall be granted an option to acquire for nominal consideration, (A) two percent (2.0%) on that portion of the total value of the Company (calculated on a fully--diluted basis) on a Liquidity Event up to Two Hundred Fifty Million (\$250 million), and (B) three and 3/4 percent (3.75%) on that portion of the total value of the Company (calculated on a fully-diluted basis) on a Liquidity Event that is Two Hundred Fifty Million (\$250 million) and greater, immediately prior to and contemporaneously with the occurrence of a Liquidity Event (the "Option").

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulation as of December 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of December 31, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

At formation and rollup, 14<sup>th</sup> Round had a loan from First Republic Bank in the amount of \$534,000 dated April 20, 2020, and during the period from Inception to March 31, 2021, received an additional loan from First Republic in the amount of \$726,314, dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty. On April 7, 2021, and November 24, 2021, \$534,000 and \$726,314, respectively, of loans received under the Payroll Protection Program were forgiven.

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**19. RELATED PARTIES**

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the three and nine months ended December 31, 2022, the Company had sales to related parties of approximately \$240,248 and \$1,377,241, respectively (three and nine months ended December 31, 2021 - \$697,457 and \$1,839,523) and as of December 31, 2022, is owed trade receivables from related parties in the amount of \$160,810 (March 31, 2022 - \$445,959) that are included in accounts receivable in the condensed interim consolidated statements of financial position.

**Key Management Compensation**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and other members of key management personnel were as follows:

	<b>Three months ended</b>	<b>Three months ended</b>	<b>Nine months ended</b>	<b>Nine months ended</b>
	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Directors & officer compensation	\$ 525,826	\$ 691,836	\$ 1,839,523	\$ 1,714,832
Share-based Payments	-	5,621	-	388,994
	<b>\$ 525,826</b>	<b>\$ 697,457</b>	<b>\$ 1,839,523</b>	<b>\$ 2,103,826</b>

During the nine months ended December 31, 2021, 14<sup>th</sup> Round granted 8,300 options to directors and officers of 14<sup>th</sup> Round with an estimated grant date fair value of \$383,374 (see Note 16). No options were granted during the nine months ended December 31, 2022.

**Notes Payables**

During the nine months ended December 31, 2022, the Company received \$117,349 and repaid \$116,084 from ATC and received an additional \$2,080 from GEV. During the nine months ended December 31, 2021, the Company repaid \$1,347 to ATC.

As of December 31, 2022, outstanding balances of note payables to GEV and ATC are \$680,604 and \$1,030,315 (March 31, 2022 - \$678,524 and \$1,029,050), respectively. The entire remaining balance of principal, and all accrued interest at the rate of 0% per annum, will be due and payable in full on January 1, 2026. GEV and ATC are controlled by directors of the Company.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC (“PrimeTime”), a company with a common director, in the principal amount of \$1,500,000. The interest rate on the promissory note is 1%. The principal balance, and all accrued interest, would be due and payable in full on March 1, 2022 (“Maturity Date”). On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. The promissory note may be prepaid in whole or part, without penalty, at any time or from time to time. By December 31, 2022, the Company repaid the note in full and the balance of the loan, including interest accrued, was \$nil at December 31, 2022 (March 31, 2022 - \$1,508,425).



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**20. GENERAL AND ADMINISTRATIVE EXPENSES**

For the three and nine months ended December 31, 2022 and 2021, general and administrative expenses comprised:

	For the three months ended December 31, 2022		For the three months ended December 31, 2021		For the nine months ended December 31, 2022		For the nine months ended December 31, 2021	
Salaries and Benefits	\$ 2,845,050	97.31%	\$ 1,937,789	45.44%	\$ 8,458,767	65.28%	\$ 5,055,205	44.93%
Consulting and Management Fee:	452,011	15.46%	551,704	12.94%	953,809	7.36%	1,343,592	11.94%
Professional Fees	441,859	15.11%	635,498	14.90%	1,282,083	9.89%	1,815,767	16.14%
Office Expenses	1,238,781	42.37%	1,220,624	28.63%	3,717,501	28.69%	2,720,408	24.18%
Advertising and Marketing	402,184	13.76%	(193,295)	-4.53%	827,689	6.39%	37,776	0.34%
Meals and Entertainment	18,831	0.64%	22,092	0.52%	47,760	0.37%	37,408	0.33%
Travel	111,162	3.80%	102,405	2.40%	256,502	1.98%	251,475	2.24%
Foreign Exchange Expense	(2,586,035)	-88.45%	(12,782)	-0.30%	(2,586,111)	-19.96%	(10,356)	-0.09%
<b>Total</b>	<b>\$ 2,923,843</b>	<b>100.00%</b>	<b>\$ 4,264,035</b>	<b>100.00%</b>	<b>\$ 12,958,000</b>	<b>100.00%</b>	<b>\$ 11,251,275</b>	<b>100.00%</b>

**21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

**Classification and Measurement of Financial Instruments**

The Company's financial instruments consist of cash, trade accounts receivable, notes receivable, accounts payable, accrued expenses, holdback liability, series A preferred stock liability and contingent liability. The Company classified and measured its accounts receivable, notes receivable and notes payable as subsequently measured at amortized cost. The accounts payable and accrued expenses are classified and measured at amortized cost. Cash, series A preferred stock liability and contingent liability are classified and measured at FVTPL.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks primarily include interest rate risk, price risk, credit risk and liquidity risk.

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**21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

**Classification and Measurement of Financial Instruments (Continued)**

*Fair value*

Where material, these risks are reviewed and monitored by the Board of Directors who actively focus on securing the Company's cash flows by minimizing the exposure to volatile financial instrument risks.

The three levels of the fair value hierarchy with respect to required disclosures about the inputs to fair value measurements are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

There were no transfers into or out of the fair value levels for the nine months ended December 31, 2022 or the year ended March 31, 2022. As of December 31, 2022, the Company's contingent liability of \$200,000, series A preferred stock liability of \$nil, the derivative liability related to the convertible notes (see Note 15) and the derivative financial instrument related to warrants issued to EWB (see Note 16) are classified as FVTPL and at level 3 in the fair value hierarchy.

The Company's contingent liability relates to the earn-out consideration on the acquisition of Uneka by 14th Round and was valued at the net present value of the future consideration at a discount rate of 2.79% as at December,31 2022. The gain on the change in fair value of the contingent liability for the three and nine months ended December 31, 2022 was \$181,500 and \$181,123 (three and nine months ended December 31, 2021 – loss of \$3,432 and \$14,768), respectively, and is included in the condensed interim consolidated statements of loss and comprehensive loss.

14<sup>th</sup> Round Series A preferred stock carries an anti-dilution conversion option that does not have a fixed settlement amount because the conversion price is subject to adjustment based on the occurrence of future offerings. As a result, the Company has elected to designate the entire instrument as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9. The fair value of the preferred stock at the date of issuance was determined to be the cash price of \$237 less costs of issuance. As of March 31, 2022, the Series A preferred stock was valued using the probability-weighted expected return method ("PWERM"). Under the PWERM method, the Series A preferred stock was valued using the following significant assumptions:

Scenarios	IPO Low	IPO High	Stay Private
Time to exit (in years)	0.33	0.67	2.00
Expected probability	50.0%	25.0%	25.0%
Value per common share (conversion price)	\$ 162.10	\$ 285.90	\$ -

The loss on the change in the fair value of the preferred stock liability for the nine months ended December 31, 2022, was \$nil (three and nine months ended December 31, 2021 – gain of \$2,332,488 and loss of \$864,675, respectively) and is included in the condensed interim consolidated statements of loss and comprehensive loss. As of November 30, 2022, in connection with the acquisition of the minority interest of 14th Round, and upon preferred shareholder consent, the preferred shares will be exchanged for 140,844 Class B Proportionate Voting Shares of the Company.

Due to the short-term nature of cash, trade accounts receivable, accounts payable and accrued expenses the carrying value of these financial instruments approximate their fair value.

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**21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS**

**Financial Risk Factors**

*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. The Company's exposure to interest rate risk is minimal as the leases and notes have fixed terms for the periods ending December 31, 2022.

*Foreign currency risk*

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The following summary illustrates the fluctuations in the exchange rates applied for the nine months ended December 31, 2022:

	Average rate	Closing rate
RMB	0.1449	0.1449
CAD	0.7358	0.7380

A \$0.01 strengthening or weakening of the US dollar against the RMB at December 31, 2022 would result in an increase or decrease in other comprehensive income of approximately \$97,570. A \$0.01 strengthening or weakening of the US dollar against the CAD at December 31, 2022 would result in an increase or decrease in other comprehensive income of approximately \$241,207.

*Credit risk*

Credit risk is the risk that a counterparty fails to meet its contractual obligation to the Company. The Company is exposed to the risk for various financial instruments through receivables from customers and the potential for cash fraud. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized for the nine months ending December 31, 2022 and the year ending March 31, 2022.

The Company closely monitors cash by preparing a monthly bank reconciliation for management's examination. When material transactions are expected management reviews its completeness and accuracy through an online portal.

The Company prepares and reviews an account receivable aging report on a weekly basis and follows-up, when applicable.

The Company also continuously monitors potential defaults of customers on an individual basis and incorporates this information into its credit risk controls. Where available, at reasonable cost, external credit ratings and credit checks are obtained and used. The Company's policy is to deal only with creditworthy customers. During the three and nine months ended December 31, 2022, the Company recorded bad debt expense of \$2,505,790 and \$2,777,345 (three and nine months ended September 30, 2021 - \$4,003,327 and \$6,385,531), respectively, related to the change in provision for expected credit losses.

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**21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS** *(continued)*

**Financial Risk Factors** *(Continued)*

*Credit risk (Continued)*

The Company's aging of trade receivables, net of expected credit losses, was as follows:

	<u>Accounts Receivable, Net</u>	
	<b>December 31, 2022</b>	March 31, 2022
Current	\$ 1,890,065	\$ 6,241,367
Past due 1 to 30 days	3,515,870	2,730,054
Past due 31 to 60 days	1,150,614	2,925,226
Past due 61 to 90 days	819,166	334,106
Past due 91 to 120 days	<u>3,032,116</u>	<u>129,534</u>
<b>Total</b>	<u>\$ 10,407,831</u>	<u>\$ 12,360,287</u>

The expected loss rates are based on historical credit losses, past industry experience and adjusted to reflect current and forward-looking information of each customer's ability to settle the receivables. This is affected and adjusted constantly on a customer-by-customer basis, which includes information from economic conditions.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company may be exposed to liquidity risks if it is unable to collect its trade receivables in a timely manner, which could in turn impact the Company's ability to meet its current commitments and obligations. Other than leases (Note 12), credit facility (Note 13), and debt (Note 15), all of the Company's financial obligations have maturities of less than one year.

The Company manages its liquidity needs by monitoring its cash flow from operating activities and its current plans for capital outlay. The Company uses a variety of forecasting tools to manage cash inflows and outflows on a daily, weekly, monthly and quarterly basis.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of December 31, 2022, the Company had a cash balance of \$4,772,039 (March 31, 2022 - \$3,406,733) and an accounts receivable balance of \$10,407,831 (March 31, 2022 - \$12,360,287). The Company's total accounts payable and accrued expenses as of December 31, 2022 was \$23,225,854 (March 31, 2022 - \$18,186,982) which have contractual maturities of less than 90 days.

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**21. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS** *(Continued)*

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**Financial Risk Factors** *(Continued)*

*Management of Capital*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis.

*Novel Coronavirus ("COVID-19")*

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2022 and 2021**  
**(Unaudited)**

**22. SEGMENT NOTE**

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment's performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada – along with the associated corporate expenses ("Master manufacturing"). Together, these segments provide the Company with a fully integrated business model.

**Segmented Operating Results for the three months ended December 31, 2022**

(\$ in millions)	Hardware &		Master		Total
	Packaging		Manufacturing		
Revenue	\$	12.4	\$	5.9	\$ 18.3
Cost of Goods Sold		8.2		5.0	13.3
Gross Profit	\$	4.2	\$	0.9	\$ 5.0
Expenses		6.4		0.8	7.1
Income (Loss) from Operations	\$	(2.2)	\$	0.1	\$ (2.1)

**Segmented Operating Results for the three months ended December 31, 2021**

(\$ in millions)	Hardware &		Master		Total
	Packaging		Manufacturing		
Revenue	\$	16.2	\$	3.9	\$ 20.1
Cost of Goods Sold		12.3		3.6	15.9
Gross Profit	\$	3.9	\$	0.3	\$ 4.2
Expenses		6.6		2.7	9.3
Income (Loss) from Operations	\$	(2.7)	\$	(2.3)	\$ (5.1)

**Segmented Operating Results for the nine months ended December 31, 2022**

(\$ in millions)	Hardware &		Master		Total
	Packaging		Manufacturing		
Revenue	\$	37.8	\$	14.4	\$ 52.3
Cost of Goods Sold		25.8		11.5	37.4
Gross Profit	\$	12.0	\$	2.9	\$ 14.9
Expenses		13.0		7.6	20.6
Income (Loss) from Operations	\$	(1.0)	\$	(4.7)	\$ (5.7)

**Segmented Operating Results for the nine months ended December 31, 2021**

(\$ in millions)	Hardware &		Master		Total
	Packaging		Manufacturing		
Revenue	\$	46.9	\$	9.1	\$ 56.0
Cost of Goods Sold		34.8		7.9	42.7
Gross Profit	\$	12.1	\$	1.2	\$ 13.4
Expenses		16.3		5.3	21.6
Income (Loss) from Operations	\$	(4.2)	\$	(4.1)	\$ (8.2)

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
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**23. BUSINESS COMBINATION**

**Share Exchange Agreement**

On November 30, 2022, the Company completed a business combination pursuant to a share exchange agreement (the “FBH SEA”) whereby shareholders of FBH received Class B Proportionate Voting Shares of the Company. Each common share of FBH was exchanged 0.696 of a proportionate voting share (each whole proportionate voting share, a “PV Share”) of the Company. The combination constituted a reverse takeover transaction whereby following the closing of the share exchange, FBH is now a wholly owned subsidiary of the Company and the Company will carry on the business of FBH.

The transaction is assumed to constitute an asset acquisition as FBHI did not meet the definition of a business. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management’s estimates.

At the time of filing, the Company is in process on its purchase price allocation and fair value determination surrounding the Business Combination. As such, the fair value measurements presented herein surrounding purchase price allocation have been left at the book values at the time of acquisition. The Company plans to complete its purchase price allocation work associated with the Business Combination in the coming quarter.

Purchase price consideration paid:

Fair Value of Shares Issued	\$ 12,058,452
<u>Total Consideration</u>	<u>\$ 12,058,452</u>

\* the estimated fair value of the FBHI shares was based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements.

Net assets acquired (FBHI at November 30, 2022):

Cash	\$ 517,973
Accounts Receivable, Net	31,600
Notes Receivable	33,890,298
Accounts Payable	(514,327)
Accrued Expenses	(32,138)
Secured loan	(21,298,933)
Convertible notes	(13,588,685)
Derivative Liability	(6,095,170)
<u>Total Identifiable Net Assets</u>	<u>(7,089,382)</u>
Excess of Purchase Price over Fair Value of Assets Acquired (expensed)	19,147,834
<u>Preliminary Accounting Estimates of Net Assets Acquired</u>	<u>\$ 12,058,452</u>

**14th Round Minority Acquisition**

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14<sup>th</sup> Round’s outstanding shares not held by FBH pursuant to a definitive agreement and plan of merger with 14th Round (the “14th Round Merger Agreement”) whereby the remaining shareholders of 14<sup>th</sup> Round received 639,986 Class B proportionate voting shares of the Company with an estimated fair value of \$57,480,178 based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14th Round became a wholly-owned subsidiary of FBHI. Class B proportionate voting shares of the Company have yet to be issued to 14th Round minority shareholders that either dissented to the transaction or have options and / or warrants that will be reissued by FBHI at a later date.

**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
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**(Unaudited)**

**23. BUSINESS COMBINATION** *(continued)*

**FB Canada Acquisition**

On November 30, 2022, the Company completed the acquisition of all the outstanding shares of FB Canada according to the terms of a share purchase agreement (the “FB Canada SPA”). As a result of the control obtained through the acquisition, the assets and liabilities of FB Canada were consolidated into the Company's financial statements. As consideration for the acquisition, the Company paid cash of C\$3,350,000 (\$2,486,705), issued C\$1,650,000 (\$1,224,795) in promissory notes and issued subordinate voting shares of the Company with an estimated value of C\$5,000,000 (\$3,711,500) based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements. Management determined that this acquisition meets the definition of a business under IFRS 3 and therefore the transaction was accounted as a business combination.

The following table summarizes the consideration for the acquisition:

Cash	\$ 2,486,705
Promissory notes	1,224,795
Estimated fair value of shares issued	3,711,500
<b>Total Consideration</b>	<b>\$ 7,423,000</b>

\* the estimated fair value of the FBHI shares was based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements.

The following table summarizes the accounting estimates of the acquisition with a purchase price of \$7,423,000:

Cash	\$ 1,251,016
Accounts Receivable, Net	4,908,072
Inventories	5,098,644
Prepaid Expenses	42,654
Property and Equipment, Net	569,182
Investments	1,855,750
Other long term assets	405,562
Accounts Payable	(4,825,309)
Accrued Expenses	(111,748)
Accounts Payable, Related Party	(4,902,546)
Performance Obligation	(911,239)
Notes Payable	(5,796,572)
<b>Total Identifiable Net Assets</b>	<b>(2,416,534)</b>
<b>Goodwill</b>	<b>9,839,534</b>
<b>Preliminary Accounting Estimates of Net Assets Acquired</b>	<b>\$ 7,423,000</b>



**FINAL BELL HOLDINGS INTERNATIONAL LTD.**  
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**24. SUBSEQUENT EVENTS**

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The Company has evaluated subsequent events through February 27, 2023, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at December 31, 2022, have been incorporated into these condensed interim consolidated financial statements.

**Fourth Tranche Funding and Closing of Senior Secured Term Loan Facility**

On January 25, 2023, the Company received the fourth and final tranche of funding from Golden Iris International Limited for \$4,000,000. This last funding brings the total amount funded under the term loan facility to the agreed upon \$25,000,000 per the original term loan agreement executed in August 2022. With the full funding and closing of the facility, the Company issued the incentive payment to Golden Iris International Limited for the full amount funded through the issuance of a share purchase warrant.

Contemporaneously with the funding of the final tranche of the senior secured term loan, the Company was able to retire the outstanding related party loans payable to GEV and ATC in their entirety.

**Short Term Financing Facility Updates**

On February 21, 2023, the Company and Fusion LLF, LLC agreed to a five-week payment plan to repay the outstanding balance of funds borrowed which totaled \$742,518. The plan is expected to be complete and full amount borrowed repaid by March 28, 2023.

**Additional Funding of Bridge Acquisition Loan**

Throughout January and February 2023, the Company closed on an additional \$450,000 of additional funding on the Bridge Acquisition Loan. The 2023 injections brought the total amount funded on the loan to \$1,050,000. The Company anticipates reaching its funding target on the loan of \$1,250,000 in March 2023.

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC.,  
102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD  
HOLDING CORP. AND FINAL BELL CORP.**

Applicants

Court File No. CV-24-00715773-00CL

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