

**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 BIOSTEEL SPORTS NUTRITION INC.

(the "**Applicant**")

AFFIDAVIT OF SARAH S. ESKANDARI

I, Sarah S. Eskandari, of the City of Napa, in the state of California, MAKE OATH AND
SAY:

1. I am the General Counsel of BioSteel Sports Nutrition Inc. ("**BioSteel Canada**" or the "**Applicant**"). I also serve as the General Counsel for BioSteel Sports Nutrition USA LLC ("**BioSteel US**") and BioSteel Manufacturing LLC ("**BioSteel Manufacturing**"), which are not applicants in this proceeding (the "**CCA Proceeding**") but are the subject of certain limited relief requested on this Application. I have served in this position since December 2022. In that capacity, I have consulted with members of the Applicant's finance, accounting, legal, and operational teams, as well as the Applicant's Financial Advisor (as defined below) and other external advisors. As such, I have knowledge of matters contained in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information therein, or believe it to be true based upon my consultations with the parties listed above. Nothing in this Affidavit, or the making of this Affidavit, is intended to waive any legal or other privilege in favour of the Applicant.

I. OVERVIEW

2. The Applicant, operating with BioSteel US and BioSteel Manufacturing, (collectively “**BioSteel**” or the “**BioSteel Entities**”), is a sports nutrition and hydration company, focused on high quality ingredients and with a strong presence in professional sports markets. BioSteel products, including ready-to-drink sports drinks (“**RTDs**”), hydration mixes and supplements, are available at retailers across Canada, the United States and online.

3. BioSteel has made significant investments in sponsorships and endorsements, including rights to “rinkside” advertisements, use of proprietary logos, athlete-centered promotions, and social media participation. BioSteel has partnered with, among others, the National Hockey League (“**NHL**”) and the National Hockey League Players Association (“**NHLPA**”), certain National Basketball Association (“**NBA**”) teams (including the Toronto Raptors), the Toronto Blue Jays, and a number of professional athletes in various sports.

4. Founded in Canada, BioSteel’s packaging confirms it is a “proudly Canadian company.” In connection with the planned and expected growth of the brand in the United States, BioSteel Manufacturing acquired a facility for the production of RTDs in the United States and BioSteel began marketing and distributing products in the United States through BioSteel US.

5. Since 2019, the Applicant’s operations and growth initiatives have been funded in large part by a secured loan and a credit facility (“**Secured Financing Facility**”) provided initially by Canopy Growth Corporation (“**Canopy**”) and subsequently by Canopy and a wholly-owned affiliate of Canopy, 11065220 Canada Inc. (“**1106**”) and together with Canopy, the “**Lenders**” and each a “**Lender**”), as well as via equity financing and shared services support provided by Canopy and its affiliates. Canopy directly owns over 90% of the equity interests of the Applicant and, indirectly, via wholly-owned subsidiaries, 100% of the equity interests of the remaining BioSteel Entities. Pursuant to the Secured Financing Facility, Canopy and 1106 have collectively advanced

to date over \$366 million¹ to the Applicant. Notwithstanding the already significant investments made by Canopy and 1106 in BioSteel's development and marketing, BioSteel remains significantly cash flow negative and requires continued support from Canopy and its affiliates which is estimated, based on current operations and balance sheet position, to average approximately \$15 million per month.

6. Beginning in late 2022, BioSteel and Canopy cooperatively undertook a broad marketing process to seek an additional investment in or sale of BioSteel. That process returned no actionable bids. As described in detail below, in the summer of 2023, a special committee of the Applicant's board was formed (the "**Special Committee**") to explore strategic alternatives for the Applicant, which included refocusing its sale efforts. The Special Committee engaged the Financial Advisor (as defined below) to assist in developing a process to solicit interest in BioSteel from potentially interested parties. In light of the Applicant's rapidly deteriorating liquidity condition and based on feedback from Canopy regarding its diminishing willingness to provide financial and operational support for the business, the Special Committee set a deadline of September 5, 2023 to receive transaction proposals from interested parties. Multiple parties provided indications of interest for all or portions of the BioSteel business, but all such indications were subject to significant conditions, including additional lengthy due diligence periods and/or financing conditions, and no party offered committed financing to fund the operations of the BioSteel business during its diligence period.

7. On September 13, 2023, Canopy informed the Applicant that neither it nor its affiliates intend to make any further cash or shared services investment in BioSteel's business and at the same time, Canopy demanded repayment under the Secured Financing Facility. Without ongoing

¹ All references to currency in this Affidavit are references to Canadian dollars unless otherwise indicated.

financial and services support from Canopy or its affiliates, the Applicant cannot meet its obligations as they come due. As a result, the Special Committee determined that it was in the Applicant's best interest to conserve cash, put the business into hibernation, and seek protection under the CCAA to allow the Applicant to maximize value for stakeholders through a court-supervised sales process. The Applicant intends to use the CCAA process to complete the solicitation work that began pre-filing and to identify and close a transaction for the assets and/or business of BioSteel as efficiently as possible.

8. This Affidavit is sworn in support of an application (the "**Application**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Initial Order**"), among other things:

- (a) declaring that the Applicant is a "debtor company" to which the CCAA applies;
- (b) appointing KSV Restructuring Inc. ("**KSV**" or the "**Proposed Monitor**") to monitor the assets, business, and affairs of the Applicant (if appointed in such capacity, the "**Monitor**");
- (c) staying, for an initial period of not more than 10 days (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of any of the BioSteel Entities, the Monitor or the former, current or future directors or officers of any of the BioSteel Entities (other than a director or officer who is or was at any point a shareholder or optionholder of the Applicant) (collectively, the "**Directors and Officers**"), or affecting the Applicant's business (the "**Business**") or any of the Applicant's current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "**Property**") or the business or property of the US BioSteel

Entities (as defined below), except with the written consent of the Applicant and the Monitor, or with leave of the Court (the “**Stay of Proceedings**”);

- (d) authorizing the Applicant to continue to utilize the Cash Management System (as defined below) including maintaining the banking arrangements currently in place for the Applicant;
- (e) authorizing the Applicant to pay, with the consent of the Monitor, pre-filing amounts of certain critical suppliers to the BioSteel Entities;
- (f) authorizing the Applicant to act as the foreign representative in respect of the within proceeding for the purpose of having this CCAA Proceeding recognized and approved in a jurisdiction outside of Canada, and authorizing the Applicant to apply for foreign recognition and approval of this CCAA Proceeding, as necessary, in any jurisdiction outside of Canada, including the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”); and
- (g) granting the following charges (collectively, the “**Charges**”) over the Applicant’s Property:
 - (i) the Administration Charge (as defined below) up to a maximum amount of US\$750,000; and
 - (ii) the Directors’ Charge (as defined below) up to a maximum amount of US\$1,279,000.

9. If the proposed Initial Order is granted, the Applicant intends to bring a motion within 10 days (the “**Comeback Hearing**”) to seek:

- (a) an order (the “**SISP Approval Order**”), among other things:
 - (i) approving a sale and investment solicitation process related to BioSteel (the “**SISP**”), and authorizing the Applicant to implement the SISP pursuant to its terms;
 - (ii) authorizing and directing the Applicant, Greenhill & Co. Canada Ltd., as financial advisor to the Applicant in this CCAA Proceeding (in such capacity, the “**Financial Advisor**”), and the Monitor, to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP; and
 - (iii) declaring that the Financial Advisor and the Monitor, and their respective affiliates, partners, directors, employees, agents, and controlling persons, shall have no liability with respect to any losses, claims, damages or liabilities of any nature or kind to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or the Financial Advisor, as applicable, in performing their obligations under the SISP, as determined by this Court; and

- (b) an amended and restated Initial Order (the “**ARIO**”), among other things:
 - (i) extending the Stay of Proceedings until November 15, 2023;
 - (ii) increasing the maximum amount of the Administration Charge to US\$1 million;

- (iii) increasing the maximum amount of the Directors' Charge to US\$2,198,000; and
- (iv) approving the Financial Advisor's engagement letter and granting the Transaction Fee Charge (as defined below) up to the maximum amount of US\$2.5 million.

II. BACKGROUND

A. Corporate Structure

10. The Applicant was incorporated in Ontario on August 26, 2009, as BioSteel Sports Supplements Inc. under the *Business Corporations Act*, R.S.O. 1990, c. B-16. On October 1, 2019, the Applicant was continued under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 and amalgamated with 11351249 Canada Inc. The Applicant is currently extra-provincially registered in the Northwest Territories and Ontario. The Applicant is also registered as a foreign profit corporation in the state of New Jersey. The Applicant's registered office and primary place of business is 87 Wingold Avenue, Unit 1, Toronto. Copies of the Applicant's federal corporate profile and the extra provincial corporate profiles in the Northwest Territories and Ontario, are attached hereto as **Exhibit "A"**.

11. BioSteel US and BioSteel Manufacturing (the "**US BioSteel Entities**") operate on an integrated basis with the Applicant to manufacture, market, and distribute BioSteel products. The US BioSteel Entities are intertwined in the Applicant's Business, notwithstanding the fact that they are not subsidiaries of the Applicant.

12. BioSteel US was incorporated in Delaware on October 27, 2020, to engage in the marketing and distribution of BioSteel branded products to businesses in the United States. BioSteel Manufacturing was incorporated in Delaware on October 8, 2019 as Coldstream

Manufacturing I LLC and in October 2022, it changed its name to BioSteel Manufacturing LLC in connection with the acquisition of the plant where RTDs are produced in Verona, Virginia. The registered office for both entities is 1209 Orange Street, in the City of Wilmington, Delaware.

13. A simplified organizational chart showing the BioSteel Entities and certain affiliates is attached hereto as **Exhibit "B"**.

B. The Acquisition

14. In October 2019, the shareholders of the Applicant and Canopy entered into a share purchase agreement (the "**SPA**"), pursuant to which Canopy agreed to acquire approximately 72% of the issued and outstanding shares of the Applicant. Immediately following closing, Canopy completed an incremental equity investment in the Applicant, bringing its ownership percentage to 76.7%. At the time of the closing, the BioSteel business was conducted entirely through the Applicant.

15. In connection with the SPA, Canopy, the Applicant, and the now-minority shareholders of the Applicant entered into a unanimous shareholders agreement ("**USA**") to establish their respective rights and obligations with respect to the issued and unissued shares of the Applicant and the management and conduct of the affairs of the Applicant.

16. The board of directors was reconstituted in accordance with the USA but certain members of management, including the co-founders of the business, stayed on as employees to continue to try to grow the brand.

17. The USA included a mechanism whereby Canopy could exercise a call option to purchase all of the minority shareholders' remaining shares of the Applicant as well as those shares of optionholders who had acquired shares in the Applicant through the exercise of stock options.

The minority shareholders had a corresponding put option to compel Canopy to make those purchases.

18. In August 2021, Canopy purchased 441,512 shares in the Applicant bringing Canopy's share ownership in the Applicant to 78.6%.

19. In October 2022, Canopy exercised its option to purchase one-half of the minority shareholders' shares in the Applicant and all of the shares held by optionholders that were acquired pursuant to the exercise of stock options. As of December 2022, Canopy had increased its ownership in the Applicant to approximately 90.4%.

C. The BioSteel Review

20. In connection with the preparation of Canopy's consolidated financial statements for the fiscal year ended March 31, 2023, Canopy identified certain trends in the recording of sales by BioSteel and began an internal review (the "**BioSteel Review**"). Through the BioSteel Review, Canopy identified misstatements, primarily overstatements, related to the recognition of revenue, primarily related to the Applicant's business-to-business sales in markets outside of Canada and the United States.

21. As a result of the BioSteel Review, Canopy restated its consolidated financial statements. All individuals implicated in the revenue misstatements are no longer involved with BioSteel (other than certain individuals in their capacities as minority shareholders) and an independent director was later added to the board of directors of each of the BioSteel Entities. BioSteel continues to evaluate its claims against the former members of BioSteel's management in connection with the information uncovered during the BioSteel Review.

III. THE BUSINESS OF THE APPLICANT

22. BioSteel's mission is to create healthy and trusted sports nutrition and hydration products. It has built its reputation on producing high quality products endorsed by respected and well-known figures and franchises in the professional sports world.

23. Historically, the BioSteel business was conducted entirely through the Applicant, however, in connection with its aggressive growth strategy, primarily within the United States market, the business was expanded to operate first through BioSteel US and then later through BioSteel Manufacturing.

24. Currently, the Applicant contracts with BioSteel Manufacturing and third parties for the manufacture of RTDs, "Hydration Mix", and other products pursuant to proprietary formulas owned by the Applicant. The Applicant then sells the products directly to businesses and consumers primarily in North America, including to BioSteel US, which markets and distributes to businesses in the United States. BioSteel now relies on Canopy and Canopy's affiliates to provide all employees required to operate BioSteel's business, including, without limitation, personnel providing administrative, legal, tax and other support.

A. Products

25. The non-commercial version of the Hydration Mix was developed in 2005 by athletes looking for a healthier sports drink. By 2009, the Applicant was marketing its Hydration Mix for sale to professional sports teams in North America and began to gain a reputation as the hydration product of choice for high performance athletes. BioSteel differentiates itself from competitors with a focus on nutrition and quality ingredients. BioSteel's products include:

- (a) RTDs: “Ready to Drink” ‘Sports Drink’ products are sugar free, and gluten free, with several electrolytes. The RTDs are packaged in an eco-friendly Tetra Pak Prisma Aseptic carton package.
- (b) Hydration Mix: The powdered Hydration Mix (which is mixed with water to drink) is the Applicant’s flagship product for professional sports teams. The Hydration Mix comes in 8 core flavours and is available in additional “limited time” flavors.
- (c) Other: BioSteel supplements its core product lines with protein powders, sports greens, and specialty nutrition powders, as well as BioSteel branded merchandise.

B. Production and Warehousing

26. Until last year, the Applicant was reliant on third-party, non-affiliate contract manufacturing organizations (“**CMO**”) to provide processing, manufacturing, packaging and storage services. In November 2022, BioSteel Manufacturing, with equity capital provided indirectly by 1106, acquired certain manufacturing assets in Verona, Virginia (the “**Verona Facility**”) from a BioSteel Canada CMO, Flow Beverage Corp. (“**Flow**”), including the lease for the manufacturing premises, five production lines and access to a warehouse pursuant to a related warehouse agreement. BioSteel Manufacturing also entered into a transition services agreement with Flow to facilitate the continued operation of the Verona Facility. This acquisition allowed BioSteel to bring the production of RTDs substantially “in house” and to eliminate certain underproduction penalties that had been imposed by the CMO agreement with Flow, which penalties arose when the Applicant’s production volume fell below certain thresholds. Except for certain input materials supplied by CMOs, the Applicant owns all of the inputs into the manufacturing process and all of the semi-finished and finished products. BioSteel Manufacturing and an affiliate of Flow have also

entered into a co-manufacturing agreement and warehousing services agreement, pursuant to which BioSteel Manufacturing provides certain CMO services for Flow at the Verona Facility.

27. When the Verona Facility cannot meet BioSteel's RTD product demand, BioSteel supplements production of RTDs through a CMO facility located in Aurora, Ontario. The Applicant's Hydration Mix and other products continue to be produced for the Applicant by third parties.

28. The Applicant has also entered into agreements with third party warehousing and logistics providers in the United States and Canada to store finished products before they are sold and distributed.

C. Sales and Distribution

29. BioSteel products are sold in thousands of physical stores in Canada and the United States. The primary distribution channels include food, drug and mass retailers, convenience stores, gas stations and specialty fitness retailers. The Applicant also conducts sales through online platforms such as Amazon and its own website. A small portion of product is also sold directly to sports teams. The Applicant was responsible for all of BioSteel's sales outside of Canada and the United States, but as of summer 2023, the Applicant began the process of deprioritizing sales outside of Canada and the United States.

30. BioSteel has entered into sales and distribution contracts with distributors, who are, in certain cases, granted exclusive control over specific territories, as well as large retailers.

31. In connection with BioSteel's expansion into the United States, an affiliate of Canopy formed BioSteel US in 2020. Since its formation, BioSteel US has entered into distribution agreements and retail sale agreements for the sale of BioSteel products to businesses in the

United States. BioSteel US fulfils business customer purchase orders by way of a supply and distribution agreement between the Applicant and BioSteel US pursuant to which the Applicant provides all order processing, shipping and billing services and BioSteel US acquires title immediately before the onward sale to its customer. The terms of BioSteel US's agreement with the Applicant provide that the Applicant will accept returns of product sold by BioSteel US and therefore such returns are delivered to and processed by the Applicant, and the value of the returned product reduces both BioSteel US's receivable due from its business customer and the Applicant's receivable due from BioSteel US. The sales/purchases and returns between the Applicant and BioSteel US are recorded in the preparation of the respective entity's financial statements. These existing arrangements being practised by the parties were memorialized in a legal documents/agreements prior to the filing.

D. Sponsorship and Marketing

32. BioSteel has successfully leveraged its connections with professional athletes and sports organizations into endorsement and marketing opportunities and has historically focused a significant portion of its marketing spend on athlete endorsements. The sponsorship and endorsement contracts described in this section are referred to as the **"Sponsorship Agreements"**.

33. The Sponsorship Agreements were generally entered into by the Applicant, however, once formed, BioSteel US entered into certain of these agreements. The Applicant has entered into agreements with professional sports teams such as the Toronto Raptors, athletic organizations such as the NHL and the NHLPA, and individual professional athletes. These Sponsorship Agreements provide for, among other things, sponsored posts on athletes' social media accounts, athlete appearances in marketing campaigns, in-game and in-arena branding, and the rights to use certain trademarks including logos in advertising campaigns.

34. BioSteel's Sponsorship Agreement with the NHL and NHLPA is its most significant sponsorship commitment. Both the Applicant and BioSteel US have signed the Sponsorship Agreement with the NHL and NHLPA, as well as certain related agreements for the services of specific NHL players. Pursuant to the terms of the NHL Sponsorship Agreement, BioSteel, among other things, gains the right to: use NHL and NHLPA trademarks (such as the NHL name and shield logo); camera-visible rinkside marketing of the BioSteel brand during the NHL regular season and playoffs through multimedia broadcasts of games (including television); and the representation by the NHL that BioSteel is the "Official Hydration Partner of the NHL and NHLPA" for a term of 8 years, ending in June 2030. The most recent payment under the NHL Sponsorship Agreement was due on September 1, 2023. BioSteel did not remit the payment to the NHL when due.

35. BioSteel also has product placement and other marketing agreements with sports agencies, health clubs/gyms, and sports arenas. Among other things, these agreements provide for BioSteel product placement or exclusive placement in facilities and use of BioSteel products in various types of media. In addition, BioSteel also enters into traditional promotion and marketing contracts with retailers, offering discounts, incentives for improved placement in-store, and rebates for volume purchases.

36. Given both the Applicant's financial distress and the lack of revenue driven by certain of these Sponsorship Agreements, the Applicant (and where applicable, BioSteel US) ceased making certain payments under the Sponsorship Agreements starting in the spring of 2023. Certain of the counterparties have delivered notices of default and/or termination.

37. The estimated upcoming payments that are scheduled to come due under the Sponsorship Agreements between October 1, 2023 and March 31, 2024 are approximately \$12 million in aggregate (excluding amounts that are already past due). The Applicant does not

intend to use the services of the counterparties following the commencement of this CCAA Proceeding and does not intend to make the upcoming payments due under the contracts.

38. To the extent that a potential buyer in the SISP (if approved) wishes to acquire BioSteel's rights under any of the Sponsorship Agreements, the Applicant intends to work with the applicable counterparties to arrive at proposed cure amounts or other negotiated resolutions as may be necessary to transition any Sponsorship Agreements.

E. Intellectual Property

39. The Applicant is the owner of all intellectual property that is material to the BioSteel business, including the proprietary formulas and other information related to the production of the RTDs, Hydration Mix and powders.

40. The Applicant is the owner and exclusive licensor of over a dozen trademarks (both registered and unregistered) in the United States and Canada, which include marketing campaign slogans, iterations of BioSteel's corporate name, and artistic designs based upon BioSteel's corporate name. The Applicant has also registered some of its trademarks outside of Canada. The Applicant has no registered patents.

F. Regulatory Matters

41. In Canada, BioSteel is regulated under the *Food and Drugs Act* (Canada) as RTDs are considered "food" within the definition of that act. The Hydration Mix and powders are considered "Natural Health Products" and are governed by the Natural Health Product Regulations under the *Food and Drugs Act*. In the United States, BioSteel is federally regulated by the US Food and Drug Administration under the US version of the *Food and Drugs Act*, as well as certain state level regulations.

42. BioSteel has registered its brands which use naturally occurring substances (characterized as medicinal or non-medicinal) with the Natural and Non-prescription Health Products Directorate of Canada, an agency of Health Canada. The Applicant is a site license holder from Health Canada, which gives the Applicant the authorization to manufacture, package, label and/or import natural health products. The Applicant also holds a Safe Food for Canadians License from the Canadian Food Inspection Agency which grants the Applicant the authority to, among other things, mix raw inputs for the manufacture of its products, and package its products for export.

G. Intercompany Services

43. The Applicant and Canopy are parties to a master services agreement which, *inter alia*, permits Canopy to provide services to the Applicant on an as-needed basis if and when requested, subject to the ability of Canopy to refuse (by written notice) to provide any services it is unable to provide to the Applicant. The services covered under the agreement relate to all business functions, including operations, supply chain, finance, human resources, legal, information technology, research and development, tax, treasury, corporate development, facilities, marketing and sales, and corporate communications. The master services agreement provides that the Applicant is to reimburse third party costs incurred by Canopy in the provision of the services and the Applicant is also to be charged cost plus a mark up necessary to ensure Canopy earns an arm's length return for services.

44. Each of the US BioSteel Entities are party to a master services agreement with Canopy Growth USA (as defined below) which mirrors the construct of the Applicant's Master Services Agreement with Canopy. The transactions between these parties have been recorded in the parties' respective financial accounts and the existing arrangements being practised by the parties were memorialized in a legal documents/agreements prior to the filing.

H. Employees

45. Until the co-founder's recent departure from BioSteel to form part of a potential bidding consortium, the co-founder was the only employee of BioSteel Canada. Limited remittances for the co-founder remain unpaid but are expected to be paid in during this CCAA Proceeding.

46. All other personnel providing services to BioSteel are employees of Canopy or Canopy Growth USA, LLC (an indirect, wholly-owned subsidiary of Canopy, incorporated in the United States) ("**Canopy Growth USA**"). As applicable, Canopy or Canopy Growth USA pays the employees directly and remits all applicable source deductions. Pursuant to the respective Master Services Agreement, Canopy or Canopy Growth USA, as applicable, charges the applicable BioSteel Entity for the employee related costs. In light of BioSteel's financial difficulties, BioSteel has significant outstanding obligations to Canopy and Canopy Growth USA for employee related costs for the period March 2023 through the date hereof. Canopy has continued to pay the employees and remit source deductions notwithstanding BioSteel's failure to pay the charges when due.

47. For August 2023, the aggregate monthly charge for employees was approximately \$1.7 million and approximately 190 employees provided services to BioSteel on a fulltime basis. Of these employees, approximately 90 were providing services at the Verona, Virginia facility in the United States. The balance of the employees worked in sales, marketing and other corporate capacities.

48. Canopy has provided notice to the Applicant that, Canopy and Canopy Growth USA intend to terminate or make unavailable to the Applicant of the majority of employees who were dedicated to BioSteel. Canopy has agreed to provide BioSteel with a limited number of its

employees to provide certain necessary continuing services, including to assist in the SISP, if approved.

I. Lease and Landlord

49. The Applicant is the tenant under a lease, dated March 2, 2018, as amended, for office space at 87 Wingold Avenue, Unit 1, with 87 WG Corp. as the owner of the leased property. The Applicant has a net monthly rent obligation of approximately \$21,000.

50. In connection with the acquisition of the Verona Facility, BioSteel Manufacturing acquired the deed of lease for real property located at 33 Lake View Court, Verona, Virginia. Monthly rent is approximately US\$34,000. The Applicant is not the tenant under the lease, but it owns certain of the goods within the Verona Facility.

J. Tax Matters

51. The Applicant remits federal goods and services taxes and harmonized sales taxes in Canada (“**GST/HST**”) on a monthly basis. Depending on the sales and purchases in a specific month, the monthly remittances over the past year have varied from approximately \$700,000 being payable to a refund of approximately \$260,000. The Applicant is registered for sales and local tax purposes in certain states within the United States, with sales tax obligations of the Applicant on a quarterly basis estimated as approximately US\$6,000, but which varies based upon sales.

52. BioSteel currently has no employees but has one former employee on salary continuation and therefore remits payroll and source deductions for such former employee. Source deductions and applicable remittances in connection with other former employees have been made as required, other than for the limited amounts that remain outstanding in respect of the co-founder.

53. As of the date hereof, I am not aware of any material overdue amounts or disputes in respect of the Applicant's tax obligations.

K. Secured Indebtedness

i) PPSA Searches

54. I am advised by Natalie Levine of Cassels Brock & Blackwell LLP ("**Cassels**") that searches in the personal property registries for all of the jurisdictions in Canada in which the Applicant is registered were conducted on September 11, 2023. A summary of the searches is attached hereto as **Exhibit "C"**. The searches show only two active registrations: one in favour of RBC in respect of the cash collateral account described above, and one in favour of Canopy Growth Corporation in respect of the BioSteel Loan Agreement.

ii) The BioSteel Loan Agreement

55. The Applicant's operations have been funded, in large part, by the Secured Financing Facility. Specifically, the Applicant entered into the tenth amended and restated loan agreement dated as of July 13, 2023 (the "**BioSteel Loan Agreement**") among the Applicant as borrower, Canopy and 1106 as Lenders, and Canopy in its capacity as agent for and on behalf of the Lenders (in such capacity, the "**Agent**"). The previous amendment and restatement to the BioSteel Loan Agreement have, among other things, increased the size of and/or added additional tranches of funding available as part of a revolving facility and provided BioSteel the ability to borrow in US dollars.

56. Pursuant to the BioSteel Loan Agreement, the Lenders established the Secured Financing Facility in favour of the Applicant. The facility is comprised of the following tranches: (i) a non-revolving tranche with a maximum amount of \$4,500,000 ("**Tranche A**"); (ii) a revolving tranche with a maximum amount of \$15,000,000 ("**Tranche B**"); (iii) a revolving tranche with a maximum

amount of \$60,000,000 (“**Tranche C**”); (iv) a revolving tranche with a maximum amount of \$70,000,000 (“**Tranche D**”); (v) a revolving tranche with a maximum amount of \$200,000,000 (“**Tranche E**”); and (vi) a revolving tranche with a maximum amount of \$40,000,000 (“**Tranche F**” and together with Tranche B, Tranche C, Tranche D and Tranche E, the “**Other Tranches**”). Under the terms of the BioSteel Loan Agreement, Tranche A is a non-revolving loan facility and amounts repaid thereunder cannot be reborrowed. The Other Tranches, on the other hand, comprise revolving loan facilities and any amount advanced thereunder can be advanced again following its repayment. Interest that accrued and continues to accrue on the amounts owing under the facility, which is to be paid quarterly in arrears, was historically paid through incremental quarterly draws on the facility. However, payments have not been made in respect of interest that has accrued after December 31, 2022.

57. The obligations of the Applicant under the BioSteel Loan Agreement are secured by a tenth amended and restated general security agreement dated as of July 13, 2023 (the “**Security Agreement**”). Pursuant to the Security Agreement, the Applicant granted to the Agent, for its own benefit and as agent for each of the Lenders, a security interest in all right, title and interest in and to all real and personal property which is now or hereafter owned by the Applicant or in which the Applicant now has or hereafter acquires any interest or rights of any nature whatsoever, subject to customary limited exclusions.

58. As at July 31, 2023, the Applicant owed Canopy the principal amount of \$69,729,929.65, plus accrued and unpaid interest of \$5,122,161.77, and owed 1106 the principal amount of US\$218,452,976.56, plus accrued and unpaid interest of US\$16,336,604.82.

L. Cash Management and Intercompany Transfers

59. The Applicant maintains 4 bank accounts (two at Royal Bank of Canada (“**RBC**”), one at TD Bank, and one at M&T Bank). All of the accounts other than the M&T Bank account in the United States, are in Toronto. The Applicant also has a deposit, invested in a guaranteed investment certificate, with RBC in the amount of \$68,750 which is used to support the Applicant’s credit cards and in respect of which RBC has also registered a lien. A summary of the Applicant’s bank accounts is attached hereto as **Exhibit “D”**.

60. BioSteel’s collective operations are funded by advances under the BioSteel Loan Agreement to the Applicant. In the ordinary course of business and as described above, the Applicant engages in intercompany transactions with BioSteel US, BioSteel Manufacturing, Canopy and certain of its affiliates.

M. Litigation

61. In the ordinary course of business, BioSteel is involved in litigation regarding, among other things, contract disputes and consumer protection matters.

62. In particular, the Applicant is the defendant in a putative consumer class action filed in the Eastern District of New York, on January 27, 2023, by Plaintiff, Laura Bedson on behalf of all consumers who purchased BioSteel RTDs in the Blue Raspberry, Peach Mango, White Freeze, Mixed Berry, and Rainbow Twist flavors. The complaint alleges the Applicant misled consumers in its marketing of the RTDs under applicable New York law. The complaint further alleges that BioSteel’s RTD products contain per- and polyfluoralkyl substances known as “PFAS”. The Applicant moved to dismiss the complaint and the plaintiff has refiled an amended complaint which the Applicant has further sought to dismiss pursuant to Fed. R. Civ. P. Rules 12(b)(6) and 12(b)(1).

IV. FINANCIAL DIFFICULTIES AND THE NEED FOR CCAA PROTECTION

A. The Applicant is Insolvent

63. The Applicant is insolvent. It does not have adequate liquidity to operate its Business in the ordinary course. Canopy and its affiliates are no longer willing to fund the Applicant's operating costs and protection under the CCAA is the Applicant's only option to stabilize and preserve the value of its assets.

64. Financial statements for the Applicant for the period ending March 31, 2023, prepared by the BioSteel finance team, are attached hereto as **Exhibit "E"**. The Applicant does not have audited financial statements on a standalone basis.

65. The Applicant currently owes approximately \$366 million plus interest under the BioSteel Loan Agreement and has granted security over its assets in respect of such amounts. In addition to the approximately \$4.6 million owing to Canopy and its affiliates on an unsecured basis, the Applicant has unsecured trade liabilities of approximately \$40.4 million related to, among other things, Sponsorship Agreements, marketing costs, warehousing, storage and materials supplied to CMOs for production.

66. The other BioSteel Entities' sources of cash are in large part directly or indirectly dependent upon the continued operation of the Applicant and they have granted security over substantially all of their assets in connection with a loan facility made available to 1106.

B. Cash Flow Forecast

67. I am advised by Noah Goldstein of KSV that a projected cash flow statement for the Applicant for period ending September 29 (the "**Cash Flow Statement**") will be attached to the Proposed Monitor's Pre-Filing Report (the "**Pre-Filing Report**").

68. The Cash Flow Statement demonstrates that, assuming, among other things, BioSteel does not fund any further production of product during the Initial Stay Period, the Applicant will have sufficient liquidity to fund its obligations during the Initial Stay Period.

69. The Cash Flow Statement has been prepared on the basis that:

- (a) the Applicant will pause procurement of any additional product;
- (b) the Applicant will not make payments in respect of Sponsorship Agreements or any other agreements which it does not intend to use during the Initial Stay Period and will not request any services under the Sponsorship Agreements or other such agreements; and
- (c) the Applicant intends to sell any remaining product on hand other than those products that are subject to restrictions under specific Sponsorship Agreements, as applicable.

70. I am advised by Noah Goldstein of KSV that the Cash Flow Statement has been prepared with the assistance of the Proposed Monitor and is accompanied by the prescribed representations in accordance with the CCAA.

C. Response to Financial Difficulties

71. At the end of 2022, BioSteel retained Goldman Sachs & Co. LLC (“**Goldman**”) to conduct a broad marketing process to identify a sale or investment in the business that would allow the business to continue as a going concern, with or without Canopy’s involvement.

72. Due to concerns identified regarding BioSteel’s financial reporting (as discussed above), the sales process stalled during the BioSteel Review and BioSteel re-examined the size of the

investment required to grow the business. The sales process was restarted in June 2023 with the benefit of refined financial information.

73. By July 2023, Goldman had engaged with 24 potential buyers, of which 16 entered into non-disclosure agreements, 4 were granted access to the BioSteel virtual dataroom and 3 participated in management calls. The feedback from potential buyers noted, among other concerns, that significant investment would be required and that the timeline for a return on the investment in BioSteel's current form was too long. No indications of interest or bids were received by the beginning of August 2023.

74. In August 2023, after being advised that certain members of management were considering a management buy-out offer, the Special Committee was formed to explore and implement strategic alternatives for BioSteel, including evaluating any offers received from management. Shortly thereafter, the relevant members of management resigned to focus their efforts on a bid in the sales process. Cassels has provided legal advice to Canopy and all of its subsidiaries, including BioSteel (following the acquisition), on Canadian legal matters since 2017 and as such, Cassels has significant institutional knowledge related to BioSteel. In connection with the formation of the Special Committee, alongside the assistance of Cassels, the Special Committee retained Chaitons LLP to serve as its independent and conflicts counsel. Canopy has retained Fasken Martineau DuMoulin LLP to represent its interests in connection with BioSteel in this CCAA Proceeding.

75. The Special Committee also retained the Financial Advisor to capitalize on its expertise in distressed M&A situations and explore alternative strategies to maximize the value of the BioSteel brand. The Financial Advisor designed and launched a refreshed marketing process to identify proposals for a transaction or investment in BioSteel. The Financial Advisor contacted the parties who had previously been contacted in the Goldman process, along with other industry and

financial parties. The Financial Advisor's process letter called for proposals by September 5, 2023. Through that process, 20 parties executed nondisclosure agreements and 18 were granted access to the virtual dataroom and undertook diligence.

76. On September 5, 2023, six preliminary, non-binding proposals were received. Unfortunately, all of the proposals were highly conditional and required significant time to complete, among other things, due diligence before the parties could make a determination about whether to submit a binding bid. Importantly, none of the parties that submitted proposals fully committed financing necessary to meet BioSteel's immediate operating needs through completion of their respective diligence periods. As a result, the Special Committee determined that seeking the benefit of Court protection would provide the best opportunity to maximize the value of BioSteel for stakeholders.

V. RELIEF SOUGHT

A. Relief to Be Sought at the Initial Hearing on this Application

77. At the initial hearing on this Application, the Applicant will seek an initial order that tracks the model used in this jurisdiction with limited modifications to address the nature of this CCAA Proceeding.

i) Stay of Proceedings under the CCAA

78. BioSteel requires a broad Stay of Proceedings to prevent, among other things, the exercise of contractual remedies by its contractual counterparties and creditors. The Stay of Proceedings, as extended to protect the US BioSteel Entities, is intended to stabilize and preserve the value of the integrated BioSteel business.

79. As noted above, the BioSteel Entities operate an integrated business. Due to the integration of the business and operations of the BioSteel Entities, the Applicant is seeking to

extend the Stay of Proceedings to the non-applicant BioSteel Entities. The extension of the Stay of Proceedings to these entities is intended to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions, and thereby preventing immediate losses of value for the BioSteel Entities (including actions against the non-applicant entities that will directly impact the Applicant) and their stakeholders.

80. Additionally, the Stay of Proceedings will provide the Applicant the necessary time to finalize and if approved, conduct the SISP. At the initial hearing on this Application, the Applicant will seek a stay of not more than 10 days, consistent with the CCAA.

ii) Continued Use of the Cash Management System

81. In order to sell the Applicant's Business in the most efficient manner possible, the Applicant requires continued access to the Cash Management System, including: (i) all of the applicable bank accounts, and (ii) the ability to continue to transfer between its accounts (collectively, the "**Cash Management System**"). Notwithstanding the anticipated hibernation of the business, a limited amount of product will continue to move through the system and must be delivered to customers in order to preserve the value of the inventory before it becomes stale or unusable. The Applicant intends to record all transactions and share such information with the Monitor.

82. I am advised by Noah Goldstein at KSV that the cash flow does not contemplate repayment of any pre-filing obligations to Canopy or its affiliates or any payment to Canopy for post-filing employee services.

iii) The Proposed Monitor

83. The Applicant seeks the appointment of KSV as Monitor. I am advised by Noah Goldstein of KSV that KSV has consented to act as Monitor of the Applicant in this CCAA Proceeding, subject to the Court's approval.

84. I am also advised by Noah Goldstein of KSV that KSV is a licensed insolvency trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and is not subject to any of the restrictions on who may be appointed as Monitor, as set out in subsection 11.7(2) of the CCAA.

85. KSV became involved with the Applicant in August 2023 in the event that it became necessary for the Applicant to commence this CCAA Proceeding. Since the beginning of KSV's involvement, KSV has assisted in reviewing the Cash Flow Statement and has participated in strategic discussions regarding the Applicant's financial and liquidity position, available options, and the relief requested by the Applicant in connection with this CCAA Proceeding. KSV together with its legal counsel, Bennett Jones LLP, have also assisted the Applicant in the preparation of the SISP.

iv) Administration Charge

86. The Applicant is seeking a charge on the Property in priority to all other charges, in the maximum amount of US\$750,000 (the "**Administration Charge**") to secure the fees and disbursements of the Monitor, legal counsel to the Monitor, legal counsel to the Applicant and Special Committee, and the Financial Advisor to the Applicant (solely in respect of their monthly fees), in each case incurred in connection with the services rendered to the Applicant both before and after the commencement of this CCAA Proceeding. The amount is necessary to protect the

beneficiaries of the Administration Charge during the first 10 days of this CCAA Proceeding. The Applicant will be seeking an increase to the Administration Charge at the Comeback Hearing.

87. I am advised by Noah Goldstein of KSV that the Applicant worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge based on the nature of this CCAA Proceeding and the expected demands on critical professionals prior to the Comeback Hearing.

v) Directors and Officers Indemnity and Charge

88. The Applicant is seeking customary provisions indemnifying the Directors and Officers of the BioSteel Entities against any obligations and liabilities they may incur as a director or officer of the BioSteel Entities after the commencement of this CCAA Proceeding (the “**D&O Indemnity**”).

89. It is my understanding that in some circumstances directors and officers can be held liable for certain obligations of a company, including those owing to employees and government entities.

90. The BioSteel Entities, through Canopy, maintain director’s and officer’s liability insurance (“**D&O Insurance**”). The current D&O Insurance policies include an aggregate amount of US\$20 million in coverage. However, this coverage is subject to certain deductibles, exclusions, or some combination of the foregoing, all of which creates a degree of uncertainty.

91. The BioSteel Entities have certain overlapping directors, including the same independent director. The Directors and Officers have indicated that they will not continue their service with the BioSteel Entities during the post-filing period unless the Initial Order grants a charge on the Applicant’s Property in a sufficient amount to secure the D&O Indemnity.

92. The Applicant seeks a charge on the Property in the maximum amount of US\$1,279,000 (the “**Directors’ Charge**”) as security for the D&O Indemnity. The proposed Directors’ Charge would apply only to the extent that the Directors and Officers do not have coverage under the D&O Insurance and will rank second in priority, in accordance with the priority set out in the proposed Initial Order.

93. The Directors’ Charge will allow the BioSteel Entities to continue to benefit from the expertise and knowledge and continued involvement of the Directors and Officers.

94. The quantum of the Directors’ Charge is necessary to protect the Directors and Officers in the first 10 days of this CCAA Proceeding, having regard to the potential personal liabilities that they may be exposed to in respect of the Applicant’s obligations in the period before the Comeback Hearing. The Applicant will be seeking an increase to the Directors’ Charge at the Comeback Hearing. The Applicant believes that the Directors’ Charge is reasonable in the circumstances.

95. I am advised by Noah Goldstein at KSV that the Applicant has worked with the Proposed Monitor to calculate the quantum of the Directors’ Charge by reference to the above-noted potential liabilities and that the Proposed Monitor is supportive of the Directors’ Charge and its quantum.

vi) Chapter 15 Case

96. Because the Applicant has assets in the United States, including significant inventory in third party warehouses and with BioSteel Manufacturing, the Applicant intends to initiate a case under the Bankruptcy Code seeking an order to recognize and enforce the CCAA orders in the United States and protect against any potential adverse action taken by US-based parties (the “**Chapter 15 Case**”).

97. The Applicant intends to file the Chapter 15 Case in the United States Bankruptcy Court for the Southern District of Texas.

98. The centre of main interest of the Applicant is in Canada. The Applicant is a corporation incorporated under the federal laws of Canada. Its head office and registered office are in Toronto. The Applicant's key decision makers are located in Canada. Many operational elements of the integrated BioSteel business are carried out by personnel that are located in Canada, including accounting, legal, human resources, insurance, payroll, regulatory, taxes, and treasury.

99. I am advised by US counsel to the Applicant that the Chapter 15 Case is appropriate under the circumstances to protect the value of the BioSteel business and the BioSteel brand as a whole within the United States.

B. Relief to be Sought at the Comeback Hearing

100. At the Comeback Hearing, the Applicant intends to seek approval of the proposed SISP Approval Order and an ARIO.

i) SISP Approval Order

101. The Applicant anticipates building on the extensive sales processes conducted twice over the course of 2023 to continue efforts to identify the best and highest offer for the Applicant's assets. Given the integrated nature of the BioSteel business, the SISP (if approved) will also facilitate the sale of the equity or all of assets of the US BioSteel Entities. Given the extensive pre-filing sales processes, the Applicant believes that an expedited, court-supervised process that engages with the parties most likely to propose an executable transaction will yield the best and highest results for stakeholders. The Applicant expects that a purchaser may require an approval and vesting order, and the proposed SISP will contemplate a timeline for Court approval and

closing. Additional details regarding the SISP and the proposed timelines will be provided before the Comeback Hearing.

ii) ARIO

102. At the Comeback Hearing, the Applicant intends to seek an ARIO. The most significant amendments anticipated to be sought in the ARIO are described below.

a) Permitted Restructuring

103. At the Comeback Hearing, the Applicant intends to seek additional authorization in connection with permitted restructurings such as contract disclaimers, termination or downsizing and disposition of non-material assets. The language requested follows the language in the Ontario model order.

b) Financial Advisor Engagement

104. As noted above, the Applicant retained the Financial Advisor to assist with the pre-filing sales process and to assist with evaluating potential transactions. At the Comeback Hearing, the Applicant also intends to seek approval of the Financial Advisor's engagement letter and the Transaction Fee Charge (as described below). A copy of the Financial Advisor's engagement letter is attached hereto as **Exhibit "F"**.

c) Amendments to the Charges

105. The Charges proposed in the Initial Order are designed for the initial 10-day statutory stay period only. The proposed ARIO provides for the following amendments and additions to the Charges:

- (a) Administration Charge: US\$1 million. The hourly professionals will have significant work in the period following the initial hearing on this Application, including in assisting the Applicant with managing contract counterparties, addressing sale process inquiries based on the information already in the market, and coordinating with US professionals in connection with the Chapter 15 Case. If the ARIO and the SISP Approval Order are granted, the professionals will have additional work ahead of them to facilitate the SISP;

- (b) Directors' Charge: US\$2,198,000. The increased quantum of the Directors' Charge is intended to reflect the potential obligations and liabilities that the Directors and Officers may face during the proposed stay extension, taking into account reasonable assumptions regarding the remaining employee obligations, payment of sales tax and other regulatory obligations. I understand that more information will be provided to the Court by the Proposed Monitor; and

- (c) Transaction Fee Charge: US\$2.5 million. The Financial Advisor's engagement letter contains a success fee provision in connection with the completion of a successful restructuring or sale transaction (the "**Transaction Fee**"). The Applicant will request that the Transaction Fee portion of such compensation be granted a priority charge on the Applicant's Property, behind the Administration Charge and the Directors' Charge, to provide certainty to the Financial Advisor that it will be compensated for its services in accordance with the terms of its engagement letter (the "**Transaction Fee Charge**"). The Transaction Fee Charge is necessary and reasonable in the circumstances as it is a condition of the retention of the Financial Advisor.

VI. URGENCY

106. The Applicant requires immediate protection under the CCAA to prevent enforcement actions against the Applicant and allow for an orderly sale of the Applicant's Business. The Applicant's limited access to funding has required the Applicant to seek protection to seek a near term solution to its financial challenges.

107. In light of, among other things, the nature of the BioSteel business as a whole, the framework and flexibility provided by the CCAA would provide the most effective, efficient and equitable method through which to pursue a sale.

108. This Application is therefore being brought on an urgent basis.

109. I swear this Affidavit in support of the relief sought by the Applicant and for no improper purpose.

SWORN BEFORE ME by videoconference on September 13, 2023, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits
(or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K

Sarah S. Eskandari

This is Exhibit "A" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K



Corporate Profile / Profil corporatif

| | | |
|--|--------------------|--|
| Date and time of Corporate Profile (YYYY-MM-DD) | 2023-09-11 9:33 AM | (AAAA-MM-JJ) Date et heure du Profil corporatif |
|--|--------------------|--|

| CORPORATE INFORMATION | | RENSEIGNEMENTS CORPORATIFS |
|------------------------------|---|--|
| Corporate name | Dénomination | |
| | BIOSTEEL SPORTS NUTRITION INC. | |
| Corporation number | 1165818-2 | Numéro de société ou d'organisation |
| Business number | 850120866 | Numéro d'entreprise |
| Governing legislation | Régime législatif | |
| | <i>Canada Business Corporations Act (CBCA) - 2019-10-01</i> <i>Loi canadienne sur les sociétés par actions (LCSA) - 2019-10-01</i> | |
| Status | Statut | |
| | Active | |
| | Active | |

| REGISTERED OFFICE ADDRESS | ADRESSE DU SIÈGE |
|---------------------------|---|
| | 87 Wingold Avenue, Unit 1 Toronto ON M6B 1P8 Canada |

| ANNUAL FILINGS | DÉPÔTS ANNUELS | | |
|---|---|--|--------------|
| Anniversary date (MM-DD) | 10-01 | (MM-JJ) Date anniversaire | |
| Filing period (MM-DD) | 10-01 to/au 11-30 | (MM-JJ) Période de dépôt | |
| Status of annual filings | Statut des dépôts annuels | | |
| | Not due | 2023 | N'est pas dû |
| | Filed | 2022 | Déposé |
| | Filed | 2021 | Déposé |
| Date of last annual meeting (YYYY-MM-DD) | Not available / Pas disponible | (AAAA-MM-JJ) Date de la dernière assemblée annuelle | |
| Type | Type | | |
| | Non-distributing corporation with 50 or fewer shareholders | | |
| | Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins | | |

| DIRECTORS | | ADMINISTRATEURS |
|-----------------------|--|-----------------------|
| Minimum number | 1 | Nombre minimal |
| Maximum number | 7 | Nombre maximal |
| Current number | 2 | Nombre actuel |
| Samuel H. Carsley | 1 Hershey Drive, Smiths Falls ON K7A 0A8, Canada | |
| Eugene I. Davis | 1 Hershey Drive, Smiths Falls ON K7A 0A8, Canada | |

| CORPORATE HISTORY | | HISTORIQUE CORPORATIF |
|---|---|---|
| Corporate name history (YYYY-MM-DD) | | (AAAA-MM-JJ) Historique de la dénomination |
| 2019-10-01 to present / à maintenant | BIOSTEEL SPORTS NUTRITION INC. | |
| Certificates issued (YYYY-MM-DD) | | (AAAA-MM-JJ) Certificats émis |
| Certificate of Amalgamation Corporations amalgamated | 2019-10-01 11351249 11351249 CANADA INC. 7230940 BIOSTEEL SPORTS NUTRITION INC. | Certificat de fusion Corporations amalgamated |
| Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. | Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés. | |
| Documents filed (YYYY-MM-DD) | | (AAAA-MM-JJ) Documents déposés |

| | |
|--|---|
| The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile. | Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil. |
|--|---|



Corporate Registries Online System

Entity Profile

BIOSTEEL SPORTS NUTRITION INC.

Report Created: September 11, 2023

| | |
|---------------------|-------------------------------|
| File No. | 613094 |
| Entity Type | Extra-Territorial Corporation |
| Jurisdiction | CANADA |
| Status | In Compliance |

Entity Events

Note: Only the date of the most recent entity event is shown. For a full history, see Filings.

| | |
|-----------------------------------|------------------|
| Date Incorporated | October 01, 2019 |
| Date Registered | October 23, 2020 |
| Date Cancelled | N/A |
| Date of Continuance in NWT | N/A |
| Date Reinstated | N/A |
| Date Amalgamated | N/A |
| Amalgamated to | N/A |

Name History

Assumed Name

No assumed name.

Former Names

No former names.

Trade Names

No trade names.

Amalgamated From

No amalgamations.

Addresses

Head Office Delivery Address

87 WINGOLD AVENUE, UNIT 1
TORONTO ON M6B1P8

Head Office Mailing Address

Same as Delivery

Registered Office in Northwest Territories Delivery Address

601, 4920-52 STREET
YELLOWKNIFE NT X1A3T1

Service by Mail Address in Northwest Territories

Same as Delivery

Annual Filings

| | |
|------------------------------------|-------------------|
| Last Annual Return Filed | October 21, 2022 |
| Last Annual Return for Year | 2022 |
| Next Annual Return Due | November 30, 2023 |

Directors

See Filings.

Filings

| Filing | Filing Date | ID |
|-----------------------------|--------------------|-----------|
| Directors and Officers | October 21, 2022 | 10140482 |
| Annual Return | October 21, 2022 | 10140264 |
| Annual Return | December 08, 2021 | 9328634 |
| Directors and Officers | December 08, 2021 | 9328423 |
| Directors and Officers | December 08, 2021 | 9330179 |
| Registered and Head Offices | October 23, 2020 | 8314051 |
| Constating Documents | October 23, 2020 | 8313606 |



Profile Report

BIOSTEEL SPORTS NUTRITION INC. as of September 11, 2023

| | |
|--|--|
| Act | Corporations Information Act |
| Type | Extra-Provincial Federal Corporation with Share |
| Name | BIOSTEEL SPORTS NUTRITION INC. |
| Ontario Corporation Number (OCN) | 5032077 |
| Governing Jurisdiction | Canada - Federal |
| Incorporation/Amalgamation Date | October 01, 2019 |
| Registered or Head Office Address | 97 Wingold Avenue, Unit 1, Toronto, Ontario, Canada, M6B 1P8 |
| Status | Refer to Governing Jurisdiction |
| Date Commenced in Ontario | October 01, 2019 |
| Principal Place of Business | 97 Wingold Avenue, Unit 1, Toronto, Ontario, Canada, M6B 1P8 |

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Chief Officer or Manager

There are no chief officer or managers on file for this corporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History

Refer to Governing Jurisdiction

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Amalgamating Corporations

Corporation Name
Ontario Corporation Number

11351249 CANADA INC.
3204185

Corporation Name
Ontario Corporation Number

BIOSTEEL SPORTS NUTRITION INC.
1928479

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

| Filing Name | Effective Date |
|---|----------------|
| CIA - Initial Return PAF: EMILY HOWE - OTHER | March 16, 2020 |

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.



Rapport de profil

BIOSTEEL SPORTS NUTRITION INC. en date du 11 septembre 2023

| | |
|---|--|
| Loi | Loi sur les renseignements exigés des personnes morales |
| Type | Personne morale extraprovinciale fédérale avec capital- actions |
| Dénomination | BIOSTEEL SPORTS NUTRITION INC. |
| Numéro de société de l'Ontario | 5032077 |
| Autorité législative responsable | Canada - Fédéral |
| Date de constitution ou de fusion | 01 octobre 2019 |
| Adresse légale ou du siège social | 97 Wingold Avenue, Unit 1, Toronto, Ontario, Canada, M6B 1P8 |
| Statut | Consulter l'autorité législative responsable |
| Date de début des activités en Ontario | 01 octobre 2019 |
| Établissement principal | 97 Wingold Avenue, Unit 1, Toronto, Ontario, Canada, M6B 1P8 |

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

Directeur ou dirigeant principal

Il n'y a aucun directeur ni dirigeant principal au dossier pour cette société.

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

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Historique des dénominations sociales

Consulter l'autorité législative responsable

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

Sociétés fusionnées

Dénomination sociale
Numéro de société de l'Ontario

11351249 CANADA INC.
3204185

Dénomination sociale
Numéro de société de l'Ontario

BIOSTEEL SPORTS NUTRITION INC.
1928479

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

Noms commerciaux en vigueur

Cette personne morale n'a aucun nom commercial actif enregistré en vertu de la Loi sur les noms commerciaux de l'Ontario.

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

Noms commerciaux expirés ou révoqués

Les noms commerciaux actifs enregistrés de cette personne morale en vertu de la Loi sur les noms commerciaux de l'Ontario sont expirés ou annulés.

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

Liste de documents

| Nom du dépôt | Date d'entrée en vigueur |
|--|--------------------------|
| CIA - Rapport initial PRE: EMILY HOWE - OTHER | 16 mars 2020 |

Tous les renseignements de la « PRE » (personne autorisant le dépôt) sont affichés exactement tels qu'ils sont enregistrés dans le Registre des entreprises de l'Ontario. Lorsque la PRE ne figure pas sur un document, les renseignements n'ont pas été enregistrés dans le Registre des entreprises de l'Ontario.

Copie certifiée conforme du dossier du ministère des Services au public et aux entreprises.

V. Quintanilla W.

Directeur ou registrateur

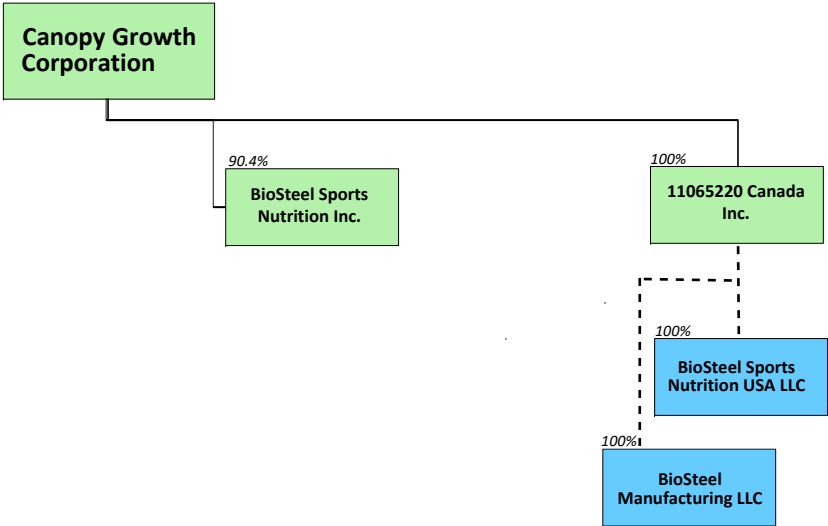
Ce rapport présente les renseignements les plus récents déposés à compter du 27 juin 1992 à l'égard des sociétés, et le 1er avril 1994, à l'égard des dépôts en vertu de la Loi sur les noms commerciaux et de la Loi sur les sociétés en commandite et enregistrés dans les dossiers électroniques tenus par le Ministère à la date et à l'heure auxquelles le rapport est généré, sauf si le rapport est généré pour une date antérieure. Si ce rapport est produit pour une date antérieure, le rapport contient les renseignements les plus récents déposés et enregistrés dans les dossiers électroniques tenus par le Ministère jusqu'à la date « en date du » indiquée sur le rapport. Des renseignements historiques supplémentaires peuvent exister au format papier ou microfiche.

This is Exhibit "B" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K



- - - Represents indirect ownership.

Percentage (%) represents ownership of voting common shares and membership interests.

1. Canopy Growth Corporation holds a call (and the minority shareholders hold a put) over the minority interests' common shares of BioSteel Sports Nutrition Inc.

Canada

USA

This is Exhibit "C" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K

BioSteel Sports Nutrition Inc.
Summary of Search Results under the *Personal Property Security Act*

Northwest Territories

File currency date: September 8, 2023
 No results returned.

Ontario

File currency date: September 10, 2023

| | | | | | | | | |
|--|----------|----------|----------|----------|-----------|---------------------------------------|--|--|
| (1) Reference File Number: 747828531 | | | | | | | Expiry Date: January 24, 2029 | |
| Registration Number: 20190124 1141 1590 8558 | | | | | | | | |
| DEBTOR(S) NAME | | | | | | | DEBTOR(S) ADDRESS | |
| BIOSTEEL SPORTS NUTRITION INC. | | | | | | | 87 WINGOLD AVENUE, UNIT 1, TORONTO, ON M6B 1P8 | |
| SECURED PARTY NAME | | | | | | | SECURED PARTY ADDRESS | |
| CANOPY GROWTH CORPORATION | | | | | | | 1 HERSHEY DRIVE, SMITHS FALLS, ON K7A 3K8 | |
| COLLATERAL CLASSIFICATION | | | | | | GENERAL COLLATERAL DESCRIPTION | | |
| GC | I | E | A | O | MV | | | |
| | X | X | X | X | X | | | |

| | | | | | | | | |
|--|--|--|--|--|--|--|-------------------------------------|--|
| (2) Reference File Number: 775780416 | | | | | | | Expiry Date: August 26, 2026 | |
| Registration Number: 20210826 0915 1532 0998 | | | | | | | | |
| DEBTOR(S) NAME | | | | | | | DEBTOR(S) ADDRESS | |
| | | | | | | | | |

| | | | | | | |
|----------------------------------|----------|----------|----------|----------|-----------|--|
| BIOSTEEL SPORTS NUTRITION INC. | | | | | | UNIT 1, 87 WINGOLD AVENUE, TORONTO, ON M6B 1P8 |
| SECURED PARTY NAME | | | | | | SECURED PARTY ADDRESS |
| ROYAL BANK OF CANADA | | | | | | 36 YORK MILLS ROAD, 4TH FLOOR TORONTO ON M2P 0A4 |
| COLLATERAL CLASSIFICATION | | | | | | GENERAL COLLATERAL DESCRIPTION |
| GC | I | E | A | O | MV | |
| | | | X | X | | |

This is Exhibit "D" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K

| Company | Company Country | CCY | Bank | Last 4 digits of account | Account Type | Bank Country |
|--------------------------------|------------------------|------------|----------------------|---------------------------------|---------------------|---------------------|
| BioSteel Sports Nutrition Inc. | CANADA | CAD | Royal Bank of Canada | **8834 | Chequing | CANADA |
| BioSteel Sports Nutrition Inc. | CANADA | USD | Royal Bank of Canada | **2190 | Chequing | CANADA |
| BioSteel Sports Nutrition Inc. | CANADA | USD | M&T Bank | **6922 | Chequing | USA |
| BioSteel Sports Nutrition Inc. | CANADA | USD | TD Bank | **4198 | Chequing | CANADA |
| Biosteel Sports Nutrition Inc. | CANADA | CAD | Royal Bank of Canada | **5680 | GIC | CANADA |

This is Exhibit "E" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K

BioSteel Sports Nutrition Inc.
Income Statement
For the period ended March 31, 2023¹
CAD

| | |
|---|-------------------------|
| Total - Income | 24,274,194.35 |
| Total - Cost Of Sales | 90,783,645.73 |
| Gross Profit | (66,509,451.38) |
| Expense | |
| Total - 6120100 - Sales & Marketing Overhead | 34,884,085.64 |
| Total - 6121099 - Advertising and Promotion | 38,729,519.85 |
| Total - 6211100 - Research and Development | 89,937.19 |
| Total - 6311900 - Salaries & Benefits | 9,315,929.56 |
| Total - 6312902 - Payroll Taxes | 611,290.49 |
| Total - 6325700 - Office Costs | 1,033,202.37 |
| Total - 6341100 - Travel and Entertainment | 682,758.94 |
| Total - 6351000 - Professional Fees | 1,104,041.33 |
| Total - 6355201 - Interest and Bank Charges | 437,088.93 |
| Total - 6363100 - IT Costs | 1,587,607.95 |
| 6511102 - Long-Term Incentives | 204,341.45 |
| Total - 6611000 - Amortization and Depreciation | 204,079.50 |
| Total - 6612000 - Shared Based Compensation | 1,142,777.11 |
| Total - 7132100 - Intercompany Expenses | 24,017,566.93 |
| Total - Expense | 114,044,227.24 |
| Net Ordinary Income | (180,553,678.63) |
| Net Other Income | (10,552,617.25) |
| Net Income | (191,106,295.88) |

Notes:

1. This version of the income statement for the period ended March 31, 2023 is a draft which is intended to be used to prepare corporate tax returns for the taxation year ended March 31, 2023. It is possible that during the course of the tax return preparation and review process information will be identified that requires changes to be made to this income statement.

BioSteel Sports Nutrition Inc.**Balance Sheet**As at March 31, 2023¹

CAD

ASSETS**Current Assets**

| | |
|--|-----------------------|
| Total Bank | 6,104,742.14 |
| Total Accounts Receivable | 27,167,116.21 |
| Total - 1141110 - Other Accounts Receivable | (480,545.28) |
| 1141202 - GST/HST on Purchases | 52,327.84 |
| Total - 1149500 - Short Term Investments | 68,837.08 |
| Total - 1150000 - Inventory | 63,778,730.88 |
| Total - 1161101 - Prepaid Expenses | 7,396,773.18 |
| Total - 1161200 - Prepaid Sponsorship | 8,272,853.27 |
| Total Current Assets | 112,360,835.32 |
| Total Fixed Assets | 735,938.25 |
| Total ASSETS | 113,096,773.57 |

| | |
|--|-----------------------|
| Total Accounts Payable | 30,916,848.33 |
| Total Credit Card | 9,348.72 |
| Total - 2131100 - Commodity Tax Payable | 417,647.68 |
| Total - 2131200 - Accrued Liabilities | 24,367,630.32 |
| Total - 2132101 - Payroll Liabilities | 1,939,584.92 |
| Total - 2139900 - Accrued Sponsorship | 2,866,212.86 |
| Total - 2491100 - Intercompany Trade Payables | (3,767,660.65) |
| Total - 2491203 - Intercompany Interest Payable | 10,061,411.91 |
| Total - 2491204 - Intercompany Loan | 313,830,866.57 |
| Total Current Liabilities | 380,641,890.66 |
| Total Long Term Liabilities | 373,295.16 |
| Total - 3111201 - Common Shares | 44,609,014.16 |
| 3121101 - Share-based reserve | 1,516,327.16 |
| Retained Earnings | (122,937,457.67) |
| Net Income | (191,106,295.90) |
| Total Liabilities & Equity | 113,096,773.57 |

Notes:

1. This version of the balance sheet as at March 31, 2023 is a draft which is intended to be used to prepare corporate tax returns for the taxation year ended March 31, 2023. It is possible that during the course of the tax return preparation and review process information will be identified that requires changes to be made to this balance sheet.

This is Exhibit "F" referred to in the Affidavit of Sarah S. Eskandari sworn by videoconference on September 13, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. The deponent was located in the City of Napa, in the state of California and I was located in the City of Toronto in the Province of Ontario.



Commissioner for Taking Affidavits (or as may be)

Commissioner: Natalie E. Levine
LSO#: 64908K

Greenhill & Co. Canada Ltd.
79 Wellington Street West
Suite 3403, P.O. Box 333
Toronto, ON M5K 1K7
(416) 601-2560

Greenhill

CONFIDENTIAL

August 24, 2023

BioSteel Sports Nutrition Inc.
1-87 Wingold Avenue
Toronto, ON, M6B 1P8

Attn: Mr. Eugene Davis, Chair of the Special Committee

Dear Mr. Davis:

This letter confirms the terms under which the Special Committee of the Board of Directors (the “Special Committee”) of BioSteel Sports Nutrition Inc. (“BioSteel” and collectively with BioSteel Manufacturing LLC and BioSteel Sports Nutrition USA LLC, the “Company”) has engaged Greenhill & Co. Canada Ltd. (“Greenhill” or the “Financial Advisor”) on an exclusive basis as its investment banker in connection with developing, implementing and advising the Company with respect to, various strategic and business alternatives for the Company, including acting as sole investment banker in leading a process for the sale of the Company and/or all or substantially all of the assets of the Company, and with respect to such other financial matters as to which the Special Committee and the Financial Advisor may agree in writing during the term of this engagement, as more specifically discussed herein. For further clarity, it is understood that BioSteel is a majority owned subsidiary of Canopy Growth Corporation.

For purposes hereof, the term “Company” includes any entity formed or invested in to consummate a Restructuring (as defined below) and/or M&A Transaction (as defined below), and shall also include any successor to or assignee of all or substantially all of the assets and/or business of the Company, whether pursuant to a Plan (as defined below) or otherwise. If appropriate in connection with performing its services for the Company hereunder, the Financial Advisor may utilize the services of one or more of its affiliates, in which case references herein to the Financial Advisor shall include such affiliates.

1. Scope of Services. In connection with its engagement hereunder, the Financial Advisor proposes to undertake the below services on behalf of the Company at the direction of the Special Committee:
 - a. General Financial Advisory Services. The Financial Advisor shall, in each case if reasonably requested by the Special Committee:
 - i. review and analyze the business, operations, and financial projections of the Company;
 - ii. evaluate the Company's potential debt capacity in light of its projected cash flows;
 - iii. assist in the determination of a capital structure for the Company;
 - iv. assist in the determination of a range of values for the Company on a going concern basis;
 - v. advise and attend meetings of the Company's Board of Directors and its Committees (including the Special Committee) with respect to matters on which we have been engaged to advise hereunder; and
 - vi. provide such other general financial advisory services as are customary for similar transactions and as may be mutually agreed upon by the Special Committee and Greenhill.
 - b. Restructuring Services. If the Special Committee determines to pursue a Restructuring, the Financial Advisor shall, in each case if reasonably requested by the Special Committee on behalf of the Company:
 - i. advise and assist the Special Committee and its other specialist advisors in formulating a Restructuring strategy;
 - ii. advise and assist the Special Committee and its other specialist advisors in structuring and effecting the financial aspects of such a Restructuring, subject to the terms and conditions of this agreement;
 - iii. provide financial advice and assistance in developing and seeking approval of a Restructuring plan of reorganization of the Company (as the same may be modified from time to time, a "Plan"), which may or may not be a plan under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "U.S. Bankruptcy Code"), the Canada *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36 (the "CCAA"), the *Canada Business Corporations Act*, R.S.C. 1985 c. C-44 (the "CBCA") (or comparable provincial legislation or a proposal under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 (the "BIA"), or similar proceedings in other jurisdictions (each a "Bankruptcy Case");
 - iv. in connection therewith, provide financial advice and assistance in structuring any new securities, other consideration or other inducements to be offered and/or issued under the Plan;

- v. participate in hearings before the Bankruptcy Court (as defined below) with respect to the matters upon which the Financial Advisor has provided advice, including, as relevant, coordinating with other specialist advisors with respect to testimony in connection therewith;
- vii. assist the Special Committee or the Company and/or participate in negotiations with entities or groups affected by the Plan; and
- viii. assist in preparing documentation within our area of expertise required in connection with the Plan.

For purposes of this agreement, the term “Restructuring” shall mean any recapitalization, reorganization (whether or not on an out-of-court basis or pursuant to a Plan confirmed in connection with any case commenced by or against the Company, whether individually or on a consolidated basis, whether or not pursuant to chapter 11 of the U.S. Bankruptcy Code, CCAA, CBCA, BIA), and/or restructuring (including, without limitation, through any exchange, conversion, cancellation, settlement, forgiveness, retirement and/or modification or amendment to the terms, conditions or covenants thereof), of all or a material portion of the Company's equity and/or debt securities and/or other indebtedness, obligations or liabilities (including, without limitation, bank debt, swap liabilities, pension liabilities, other post-employment benefits (“OPEB”) liabilities, preferred stock, equity interests, capital or operating lease obligations, trade claims, other contract or tort obligations, and other on and off balance sheet indebtedness), however such result is achieved, including, without limitation, pursuant to an exchange transaction, a Plan or a solicitation of consents, waivers, acceptances or authorizations, an acquisition or sale related transaction, the issuance of new securities or debt instruments and/or other similar transactions or series of transactions.

It is understood and agreed that nothing contained in this agreement shall constitute an express or implied commitment by the Financial Advisor to underwrite, place or purchase any securities.

- c. M&A Services. If the Special Committee determines to pursue an M&A Transaction (as defined below), the Financial Advisor shall, in each case if reasonably requested by the Special Committee:
 - i. provide financial advice and assistance to the Special Committee in connection with an M&A Transaction, identify and contact potential acquirors and, at the Special Committee's request, develop and lead a sale process for a potential M&A Transaction including in connection with any in-court process that may be commenced by some or all of the entities comprising the Company;
 - ii. assist the Company on behalf of the Special Committee in preparing a memorandum (with any amendments or supplements thereto, the “M&A Memorandum”), to be used in soliciting potential acquirors, it being agreed that (A) the M&A Memorandum shall be based entirely upon information supplied by the Special Committee and/or the Company, (B) the Company shall be solely responsible for the accuracy and completeness of the M&A Memorandum, and (C) other than as contemplated by this subparagraph, the M&A Memorandum shall not be used, reproduced, disseminated, quoted or

referred to at any time in any way, except with the Financial Advisor's prior written consent;

- iii. assist the Special Committee and/or participate in negotiations with potential acquirors; and
- iv. if appropriate, render an opinion to the Special Committee as to the fairness, from a financial point of view, to the Company or, if applicable, holders of the Company's shares (including the minority shareholders) of the consideration to be received by the Company or such holders (or the exchange ratio provided for) in connection with a proposed Transaction (as defined below) (an "Opinion"); it being understood that the nature and scope of Greenhill's investigation as well as the scope, form and substance of, and the assumptions and qualifications contained in, its Opinion, shall be as Greenhill deems appropriate.

For purposes of this agreement, the term "M&A Transaction" shall mean, whether or not pursuant to a Plan confirmed in connection with any case or cases commenced by or against the Company, whether individually or on a consolidated basis, whether or not pursuant to a Bankruptcy Case, and whether proposed by the Company or any other party, the disposition to one or more third parties in one or a series of related transactions of (x) all or a portion of the equity interests or other equity securities of the Company, or (y) all or a material portion of the assets (including the assignment of any executory contracts, intellectual property, brands, and trademarks) or operations of the Company, in either case, including through a sale or exchange of equity interests or other equity securities, options or assets, a lease of assets with or without a purchase option, a merger, consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, or any similar transaction.

In rendering its services hereunder, the Financial Advisor is not assuming any responsibility for the Special Committee's underlying business decision to pursue (or not to pursue) any business strategy or to effect (or not to effect) any Restructuring and / or M&A Transaction or other transaction (each, a "Transaction"). The Special Committee agrees that the Financial Advisor shall not have any obligation or responsibility to provide accounting, audit, "crisis management," or business consultant services for the Special Committee or the Company and shall have no responsibility for designing or implementing operating, organizational, administrative, cash management or liquidity improvements, or to provide any advice or opinions with respect to solvency in connection with any Transaction. The Special Committee confirms that it will rely on its own counsel, accountants and other similar expert advisors for legal, accounting, tax, regulatory and other similar advice.

The Special Committee shall, or cause the Company to, make available to the Financial Advisor all information concerning the business, assets, operations, financial condition and prospects of the Company that the Financial Advisor reasonably requests in connection with the services to be performed for the Special Committee hereunder and shall provide the Financial Advisor with reasonable access to the Company's officers, directors, employees, independent accountants, counsel and other advisors and agents as the Financial Advisor deems appropriate. In order to coordinate effectively the Special Committee and the Company's and the Financial Advisor's activities to effect a Transaction, the Special Committee shall, or cause the Company to, promptly inform the Financial Advisor of any discussions, negotiations or inquiries regarding a possible Transaction (including any such discussions, negotiations or inquiries that have occurred prior to the date of this agreement).

The Special Committee shall cause the Company to represent that all information furnished by it or on its behalf to the Financial Advisor, at all times during the Financial Advisor's engagement (i) will be accurate and complete in all material respects, and (ii) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made.

The Special Committee recognizes and confirms that in advising the Special Committee and completing its engagement hereunder, the Financial Advisor will be using and relying on publicly available information and on data, material and other information furnished to the Financial Advisor by the Special Committee, the Company and other parties. It is understood that in performing under this engagement, the Financial Advisor may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

2. Compensation. The Special Committee shall cause the Company to pay Greenhill all the cash fees included below, in full and in readily available funds, in U.S. dollars, by direct wire transfer for services rendered under this agreement:

- a. Initial Advisory Fee. An initial advisory fee of \$500,000 (the "Initial Advisory Fee"), payable promptly upon execution of this letter agreement.
- b. Monthly Advisory Fee. A non-refundable financial advisory fee of \$150,000 per month (the "Monthly Advisory Fee"), which shall be due and paid promptly by the Company on a monthly basis and in advance, commencing September 15, 2023. The Monthly Advisory Fee shall continue to be payable thereafter on each monthly anniversary thereof during the term of this engagement.
- c. Base Transaction Fee. If at any time during the Fee Period (as defined below) (a) a Restructuring is consummated, (b) an M&A Transaction is consummated, or (c) the Special Committee or the Company determines to wind up the business following the outcome of either an M&A Transaction or Restructuring process, then in each case the Financial Advisor shall be entitled to receive a fee of \$3,000,000 (the "Base Transaction Fee"); provided however that the Initial Advisory Fee and to the extent previously paid, each Monthly Advisory Fee shall be credited against the Base Transaction Fee payable to reduce the total amount of the Base Transaction Fee paid to the Financial Advisor.
- d. M&A Incentive Fee. If at any time during the Fee Period (as defined below) an M&A Transaction is consummated where the Transaction Value (as defined in Schedule B) exceeds US\$200,000,000, then an incremental fee (the "M&A Incentive Fee") shall be payable. This M&A Incentive fee shall be calculated as the difference between (a) an amount determined in accordance with the formulas set forth in Schedule B hereto and (b) the Base Transaction Fee.

As used in this agreement, "Fee Period" shall mean (i) the term of this agreement and Financial Advisor's engagement hereunder and (ii) the period beginning upon the termination of this agreement by the Company and Financial Advisor's engagement hereunder and extending until 12 full months following such termination by the Company.

3. Recognition of Fee Structure. The Special Committee and the Financial Advisor acknowledge and agree that the hours worked, the results achieved and the ultimate benefit to the Special Committee, the minority shareholders of the Company, and the Company itself, of the work

performed, in each case, in connection with this engagement, may be variable, and that the Special Committee and the Financial Advisor have taken this into account in setting the fees hereunder.

If the Special Committee determines to pursue a Restructuring pursuant to Section 13 (below), the Base Transaction Fee shall be payable upon the earlier of (a) the consummation of a Restructuring and (b) the confirmation, sanction, or approval, as applicable, and effectiveness of a Plan, however, notwithstanding the date upon which a Base Transaction Fee becomes payable, such Base Transaction Fee will be earned upon the earlier of (x) the consummation of a Restructuring and (y) the confirmation, sanction or approval of a Plan.

No fee payable to any other person, by the Special Committee, the Company or any other party, shall affect any fee payable to the Financial Advisor hereunder.

4. Out-of-Pocket Expenses. In addition to any fees payable to the Financial Advisor in accordance with paragraph 2, the Special Committee shall cause the Company, whether or not any transaction contemplated by this agreement shall be proposed or consummated, to reimburse the Financial Advisor on a monthly basis for its necessary travel and other reasonable and documented out-of-pocket expenses (including a maximum of \$50,000 of fees, disbursements and other charges of any legal counsel retained by the Financial Advisor with the Special Committee's prior consent (such consent not to be unreasonably withheld, conditioned or delayed)) incurred in connection with, or arising out of the Financial Advisor's activities under or contemplated by this engagement. All such reimbursements shall be made promptly upon monthly submissions by the Financial Advisor of statements for such expenses.
5. Indemnification. The Special Committee shall cause the Company to indemnify the Financial Advisor and certain related persons in accordance with the indemnification provisions ("Indemnification Provisions") attached to this agreement as Schedule A. Such Indemnification Provisions are an integral part of this agreement, and the terms thereof are incorporated by reference herein. Such Indemnification Provisions shall survive any termination or completion of the Financial Advisor's engagement hereunder.
6. Termination. This agreement and the Financial Advisor's engagement hereunder may be terminated by either the Special Committee or the Financial Advisor at any time and for any reason, upon 30 days prior written notice thereof to the other party, *provided, however*, that termination of the Financial Advisor's engagement hereunder shall not affect the Special Committee/Company's continuing obligation to indemnify the Financial Advisor and certain related persons as provided for in Schedule A to this agreement, and its continuing obligations and agreements under paragraphs 7, 8, 9, 10, 11 and 14 hereof.

Notwithstanding any such termination, the Financial Advisor, shall continue to be entitled to receive from the Company the full fees in the amounts and at the times provided for in paragraph 2 hereof for the entire Fee Period.

Further, any termination of the Financial Advisor's engagement hereunder shall not affect the Company's obligation to reimburse expenses incurred by Greenhill until notice of such termination, as provided in paragraph 4 hereof.

7. Independent Contractor. The Financial Advisor has been retained under this agreement as an independent contractor with no fiduciary or agency relationship to the Special Committee, the minority shareholders, the Company or to any other party.

8. Confidentiality. The advice (oral or written) rendered by the Financial Advisor pursuant to this agreement is intended solely for the benefit and use of the Special Committee in considering the matters to which this agreement relates, and the Special Committee agrees that such advice may not be relied upon by any other person or entity, used for any other purpose or reproduced, disseminated, quoted or referred to at any time, in any manner for any purpose, nor shall any public references to the Financial Advisor be made by the Special Committee, the Board of Directors and/or the Company, without the prior written consent of the Financial Advisor.
9. Public Announcement. The Special Committee, on behalf of the Company, agrees that Greenhill shall have the right, at its own expense, without the Special Committee's or the Company's consent, upon closing of a Transaction, to place announcements and advertisements or otherwise publicize a Transaction in such financial and other newspapers and journals as it may choose, stating that Greenhill acted as financial advisor to the Special Committee in connection with such Transaction. The Special Committee agrees on behalf of the Company that Greenhill may utilize the Company's logo and other marks in any such public announcement and/or general marketing and promotional materials.
10. Choice of Law; Jurisdiction. This agreement shall be deemed to be made in the Province of Ontario. This agreement and all controversies arising from or relating to performance of this agreement shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario without giving effect to such province's rules concerning conflicts of laws that might provide for any other choice of law. The Special Committee on behalf of the Company hereby irrevocably consents to personal jurisdiction in the Supreme Court of the State of New York in New York County, Commercial Part, or any Federal court sitting in the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this agreement or any of the agreements or transactions contemplated hereby, which is brought by or against the Company, hereby waives any objection to venue with respect thereto, and hereby agrees that all claims in respect of any such suit, action or proceeding shall be heard and determined in any such court, and that such courts shall have exclusive jurisdiction over any claims arising out of or relating to such agreements or transactions; provided that in the event that the Company becomes a debtor under chapter 11 of the Bankruptcy Code, during any such case, any such claims shall be heard and determined by the Bankruptcy Court (as defined below). The Special Committee on behalf of the Company hereby irrevocably consents to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Company at its address set forth above, such service to become effective ten (10) days after such mailing. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION ARISING OUT OF THIS AGREEMENT OR CONDUCT IN CONNECTION WITH THE FINANCIAL ADVISOR'S ENGAGEMENT IS HEREBY WAIVED.
11. Successors and Assigns. This agreement shall be binding upon the Financial Advisor and the Company and their respective successors and assigns (including, in the case of the Company, any successor to all or a substantial portion of the assets and/or the businesses or operations of the Company under a Plan or a sale under §363 of the U.S. Bankruptcy Code). This agreement is not intended to confer any rights upon any shareholder, creditor, owner or partner of the Company, or any other person or entity not a party hereto other than the Indemnified Persons referenced in the Indemnification Provisions contained herein.
12. Application for Retention under CCAA, CBCA or BIA. In the event the Special Committee (or any successor committee) determines to commence a CCAA, CBCA or BIA, the Company shall apply promptly to the applicable court, for approval of (a) this agreement; (b) the

retention of Greenhill by the Company under the terms of this agreement, nunc pro tunc to the date of this agreement; (c) the payment of the fees and expenses of Greenhill in the form and at the times contemplated hereby; and (d) security or charge rank for such fees in priority over pre-filing claim of any secured and unsecured creditor of the Company. The Company shall use its commercially reasonable efforts to obtain such court approval and authorization on terms outlined herein; and Greenhill shall have no obligation to provide any services under this agreement unless Greenhill's retention under the terms of this agreement is approved in the manner set forth above by a final order of the applicable court, which order is acceptable to Greenhill, acting reasonably.

The Special Committee (or any successor committee), on behalf of the Company, shall use commercially reasonable efforts to ensure that any cash collateral order, debtor-in-possession financing order and/or similar order entered in a Bankruptcy Case provides for the full and prompt payment of Greenhill's fees and expenses contemplated hereby from any cash collateral and financing proceeds. Greenhill's fees, documented out-of-pocket expenses and indemnification under this agreement shall be entitled to payment priority as expenses of administration or as professional compensation to the fullest extent permitted by the Bankruptcy Code.

13. Chapter 11. In the event that the Company is or becomes a debtor under chapter 11 of the U.S. Bankruptcy Code or the equivalent in any other jurisdiction (other than the Canadian statutory framework, as provided above), the Company shall use its commercially reasonable efforts to promptly apply to the U.S. or relevant Bankruptcy Court for the approval pursuant to sections 327 and 328 of the Bankruptcy Code of this agreement and Greenhill's retention by the Company under the terms of this agreement, subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code. The Company shall supply Greenhill with a draft of such application and any proposed order authorizing Greenhill's retention sufficiently in advance of the filing of such application and proposed order to enable Greenhill and its counsel to review and comment thereon. Greenhill shall have no obligation to provide any services under this agreement if Greenhill's retention under the material terms of this agreement is not approved under section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court no longer subject to appeal, rehearing, reconsideration or petition for certiorari, and which order is reasonably acceptable to Greenhill in all respects. Greenhill acknowledges that in the event that the Bankruptcy Court approves its retention by the Company, Greenhill's fees and expenses shall be subject to the jurisdiction and approval of the Bankruptcy Court under section 328(a) of the Bankruptcy Code and any applicable fee and expense guideline orders. In the event that the Company becomes a debtor under the Bankruptcy Code and Greenhill's engagement hereunder is approved by the Bankruptcy Court, the Company shall pay all fees and expenses of Greenhill hereunder as promptly as practicable in accordance with the terms hereof and the order approving the retention of Greenhill. Subject to being so retained, Greenhill agrees that during the pendency of any Bankruptcy Case, it shall continue to perform its obligations under this agreement and shall file interim and final applications for allowance of the fees and expenses payable to it under the terms of this agreement pursuant to the applicable Federal Rules of Bankruptcy Procedure, and the local rules and orders of the Bankruptcy Court. Prior to commencing a chapter 11 case, the Company shall pay all undisputed amounts theretofore due and payable to Greenhill in cash.

The Special Committee (or any successor committee), on behalf of the Company, shall use best efforts to ensure that any cash collateral order, debtor-in-possession financing order and/or similar order entered in the Bankruptcy Case provides for the full and prompt payment of Greenhill's fees and expenses contemplated hereby from any cash collateral and financing

proceeds. Greenhill's fees, documented out-of-pocket expenses and indemnification under this agreement shall be entitled to payment priority as expenses of administration or as professional compensation to the fullest extent permitted by the Bankruptcy Code.

In agreeing to seek Greenhill's retention under Section 328(a) of the Bankruptcy Code, the Company acknowledges that it believes that Greenhill's general restructuring experience and expertise, its knowledge of the industry in which the Company operates and the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company, that the value to the Company of Greenhill's services hereunder derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the Initial Advisory Fee, Monthly Advisory Fees, the Base Transaction Fee and the M&A Incentive Fee are reasonable, regardless of the number of hours expended by Greenhill's professionals in performance of the services provided hereunder.

All references above to the U.S. Bankruptcy Code shall mean the equivalent statutory and/or regulatory framework in any other jurisdiction, as applicable and relevant.

14. Entire Agreement. Except as provided herein, this agreement, including Schedule A hereto, embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein. No alteration, waiver, amendment, change or supplement hereto shall be binding or effective unless the same is set forth in writing signed by a duly authorized representative of each party.
15. Authority. Each party hereto represents and warrants that it has all requisite power and authority to enter into this agreement and the transactions contemplated hereby. Each party hereto further represents and warrants that this agreement has been duly and validly authorized by all necessary corporate or other action on the part of the Company and has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms; provided, however, that the Financial Advisor hereby acknowledges that its retention in any chapter 11 case by the Company shall be subject to prior Bankruptcy Court approval as provided in paragraph 12 of this agreement.
16. Counterparts. For the convenience of the parties, any number of counterparts of this agreement may be executed by the parties hereto. Each such counterpart shall, and shall be deemed to, be an original instrument, but all such counterparts taken together shall constitute one and the same agreement.
17. Additional Services. If at any time during the term of this agreement the Special Committee or the Company requests additional services or services not currently contemplated in this agreement, the parties may agree on an additional engagement, the terms of which will be set forth in an amendment to this agreement or a separate letter agreement containing terms and conditions to be mutually agreed upon in good faith, including, without limitation, appropriate indemnification provisions. In any such additional engagement, Greenhill shall be paid fees to be mutually agreed upon in good faith by the Special Committee and/or the Company (as relevant) and Greenhill at the appropriate time, which fees shall be customary for similarly situated investment banking firms in similar circumstances.
18. Required Information. The Company acknowledges that Greenhill may be required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with Greenhill (including, but not limited to, the Company's complete

legal name, street address and taxpayer ID number or similar identification number) in accordance with the USA Patriot Act and FinCEN rules.

We are pleased to accept this engagement and look forward to working with the Company. Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed duplicate of this letter, which shall thereupon constitute a binding agreement between the Financial Advisor and the Company.

Very truly yours,

Greenhill & Co. Canada Ltd.



By: _____
Michael Nessim
Managing Director



By: _____
Usman Masood
Managing Director

Accepted and Agreed to:

BioSteel Sports Nutrition Inc

By:  _____
Eugene Davis
Chair of the Special Committee

SCHEDULE A

INDEMNIFICATION

The Company shall indemnify and hold harmless Greenhill, its affiliates and their respective officers, directors, members, partners, employees, agents, representatives and each other entity or person, if any, controlling Greenhill or any of its affiliates (collectively, the "Indemnified Parties") from and against any losses, claims, damages, demands and liabilities (collectively, "Liabilities") (or actions or proceedings in respect thereof), to which any of the Indemnified Parties may become subject related to or arising in any manner out of any activities performed or services furnished pursuant to the attached letter agreement, any matter contemplated thereby or an Indemnified Party's role in connection therewith, including prior to the date hereof (the "Indemnified Activities"), except to the extent a court of competent jurisdiction shall have determined by final nonappealable judgment that such Liabilities resulted directly from the gross negligence or willful misconduct of Greenhill in performing the services that are the subject of the attached letter agreement. In addition, the Company shall promptly reimburse the Indemnified Parties for all costs and expenses (including, without limitation, fees, costs and expenses of legal counsel), as incurred, in connection with (i) the investigation of, preparation for, responding to, serving as a witness in respect of, or defending, pursuing, settling or otherwise becoming involved in, any pending or threatened investigative, administrative, judicial, or regulatory or other claim, action or proceeding or any arbitration or investigation in any jurisdiction related to or arising in any manner out of any Indemnified Activities, whether or not in connection with pending or threatened litigation to which Greenhill (or any other Indemnified Party) or the Company or any of its securityholders is, or is threatened to be, a party (collectively, "Proceedings") and (ii) enforcing any Indemnified Party's right under the attached letter agreement (including this Schedule A).

Greenhill shall notify the Company after it becomes aware that a Proceeding has been commenced (by way of service with a summons or other legal process giving information as to the nature and basis of the claim) against an Indemnified Party in respect of which indemnity may be sought hereunder. In any event, failure to notify the Company shall not relieve the Company from any liability which the Company may have on account of this indemnity or otherwise, except to the extent the Company shall not otherwise have been aware of such Proceeding and the Company shall have been materially prejudiced with respect to the Proceeding by such failure. The Company shall not be liable for any settlement of any Proceeding effected by an Indemnified Party without the Company's written consent, which consent shall not be unreasonably withheld, but if settled in accordance herewith or if there is a judgment against an Indemnified Party, the Company agrees to indemnify the Indemnified Party from and against any Liability by reason of such settlement or judgment. Neither the Company nor any member of the Company's board of directors shall (a) settle, compromise, consent to the entry of a judgment in or otherwise seek to terminate any pending or threatened Proceeding in respect of which indemnity may be sought hereunder, whether or not any Indemnified Party is an actual or potential party to such Proceeding, or (b) participate in or facilitate any such settlement, compromise, consent or termination, including on behalf of the Company's board of directors (or a committee thereof), in each case without Greenhill's prior written consent, unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Party from all actual or potential Liabilities relating to the Indemnified Activities (such release to be set forth in an instrument signed by all parties to such settlement, compromise, consent or termination) and does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any Indemnified Party.

The Company agrees that if any indemnification or reimbursement sought pursuant to this Schedule A were for any reason not to be available to any Indemnified Party or insufficient to hold it harmless as and to the extent contemplated by this Schedule A, then the Company shall contribute to the amount

paid or payable by such Indemnified Party in respect of Liabilities and expenses in such proportion as is appropriate to reflect the relative benefits to the Company and its affiliates, their respective securityholders and creditors on the one hand, and such Indemnified Party on the other, in connection with the transactions contemplated by the attached letter agreement (whether or not consummated) or, if such allocation is not permitted by applicable law as determined by a court of competent jurisdiction by final nonappealable judgment, in such proportion as is appropriate to reflect not only the relative benefits but also the relative fault of the Company (and its affiliates, and their respective directors, employees, agents and other advisors) on the one hand and such Indemnified Party on the other hand, as well as any other equitable considerations. It is hereby agreed that the relative benefits to the Company and its affiliates and their respective securityholders and creditors and to the Indemnified Party with respect to transactions contemplated by the attached letter agreement shall be deemed to be in the same proportion as (i) the total value paid or received or contemplated to be paid or received by the Company and its affiliates and their respective securityholders and creditors pursuant to transactions contemplated by the attached letter agreement (whether or not consummated) bears to (ii) the fees paid to Greenhill under the attached letter agreement (excluding amounts received by Greenhill as reimbursement of expenses and amounts paid under this Schedule A). The relative fault of the Company and the Indemnified Party shall be determined by reference to, among other things, whether the statements, actions or omissions to act or any other alleged conduct were by the Company (or its affiliates or their respective directors, employees, agents or other advisors) or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action or omission to act. In no event shall the Indemnified Parties be required to contribute or otherwise be liable for an amount in excess of the aggregate amount of fees actually received by Greenhill pursuant to the attached letter agreement (excluding amounts received by Greenhill as reimbursement of expenses and amounts paid under this Schedule A).

The Company further agrees that no Indemnified Party shall have any Liability (whether direct or indirect, in contract or tort or otherwise) to the Company or any person asserting claims on behalf of or in right of the Company for or in connection with Greenhill's engagement hereunder or the transactions contemplated by the attached letter agreement except to the extent a court of competent jurisdiction shall have determined by final nonappealable judgment that any Liability resulted directly from the gross negligence or willful misconduct of Greenhill in performing the services that are the subject of the attached letter agreement. The indemnity, reimbursement and contribution obligations of the Company shall be in addition to any liability which the Company may otherwise have to an Indemnified Party, shall not be limited by any rights that an Indemnified Party may otherwise have and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company or an Indemnified Party.

The indemnity, reimbursement and contribution provisions set forth herein shall remain operative and in full force and effect regardless of (i) any withdrawal, termination or consummation of or failure to initiate or consummate any transaction contemplated by the attached letter agreement, (ii) any investigation made by or on behalf of any party hereto or any person controlling (within the meaning of Section 15 of the U.S. Securities Act of 1933, as amended, or Section 20 of the U.S. Securities Exchange Act of 1934, as amended, in both cases including the equivalent in any other applicable jurisdiction, including Ontario) any party hereto, (iii) any amendment or other modification or termination of the attached letter agreement or the completion of Greenhill's engagement and (iv) whether or not Greenhill shall, or shall not be called upon to, render any formal or informal advice in the course of such engagement.

SCHEDULE BM&A TRANSACTION FEE SCHEDULE

The M&A Incentive Fee with respect to any M&A Transaction shall be calculated by multiplying the Standard Transaction Fee Percentage and the Transaction Value. The Standard Transaction Fee Percentage shall be calculated in accordance with the following table, where the Standard Transaction Fee Percentage is prorated between the intervals of the Transaction Value Markers.

| <u>Transaction Value (\$000s)</u> | <u>Standard Transaction Fee Percentage</u> | <u>Standard Transaction Fee</u> |
|-----------------------------------|--|---------------------------------|
| \$200,000 | 1.50% | \$3,000,000 |
| \$500,000 (or higher) | 1.00% | \$5,000,000 (or higher) |

For the purpose of calculating an M&A Incentive Fee, “Transaction Value” shall equal the aggregate value of (A) the total value of all proceeds and other consideration paid or payable, directly or indirectly, by an acquirer to a seller or sellers in connection with an M&A Transaction (including, without limitation, amounts paid, distributed or issued, or to be paid, distributed or issued, to holders of equity interests, preferred stock, convertible securities, other equity securities, warrants, stock appreciation rights, options or other rights or securities), including, without limitation: (i) cash; (ii) notes, securities and other property; (iii) payments made in installment; (iv) amounts paid or payable under agreements not to compete or similar agreements; (v) amounts paid under contractual arrangements (including lease arrangements, management fees, put or call agreements); (vi) contingent payments (whether or not related to future earnings or operations); and (vii) amounts held in escrow; plus (B) the aggregate principal amount of all indebtedness and other liabilities (including, without limitation, capitalized leases and preferred stock obligations) outstanding immediately prior to consummation of an M&A Transaction or otherwise, directly or indirectly, assumed, refinanced (including any premiums paid) or consolidated in connection with such M&A Transaction. For greater certainty, the Transaction Value shall exclude any indebtedness owing by the Company to one of its affiliates that may be cancelled, forgiven or otherwise extinguished in connection with an M&A Transaction or Restructuring. For purposes of computing any fees payable to Greenhill hereunder, (x) equity interests issuable upon exercise of options, warrants or other rights of conversion shall be deemed outstanding and (y) non-cash consideration shall be valued as follows: (A) contingent and installment payments shall be valued based upon the estimated net present value thereof using an appropriate discount rate as determined in good faith by Greenhill, (B) publicly traded securities shall be valued at the average of their closing prices (as reported in The Wall Street Journal) for five trading days ending five trading days prior to the closing of the M&A Transaction and (C) any other non-cash consideration shall be valued at the fair market value thereof as determined in good faith by the Company and Greenhill on the day prior to the consummation of the M&A Transaction; provided that if such parties are unable to agree on a fair market value for such non-cash consideration, the parties shall submit such issue to a panel of three arbitrators located in New York, New York (with one arbitrator being chosen by each party and the third being chosen jointly by the parties) for determination, which determination shall be binding upon each of the Company and Greenhill.

Transaction Value also shall include, without duplication (i) the aggregate amount of any dividends or other distributions declared by the acquired company after the date hereof (other than normal recurring cash dividends), (ii) any amounts paid to repurchase any securities of the acquired company (other than repurchases pursuant to and consistent with currently existing stock repurchase programs of the

acquired company) and (iii) in the case of a sale of assets, the net value of any working capital of the acquired company (other than cash) not acquired in such M&A Transaction.

In connection with a sale, transfer or other disposition of 50% or more of the outstanding equity interests of the acquired company, Transaction Value will be calculated as if 100% of such outstanding interests on a fully diluted basis had been acquired at the same per share amount paid in such M&A Transaction.

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 BIOSTEEL SPORTS NUTRITION INC

Court File No. CV-23-

-00CL

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

PROCEEDING COMMENCED AT
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