

**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 CHALICE BRANDS LTD.

**MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.**
(Motion Returnable August 31, 2023 at 11:00 a.m.)

August 18, 2023

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TO: **THE SERVICE LIST**

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT
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This is Exhibit "J" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

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4 IN THE CIRCUIT COURT OF THE STATE OF OREGON
5 FOR THE COUNTY OF MULTNOMAH

6 CHALICE BRANDS, LTD., a Canadian
7 corporation,

8 Plaintiff,

9 v.

10 GREENPOINT OREGON, INC., an Oregon
11 corporation; GREENPOINT EQUIPMENT
12 LEASING, LLC, an Oregon limited liability
13 company; CFA RETAIL LLC, an Oregon
14 limited liability company; SMS VENTURES
15 LLC, an Oregon limited liability company;
16 and CF BLISS LLC, an Oregon limited
17 liability company,

18 Defendants.

Case No. 23CV20696

**RECEIVER’S MOTION FOR
AUTHORITY TO SELL PROPERTY
FREE AND CLEAR OF LIENS AND
INTERESTS**

(Judge David F. Rees)

19 **I. RELIEF REQUESTED**

20 Kenneth S. Eiler, in his capacity as the court appointed receiver, moves the Court, pursuant
21 to ORS 37.250(2) and (3), for entry of an order authorizing the sale of certain property free and
22 clear of all liens and interests (the “**Motion**”).

23 In support of this Motion, the Receiver relies on the pleadings and papers on file in this
24 matter and the Declaration of Kenneth S. Eiler (the “**Eiler Decl.**”) filed contemporaneously
25 herewith.

26 **II. STATEMENT OF FACTS**

27 On May 23, 2023, Chalice Brands, LTD (“**Plaintiff**”) commenced the above-captioned
proceeding, seeking to have a receiver appointed over certain of Plaintiff’s wholly-owned
subsidiaries, Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC,
SMS Ventures LLC, and CF Bliss LLC (collectively, the “**Defendants**” and together with Plaintiff,
the “**Company**”). (Eiler Decl., ¶ 2.)

1 On May 23, 2023, the Court entered the Order Appointing Receiver (the “**Order**”), which
2 appointed the Receiver over the Defendants and their Property (as defined in the Order).
3 (Eiler Decl., ¶ 3, Order ¶¶ 1, 3.)

4 The Order provides that the Receiver has exclusive possession of the Purchased Assets
5 (as defined herein), with the power and authority to sell such Purchased Assets. (Eiler Decl., ¶ 4,
6 Order ¶¶ 1, 3.)

7 Since the approval of the Receiver’s Motion for Approval of Bid Procedures filed on May
8 26, 2023, which was approved by the Court on June 2, 2023, both Plaintiff in its CCAA
9 proceedings and the Receiver in this proceeding have coordinated to market substantially all of the
10 assets of the Company in accordance with the Bid Procedures approved by the Court. Even before
11 this Receivership was commenced, the Company’s assets have been subject to an extensive and
12 robust marketing process. (Eiler Decl., ¶ 5.) Specifically:

- 13 • Prior to the commencement of this Receivership, the Board of Directors of Plaintiff formed
14 a Special Committee (the “**Committee**”) to conduct a strategic review to determine
15 potential buyers of the Company’s assets.
- 16 • The Committee spent several weeks actively soliciting potential buyers for the Company’s
17 assets, including by contacting investment banks to advise them of the potential
18 opportunity.
- 19 • After the commencement of this Receivership and approval of the Bid Procedures, the
20 Monitor appointed in Plaintiff’s CCAA proceeding disseminated the Bid Procedures to 38
21 parties identified by the Monitor as potential buyers of the Company’s assets.
- 22 • The Receiver caused the Bid Procedures to be disseminated to the members of the
23 Executive Committee of the Oregon Cannabis and Psychedelics Section of the Oregon
24 State Bar, as well as to the Oregon State Bar Cannabis e-mail listserv, which includes non-
25 attorneys with interest in cannabis law in Oregon.
- 26 • Additionally, the Bid Procedures were provided to parties on the special notice list in this
27 Receivership Proceeding, as certain of such parties were logical potential buyers for all or
part of the Company’s assets as prior owners of such assets.
- Twenty parties entered into NDAs with the Monitor and visited the virtual data room to
review materials related to the Company’s assets.

1 had with respect to the Property immediately before the sale, except that the Receiver requests
 2 authority to pay (i) all outstanding administrative tax liabilities (whether arising from the sale or
 3 otherwise) and Oregon state taxes required to be paid as a condition of transfer of OLCC licenses;
 4 (ii) \$150,000 to Smith/Sorreles pursuant to a settlement on account of their asserted secured claim;
 5 (iii) \$150,000 to High Street Capital on account of its asserted secured claim; and (iv) all allowed
 6 administrative claims owing as of the closing date at closing other than to holders of administrative
 7 claims who have agreed to other treatment. The Receiver has also filed a contemporaneous motion
 8 for a determination of liens asserted against the Purchased Assets. The principals of the Purchaser
 9 also assert liens against certain of the Purchased Assets, but each have consented to the Sale and
 10 have each agreed that they will receive no distributions from the proceeds of the Sale on account
 11 of such asserted liens.

12 The Receiver requests the order authorizing the proposed sale to Purchaser free and clear
 13 of liens and interests to include a finding that the Purchaser is acquiring the Purchased Assets in
 14 good faith, as defined in ORS 37.250(9).

15 **IV. NOTICE AND OBJECTION DEADLINE**

16 Notice of this motion has been provided to the Plaintiff, and Defendants, all parties that
 17 have asserted liens on the Purchased Assets, and all parties requesting special notice in accordance
 18 with ORS 37.160.

19 **Objection Deadline.** Notice is hereby given that, unless objections to the Motion are filed
 20 with the Court within fourteen (14) days of the filing date of the Motion and served upon David
 21 W. Criswell, counsel for Receiver, at Lane Powell, 601 SW Second Avenue, Suite 2100, Portland,
 22 Oregon 97204, the undersigned will proceed to submit an order to the Court authorizing the sale
 23 to Purchaser. If an objection to the Motion is filed, the Court will schedule a hearing to consider
 24 and rule on the objection.

25 **V. CONCLUSION**

26 For the reasons set forth herein, the Receiver prays for an order approving the terms of the
 27 proposed sale of the Purchased Assets to Purchaser in accordance with the Purchase Agreement,

1 with all claims to any liens against the Purchased Assets by the Plaintiff and any parties with claims
2 to any liens junior to the Plaintiff's attaching to the net proceeds of the sale in the same order and
3 in the same priority as such liens and interests had with respect to the Property immediately before
4 the sale, except that the Receiver requests authority to pay (i) all outstanding administrative tax
5 liabilities (whether arising from the sale or otherwise) and Oregon state taxes required to be paid
6 as a condition of transfer of OLCC licenses; (ii) \$150,000 to Smith/Sorrels pursuant to a settlement
7 on account of their asserted secured claim; (iii) \$150,000 to High Street Capital on account of its
8 asserted secured claim; and (iv) all allowed administrative claims owing as of the closing date at
9 closing other than to holders of administrative claims who have agreed to other treatment. The
10 Receiver also seeks a finding in the order authorizing the proposed sale to Purchaser free and clear
11 of liens and interests that the Purchaser is a good-faith purchaser, as set forth in ORS 37.250(5).

12
13 DATED: August 11, 2023
14
15
16

17 *s/ David W. Criswell*

18 David W. Criswell, OSB No. 925930
19 Andrew J. Geppert, OSB No. 203744
20 Telephone: 503.778.2100
21 docketing@lanepowell.com

22 Attorneys for Receiver, Kenneth S. Eiler
23
24
25
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27

CERTIFICATE OF SERVICE

I, David W. Criswell, hereby certify that on this 11th day of August 2023, I caused a copy of the foregoing **RECEIVER'S MOTION FOR AUTHORITY TO SELL PROPERTY FREE AND CLEAR OF LIENS AND INTERESTS** to be served via U.S. Mail and electronic mail, on the following:

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<p>Allison C. Bizzano, Esq. Nicole C. Gossett-Roxbury, Esq. Lotus Law Group, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com nicole@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels, PNW Sunshine Group LLC</i></p>	<p><i>Creditor, Sublime Solutions LLC (wholesale)</i></p> <p>Kyle Robinson 500 S. Danebo Avenue Eugene, OR 97402 kyle.r@sublimesolutionsllc.com</p>
<p><i>Creditor, Gron Chocolate, LLC</i></p> <p>Gron Chocolate, LLC c/o Gron Holdings, Inc. Attn: Christine Smith 100 NE Farragut Street, Suite 102 Portland, OR 97211 christine@eatgron.com shannon@eatgron.com</p>	<p>Susan S. Ford Sussman Shank LLP 1000 Southwest Broadway, Suite 1400 Portland, OR 97205 sford@sussmanshank.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>
<p>Daniel Shouldice, Esq. McMillan LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 Canada daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. Harris Bricken 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC</i></p>

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9 10 11 12 13	<p>Penny Hays, Bankruptcy Specialist Internal Revenue Service 915 2nd Ave MS W244 Seattle WA 98174 penny.k.hays@irs.gov</p>	<p>James L. Buchal, Esq. Carole Caldwell Murphy & Buchal LLP PO Box 86620 Portland, OR 97286 jbuchal@mblp.com ccaldwell@mblp.com</p> <p><i>Attorney for Tozmoz LLC</i></p>
14 15 16 17 18	<p><i>Lessor under Lease (Toyota) and (Freightliner)</i></p> <p>USGAI ATTN: Tracy Trimble 1190 N Carrol Ave Southlake, TX 76092</p>	<p><i>Creditor</i></p> <p>Security State Bank & Trust 201 W Main Street Fredericksburg, TX, 78624</p>
19 20 21 22 23	<p><i>Creditor</i></p> <p>APG McLoughlin 2, LLC Aventine Prop Group 111 S. Wacker Drive Suite 3350 Chicago, IL 60606</p>	<p><i>Creditor</i></p> <p>Gary Zipfel 1551 Penstemon Court Grayslake, IL 60030</p>
24 25 26 27	<p><i>Creditor</i></p> <p>Mike Genovese 3300 NW 185th Avenue, #163 Portland, OR 97229</p>	<p><i>Creditor</i></p> <p>William Simpson P.O. Box 510 Lawai, HI 19765</p>

1	Daniel J. Garfield, Esq. Fairfield and Woods P.C. 1801 California Street, Suite 2600 Denver, CO 80202-2645 dgarfield@fwlaw.com	<i>Creditor</i> Yamhill County 535 NE 5th St, Room 42 McMinnville, OR 97128
2	<i>Attorney for High Street Capital Partners, LLC, Creditor</i>	
3	Dave Roth, Esq. Heltzel Williams PC 117 Commercial Street NE, Fourth Floor PO Box 1048 Salem, OR 97308-1048 dave@heltzel.com	Ava Schoen, Esq. Danny Newman, Esq. Tonkon Torp LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 ava.schoen@tonkon.com danny.newman@tonkon.com
4	<i>Attorney for L&S Davis Family Trust, Creditor</i>	<i>Attorneys for Mike Genovese and William Simpson, Creditors</i>
5	<i>Landlord Under Lease (LCC)</i>	Brendan Wilson, Esq. Mandarich Law Group, LLP PO Box 109032 Chicago, IL 60610 brendanw@mandarichlaw.com
6	Renee Kline Belnap and the LaVonne Kline Living Trust 28083 S. Oglesby Road Canby, OR 97013 orangehorsestore@msn.com	<i>Attorney for Living Soil Farms, LLC, Creditor</i>
7	Jessie Young, Assistant U.S. Attorney Nicole Smith, Paralegal United States Attorney's Office 1000 SW Third Avenue, Suite 600 Portland, OR 97204 jessie.young@usdoj.gov nicole.smith@usdoj.gov	Gabe Parton Lee, Esq. General Counsel, Northwest Confections, LLC PO Box 456 Clackamas, OR 97015 gabe@nwconfections.com
8		<i>Attorney for Creditor Northwest Confections, LLC, dba Wyld</i>

<p>1 Keith Laufer, Esq. 2 2234 Kingsbridge Lane 3 Oxnard CA 93035 4 kalaufer@gmail.com 5 <i>Attorney in Fact for Vivian E. Laufer, Trustee of</i> 6 <i>the Exemption Trust under THE LOUIS H.</i> 7 <i>AND VIVIAN E. LAUFER LIVING TRUST,</i> 8 <i>dated August 9, 1990, as amended the</i> 9 <i>("Trust")</i> 10 <i>(Landlord to Debtor's premises at:</i> 11 <i>5333 S.E. Powell, Portland, Oregon and</i> 12 <i>16735 SW Pacific Highway, Tigard, Oregon</i></p>	<p>Anderson P. Beals, Esq. Sherman Sherman Johnnie & Hoyt 693 Chemeketa St, NE PO Box 2247 Salem, OR 97308 anderson@shermlaw.com <i>Attorney for SMI Property Management, and</i> <i>David Smith and Marian McDonagh (as</i> <i>landlords for SMS Ventures LLC)</i></p>
<p>10 John S. Kaplan, Esq. 11 Bryan T. Glover, Esq. 12 Stoel Rives LLP 13 600 University Street, Suite 3600 14 Seattle, WA 98101 15 john.kaplan@stoel.com 16 bryan.glover@stoel.com 17 18 Amy Edwards, Esq. 19 Stoel Rives LLP 20 760 SW Ninth Avenue, Suite 3000 21 Portland, OR 97205 22 amy.edwards@stoel.com 23 24 <i>Attorneys for Creditor Innovative Packaging</i> 25 <i>Company, LLC</i></p>	<p>Oregon Liquor and Cannabis Commission Attn: Danica Foster, Director of Statewide Licensing 9079 SE McLoughlin Blvd. Portland OR 97222 Danica.Foster@oregon.gov</p>
<p>18 Internal Revenue Service 19 Centralized Insolvency Operation 20 PO Box 7346 21 Philadelphia, PA 19101-7346 22 brooks.w.lindberg@irscounsel.treas.gov</p>	<p>Oregon Department of Revenue Attn: Bankruptcy Unit 955 Center St. NE Salem, OR 97301</p>
<p>22 US Attorney, Scott Asphaug 23 1000 SW 3rd Ave. Ste 600 24 Portland, OR 97204-2936</p>	<p>Ellen Rosenblum Oregon Attorney General Oregon Department of Justice 1162 Court St. NE Salem, OR 97301</p>

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US Attorney General Merrick Garland Dept. of Justice 10th & Constitution NW Washington, DC 20530	US Dept. of Justice Attn: Civil Process Clerk 10th & Constitution NW Washington DC 20530
IRS M/S O240 1220 SW Third Ave, Suite G-044 Portland, OR 97204	

s/ David W. Criswell

David W. Criswell

This is Exhibit “K” referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

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5 IN THE CIRCUIT COURT OF THE STATE OF OREGON
6 FOR THE COUNTY OF MULTNOMAH

7 CHALICE BRANDS, LTD., a Canadian
8 corporation,

9 Plaintiff,

10 v.

11 GREENPOINT OREGON, INC., an Oregon
12 corporation; GREENPOINT EQUIPMENT
13 LEASING, LLC, an Oregon limited liability
14 company; CFA RETAIL LLC, an Oregon
15 limited liability company; SMS VENTURES
16 LLC, an Oregon limited liability company; and
17 CF BLISS LLC, an Oregon limited liability
18 company,

19 Defendants.

Case No. 23CV20696

**RECEIVER’S MOTION TO
DETERMINE VALIDITY OF LIENS ON
PURCHASED ASSETS**

(Judge David F. Rees)

17 **I. RELIEF REQUESTED**

18 Kenneth S. Eiler, the court-appointed receiver in this action (the “**Receiver**”), through
19 undersigned counsel, moves the Court for an order determining the validity of the Liens (as defined
20 herein).

21 This Motion is filed contemporaneously with the Receiver’s Motion for Authority to Sell
22 Property Free and Clear of Liens and Interests (the “**Sale Motion**”). As set forth in the Sale
23 Motion, the sale contemplated thereby (the “**Sale**”) may not be free and clear of liens with creditors
24 holding valid perfected liens on the property to be sold (senior to the Plaintiff’s liens) who do not
25 consent to the sale. *See* ORS 37.250(2). The Receiver understands that there are four creditors
26 who assert or potentially assert liens on certain assets to be sold other than the Plaintiff, which has
27 consented to the Sale: (i) Alicia Smith, Jillian Smith, and Marcena Sorrels (collectively,

1 “**Homegrown**”), (ii) High Street Capital Partners, LLC (“**High Street**”), (iii) Bobsled Extracts,
 2 LLC (“**Bobsled**”), and (iv) the IRS (Homegrown, High Street, Bobsled, and the IRS, collectively,
 3 the “**Disputed Secured Creditors**”).¹ As of the filing of this Motion, the Receiver has reached
 4 tentative agreements with Homegrown and High Street providing for each of their consents to the
 5 Sale, subject to documentation of those tentative settlements and court approval, but the Receiver
 6 reserves his right to supplement this Motion and supporting declaration(s) with arguments and
 7 evidence concerning the validity of Homegrown’s and High Street’s asserted liens, should such
 8 settlements not be finalized.

9 For the reasons set forth herein, the Receiver disputes the validity of the liens asserted by
 10 the Disputed Secured Creditors, and requests the Court enter an order determining that the
 11 Disputed Secured Creditors’ liens are invalid and unperfected. Alternatively, the Receiver
 12 requests the Court grant the Sale Motion and authorize the Receiver to close the sale contemplated
 13 thereby free and clear of liens, with any alleged liens asserted by the Disputed Secured Creditors’
 14 attaching to the net proceeds of the sale after payment of required taxes and administrative
 15 expenses, with the same validity, priority, and extent that such liens had prior to closing. Under
 16 such process, the liens of the Disputed Secured Creditors may be adjudicated following closing.

17 In support of this Motion, the Receiver relies on the pleadings and papers on file in this
 18 matter, and the Declaration of Kenneth S. Eiler (the “**Eiler Decl.**”) filed contemporaneously
 19 herewith.

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¹ Principals of the Purchaser (as defined in the Sale Motion) also assert liens against certain of the Purchased Assets, but each have consented to the Sale and have each agreed that they will receive no distributions from the proceeds of the Sale on account of such asserted liens.

II. STATEMENT OF FACTS

The Sale Motion and attendant Purchase Agreement contemplate the sale of three distinct asset pools. Homegrown's and High Street's asserted liens related to distinct asset pools of retail cannabis assets and such asserted liens do not overlap:²

Disputed Secured Creditor	Receivership Entity	OLCC License No.	Lease Name	Address
Homegrown	SMS Ventures LLC	050-10169922BD5	Edgewater	1077 Edgewater Street NW Salem, OR 97304
Homegrown	SMS Ventures LLC	050-1016990CA13	Albany	921 SE 9th Ave Albany, OR 97322
Homegrown	SMS Ventures LLC	050-1016993F313	Lansing	1803 Lansing Ave NE Salem, OR 97301
Homegrown	SMS Ventures LLC	050-1016995D03E	Liberty	2820 Liberty Street NE Salem, OR 97301
High Street	CF Bliss LLC	050-10184368093	Burnside	2231 W Burnside Street Portland, OR 97210
High Street	CF Bliss LLC	050-10184402F3F	Sorority House	588 E 11th Ave Eugene, OR 97401
High Street	CF Bliss LLC	050-10184449F91	Main Street	2600 Main Street Suite E Springfield, OR 97477

Bobsled's asserted lien relates to two pieces of equipment: a Luna Tech IO Machine (serial #KJ02-003-00) and a HAL Booth (serial #120U04190069). Bobsled also asserts that it owns a commercial freezer that is proposed to be included in the Sale. Bobsled's asserted lien does not overlap with the other Disputed Secured Creditors' asserted liens. (Eiler Decl., ¶ 10.)

The IRS filed a tax lien against Greenpoint Holdings Delaware Inc. ("**Greenpoint Holdings**"). Greenpoint Holdings is the U.S. parent corporation of the Defendants in this proceeding. Greenpoint Holdings is not a party to this Receivership. The sale contemplated by the Sale Motion does not include any assets of Greenpoint Holdings, and this Motion is filed

² (Eiler Decl., ¶ 9.)

1 against the IRS out of an abundance of caution, given the IRS’s appearance at the hearing on
 2 Homegrown’s motion for relief from stay on July 14, 2023. (Eiler Decl., ¶ 11.)

3 **III. LEGAL AUTHORITY**

4 Before addressing why each Disputed Secured Creditor’s asserted lien is invalid, it must
 5 be emphasized that in insolvency proceedings, courts must necessarily make a determination of
 6 the validity and perfection of liens. It is an every-day matter in bankruptcy cases where bankruptcy
 7 trustees and the court scrutinize whether the creditor has followed the proper attachment and
 8 perfection rules of Article 9 of the Uniform Commercial Code. *See White, Summers & Hillman,*
 9 *Uniform Commercial Code*, Section 32.4 (“The creditor may simply have failed to create a security
 10 interest against the debtor under section 9-203. If, for example, the creditor fails to secure
 11 execution of a valid security agreement, in most cases, section 9-203 makes the security agreement
 12 unenforceable even against the debtor. If the security agreement is unenforceable against the
 13 debtor, it would seem self-evident that the trustee in bankruptcy, who is a representative of a group
 14 of other creditors, would also be able to strike it down. Section 541 gives the trustee the debtor’s
 15 property rights, and 558 gives the trustee the debtor’s defenses against third parties. Under those
 16 provisions, the trustee in bankruptcy can simply assert the debtor’s claim under 9-203 to the effect
 17 that the security interest was not effective and so deprive the secured creditor of the collateral.”).

18 Receivership proceedings are similar and receivership courts must determine validity and
 19 priority of liens. The Oregon Receivership Code sets forth a priority scheme in which creditors
 20 holding valid perfected liens enjoy priority. *See ORS 37.370.* Creditors with liens on estate
 21 property that are duly perfected under applicable law enjoy a second priority under the Oregon
 22 Receivership Code. ORS 37.370(b). Oregon receivers have the power to “[a]ssert a right, claim,
 23 cause of action or defense of the owner that relates to estate property,” ORS 37.110(d), which
 24 includes the rights of debtors under the Uniform Commercial Code.

25 For the purpose of determining whether there is valid attachment and perfection of a lien,
 26 Article 9 of Oregon’s Uniform Commercial Code generally controls. Compliance with the rules
 27 is necessary in order to claim a valid security interest. Because Homegrown and Bobsled failed to

1 comply with the requirements for attachment and perfection, their asserted liens cannot be
2 recognized. While it appears High Street satisfied the rules to attach and perfect security interests
3 generally, its security interest fails as to the licenses because under Oregon law, such licenses are
4 not considered property and therefore cannot serve as security for a debt. Finally, the IRS does
5 not assert a lien against the assets to be sold (only as to the assets of a company not in this
6 Receivership), but the Receiver includes the IRS in this Motion out of an abundance of caution.

7 **A. Homegrown.**

8 As set forth above, the Receiver has reached a tentative settlement with Homegrown
9 pursuant to which Homegrown will consent to the Sale. The Receiver expects to notice the
10 settlement in the near term. If the settlement with Homegrown is not approved by the Court, the
11 Receiver reserves the right to supplement this Motion with argument and evidence as to why
12 Homegrown's asserted liens against the Purchased Assets are invalid. The Receiver has provided
13 Homegrown with notice of such arguments and evidence in the Receiver's Objection to
14 Homegrown's Motion for Relief from Stay.

15 **B. Bobsled.**

16 **1. Bobsled's Asserted Lien on the Equipment Is Invalid.**

17 Bobsled executed a bill of sale for the Luna Tech IO Machine (serial #KJ02-003-00) and a
18 HAL Booth (serial #120U04190069) (together, the "**Equipment**") in May 2021, transferring title
19 to the equipment to "Golden Leaf Holdings Ltd., an Ontario corporation, *or its wholly-owned*
20 *corporate subsidiary designee.*" The Receiver understands that the Equipment was ultimately
21 owned by Greenpoint Oregon, Inc. ("**Greenpoint Oregon**") and treated by the Company as an
22 asset of Greenpoint Oregon. Greenpoint Oregon was thus the designee under the Bill of Sale and
23 owner of the Equipment. Bobsled did not file a UCC financing statement against Greenpoint
24 Oregon. (Eiler Decl., ¶ 13, Ex. 2.)

25 Golden Leaf and Greenpoint Oregon each executed a Secured Note dated May 25, 2021,
26 in favor of Bobsled evidencing a payment obligation of \$315,000. Golden Leaf and Greenpoint
27 Oregon also each executed a Security Agreement dated May 25, 2021, granting a security interest

1 in the Equipment to Bobsled to secure the obligations evidenced by the Secured Note. (Eiler Decl.,
2 ¶ 14, Ex. 3.)

3 On May 25, 2021, Golden Leaf changed its legal name with the Ontario registry to Chalice
4 Brands Ltd. (“**Chalice**”). Bobsled did not file any security registrations against Golden Leaf or
5 Chalice in Ontario, Canada under the Personal Property Security Act (the “**PPSA**”), as adopted by
6 the Province of Ontario (the Canadian equivalent to the United States Uniform Commercial Code).
7 (Eiler Decl., ¶ 15.)

8 Bobsled filed a UCC-1 financing statement on October 25, 2022 (Filing No. 93358447),
9 with the Oregon Secretary of State against “Golden Leaf Holdings Ltd. A corporation of Ontario”.
10 (Eiler Decl., ¶ 16, Ex. 5.) Bobsled filed a second UCC-1 financing statement on October 25, 2022
11 (Filing No. 93358617), with the Oregon Secretary of State against “Golden Leaf Holdings Ltd. A
12 corporation of Ontario, DBA Chalice Brands Ltd.” (Eiler Decl., ¶ 16, Ex. 6.) At the time of the
13 UCC-1 filings in Oregon, there was no corporation registered in Ontario named Golden Leaf
14 Holdings Ltd. Bobsled did not file any UCC-1 financing statement with the Oregon Secretary of
15 State naming either Chalice or Greenpoint Oregon as a debtor.

16 Under the Oregon version of the Uniform Commercial Code (UCC) Section 9-301, the
17 “location” of an obligor determines the proper place for filing a UCC-1 financing statement to
18 perfect a security interest in personal property. Section 9-307 sets out the rules for determining
19 the “location” of U.S. and foreign obligors based on entity type, jurisdiction of formation, and
20 place of business. ORS 79.0307. Generally, under section 9-307(b)(2) for purposes of filing a
21 UCC-1 financing statement, an obligor that is an organization with only one place of business is
22 located at its place of business, and an obligor that is an organization with more than one place of
23 business is located at its chief executive office. ORS 79.0307(2)(b).

24 However, section 9-307(e) provides an exception to this general rule for organizations
25 formed under the laws of the United States. U.S. organizations are deemed to be “located” in the
26 state in which they are formed. ORS 79.0307(5). Accordingly, U.S. secured creditors file UCC
27

1 financing statements in the state of formation of domestic obligors in order to perfect their security
2 interests in such obligors' collateral.

3 Section 9-307(c) provides another exception to the general rule of section 9-307(b) for
4 certain foreign obligors. ORS 79.0307(3). Section 9-307(c) limits the applicability of section
5 9-307(b) to foreign obligors with a place of business or chief executive office "located" in a
6 jurisdiction with a UCC-style public recordation system for tracking security interests and
7 establishing priority against other secured parties. *Id.* Foreign obligors whose place of business
8 or chief executive office is not "located" in a jurisdiction with a UCC-style public recordation
9 system is deemed to be "located" in Washington, D.C. *Id.*

10 Golden Leaf (now Chalice) is a Canadian company with its chief executive office in
11 Toronto, Ontario. (Eiler Decl., ¶15.) Given that Ontario has a UCC-style public recordation
12 system (the PPSA), a U.S. lender making a loan secured by the assets of such Canadian obligor
13 must file a financing statement in Ontario to perfect its security interest in such assets.

14 If Golden Leaf (now Chalice) is a Canadian company organized under the laws of Ontario,
15 and a court were to find that its sole place of business is in Portland, Oregon or that it has more
16 than one place of business and its chief executive office is in Portland, Oregon, under UCC section
17 9-307(b), the Canadian obligor would be deemed to be "located" in Oregon—the location of its
18 sole place of business or chief executive office—and the exception set forth in section 9-307(c)
19 for a filing in Washington, D.C., would not apply. In such case, a U.S. lender making a loan
20 secured by the assets of such Canadian obligor could file a financing statement in Oregon to perfect
21 its security interests in such obligor's assets.

22 However, while Bobsled did file a UCC-1 financing statement in Oregon in October 2022,
23 against Golden Leaf, at the time of such filing, the legal name of the Canadian obligor had been
24 changed to Chalice. Section 9-503(a)(1) provides that a financing statement sufficiently provides
25 the name of the debtor if the debtor is a registered organization, only if the financing statement
26 provides the name that is stated to be the registered organization's name on the public organic
27

1 record most recently filed or enacted by the registered organization's jurisdiction of organization,
2 which purports to state, amend, or restate the organization's name. ORS 97.503(1)(a).

3 Section 9-506 of the UCC provides the effect of errors or omissions on a UCC financing
4 statement. ORS 97.506. Section 9-506(b) provides that, "except as otherwise provided in
5 subsection (c), a financing statement that fails sufficiently to provide the name of the debtor in
6 accordance with Section 9-503(a) is seriously misleading." ORS 97.506(2). Section 9-506(c)
7 provides that if a search of the records of the filing office under the debtor's correct name, using
8 the filing office's standard search logic, if any, would disclose a financing statement that fails
9 sufficiently to provide the name of the debtor in accordance with Section 9-503(a), the name
10 provided does not make the financing statement seriously misleading. ORS 97.506(3).

11 A search of the Oregon Secretary of State's website for "Chalice Brands Ltd.," the correct
12 legal name of the Canadian obligor, does not disclose either of the Bobsled UCC financing
13 statements, so the savings provision of 9-506(c) is not applicable.

14 Accordingly, as to the Equipment:

15 a. The Equipment is owed by Greenpoint Oregon. Bobsled did not file a UCC
16 financing statement against Greenpoint Oregon, and therefore does not have a perfected security
17 interest in the Equipment. ORS 97.503 and 97.506.

18 b. To the extent the Equipment is owned by Chalice and the Chief Executive
19 Office of Chalice is in Toronto, Canada, Bobsled was obligated to perfect its lien in Ontario under
20 the PPSA, which it failed to do. ORS 97.307.

21 c. To the extent the Equipment is owned by Chalice and the Chief Executive
22 Office of Chalice is in Portland, Oregon, Bobsled was obligated to perfect its lien in Oregon by
23 filing a UCC financing statement against the correct legal entity in existence as of the date of the
24 filing of the financing statement (i.e. Chalice), which it failed to do. ORS 97.503 and 97.506.

25 **2. Bobsled Abandoned the Freezer.**

26 Bobsled also contends that it is the owner of a commercial freezer located at the processing
27 facility of Greenpoint Oregon, Inc. Bobsled was previously a subtenant of Greenpoint Oregon and

1 occupied space in Greenpoint Oregon's processing facility. However, following Bobsled's second
2 default under the sublease, Bobsled removed most of its equipment from the premises (with the
3 exception of the freezer). The freezer was abandoned by Bobsled between May 20-21, 2021, when
4 Bobsled removed its equipment in the middle of the night without notification to Greenpoint
5 Oregon. The freezer Bobsled abandoned years ago has now been permanently affixed to another
6 freezer and the ground and engineered to address potential seismic activity. Greenpoint Oregon
7 has paid for multiple repairs over the years to keep the disputed freezer operating. Bobsled does
8 not have a lien on or ownership interest in the freezer as of today. (Eiler Decl., ¶ 17.)

9 **C. High Street.**

10 As set forth above, the Receiver has reached a tentative settlement with High Street
11 pursuant to which High Street will consent to the Sale. The Receiver expects to notice the
12 settlement in the near term. If the settlement with High Street is not approved by the Court, the
13 Receiver reserves his right to supplement this Motion with argument and evidence as to why High
14 Street's lien against the OLCC licenses to be sold under the Sale is invalid. The Receiver has
15 provided High Street with notice of such arguments in the Receiver's Objection to Homegrown's
16 Motion for Relief from Stay.

17 **D. The IRS's Lien Is Not Filed Against Any of The Defendants And Does Not Attach to**
18 **Property of the Receivership Estate.**

19 On April 19, 2022, the IRS filed a tax lien against Greenpoint Holdings with the Oregon
20 Secretary of State. (Eiler Decl., ¶ 18, Ex. 7.) As set forth herein, none of the assets proposed to
21 be sold under the Purchase Agreement are assets of Greenpoint Holdings. Accordingly, the IRS
22 lien does not attach to such assets and the IRS lien is not an obstacle to the proposed sale
23 transaction. The Receiver includes the IRS in this motion out of an abundance of caution, given
24 the IRS's appearance at the Homegrown stay relief hearing on July 14, 2023, which may suggest
25 that the IRS contends its lien extends beyond the assets of Greenpoint Holdings (it does not).

1 **IV. NOTICE AND OBJECTION DEADLINE**

2 Notice of this motion has been provided to the Plaintiff, and the Defendants, all parties that
3 have asserted liens on the Purchased Assets, and all parties requesting special notice in accordance
4 with ORS 37.160.

5 **Objection Deadline.** Notice is hereby given that, unless the Receiver receives an objection
6 to this Motion within fourteen (14) days of the mailing of the Motion, the Receiver will ask the
7 Court to enter an order approving the requested relief without further notice or hearing.
8 Objections, if any, must be in writing, state the basis for the objection, and must be filed with the
9 Clerk of the Multnomah County Circuit Court, 1200 SW 1st Avenue, Portland, Oregon 97204,
10 with a copy to the Receiver, Kenneth S. Eiler, Kenneth S. Eiler PC, PMB 810, 515 NW Saltzman
11 Road, Portland, Oregon 97229-6098, and a copy to David W. Criswell, attorney for Receiver, Lane
12 Powell PC, 601 SW Second Avenue, Suite 2100, Portland, Oregon 97204. If an objection is timely
13 filed, the Court will schedule a hearing to determine the objection.

14 **V. CONCLUSION**

15 For the reasons set forth herein, the Receiver requests entry of an order determining that
16 (i) the asserted liens of Bobsled on the Purchased Assets are invalid and (ii) the IRS does not have
17 a lien on the Purchased Assets.

18 DATED: August 11, 2023

19 LANE POWELL PC

20
21 By: s/ David W. Criswell
22 David W. Criswell, OSB No. 925930
23 Andrew J. Geppert, OSB No. 203744
24 Telephone: 503.778.2100
docketing@lanepowell.com

25 Attorneys for Receiver, Kenneth S. Eiler

CERTIFICATE OF SERVICE

I, David W. Criswell, hereby certify that on this 11th day of August 2023, I caused a copy of the foregoing **RECEIVER'S MOTION TO DETERMINE VALIDITY OF LIENS ON PURCHASED ASSETS** to be served via U.S. Mail and electronic mail, on the following:

<p>Timothy A. Solomon, Esq. Leonard Law Group LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com</p> <p><i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. Farleigh Wada Witt 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com</p> <p><i>Attorney for Defendants</i></p>
<p>Allison C. Bizzano, Esq. Nicole C. Gossett-Roxbury, Esq. Lotus Law Group, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com nicole@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels, PNW Sunshine Group LLC</i></p>	<p><i>Creditor, Sublime Solutions LLC (wholesale)</i></p> <p>Kyle Robinson 500 S. Danebo Avenue Eugene, OR 97402 kyle.r@sublimesolutionsllc.com</p>
<p><i>Creditor, Gron Chocolate, LLC</i></p> <p>Gron Chocolate, LLC c/o Gron Holdings, Inc. Attn: Christine Smith 100 NE Farragut Street, Suite 102 Portland, OR 97211 christine@eatgron.com shannon@eatgron.com</p>	<p>Susan S. Ford Sussman Shank LLP 1000 Southwest Broadway, Suite 1400 Portland, OR 97205 sford@sussmanshank.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>
<p>Daniel Shouldice, Esq. McMillan LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 Canada daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. Harris Bricken 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC</i></p>

1 2 3 4 5 6 7 8	<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 Canada kesaw@osler.com sirving@osler.com</p> <p><i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>	<p>Nathan Q. Rugg, Esq. Joseph D. Lambert, Esq. Barack Ferrazzano Kirschbaum & Nagelberg 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com</p> <p><i>Attorneys for Landlord Aventine Property Group</i></p>
9 10 11 12 13	<p>Penny Hays, Bankruptcy Specialist Internal Revenue Service 915 2nd Ave MS W244 Seattle WA 98174 penny.k.hays@irs.gov</p>	<p>James L. Buchal, Esq. Carole Caldwell Murphy & Buchal LLP PO Box 86620 Portland, OR 97286 jbuchal@mblp.com ccaldwell@mblp.com</p> <p><i>Attorney for Tozmoz LLC</i></p>
14 15 16 17 18	<p><i>Lessor under Lease (Toyota) and (Freightliner)</i></p> <p>USGAI ATTN: Tracy Trimble 1190 N Carrol Ave Southlake, TX 76092</p>	<p><i>Creditor</i></p> <p>Security State Bank & Trust 201 W Main Street Fredericksburg, TX, 78624</p>
19 20 21 22 23	<p><i>Creditor</i></p> <p>APG McLoughlin 2, LLC Aventine Prop Group 111 S. Wacker Drive Suite 3350 Chicago, IL 60606</p>	<p><i>Creditor</i></p> <p>Gary Zipfel 1551 Penstemon Court Grayslake, IL 60030</p>
24 25 26	<p><i>Creditor</i></p> <p>Mike Genovese 3300 NW 185th Avenue, #163 Portland, OR 97229</p>	<p><i>Creditor</i></p> <p>William Simpson P.O. Box 510 Lawai, HI 19765</p>

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1	Daniel J. Garfield, Esq. Fairfield and Woods P.C. 1801 California Street, Suite 2600 Denver, CO 80202-2645 dgarfield@fwlaw.com	<i>Creditor</i> Yamhill County 535 NE 5th St, Room 42 McMinnville, OR 97128
2	<i>Attorney for High Street Capital Partners, LLC, Creditor</i>	
3	Dave Roth, Esq. Heltzel Williams PC 117 Commercial Street NE, Fourth Floor PO Box 1048 Salem, OR 97308-1048 dave@heltzel.com	Ava Schoen, Esq. Danny Newman, Esq. Tonkon Torp LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 ava.schoen@tonkon.com danny.newman@tonkon.com
4	<i>Attorney for L&S Davis Family Trust, Creditor</i>	<i>Attorneys for Mike Genovese and William Simpson, Creditors</i>
5	<i>Landlord Under Lease (LCC)</i>	Brendan Wilson, Esq. Mandarich Law Group, LLP PO Box 109032 Chicago, IL 60610 brendanw@mandarichlaw.com
6	Renee Kline Belnap and the LaVonne Kline Living Trust 28083 S. Oglesby Road Canby, OR 97013 orangehorsestore@msn.com	<i>Attorney for Living Soil Farms, LLC, Creditor</i>
7	Jessie Young, Assistant U.S. Attorney Nicole Smith, Paralegal United States Attorney's Office 1000 SW Third Avenue, Suite 600 Portland, OR 97204 jessie.young@usdoj.gov nicole.smith@usdoj.gov	Gabe Parton Lee, Esq. General Counsel, Northwest Confections, LLC PO Box 456 Clackamas, OR 97015 gabe@nwconfections.com
8		<i>Attorney for Creditor Northwest Confections, LLC, dba Wyld</i>

<p>1 Keith Laufer, Esq. 2 2234 Kingsbridge Lane 3 Oxnard CA 93035 4 kalaufer@gmail.com 5 <i>Attorney in Fact for Vivian E. Laufer, Trustee of</i> 6 <i>the Exemption Trust under THE LOUIS H.</i> 7 <i>AND VIVIAN E. LAUFER LIVING TRUST,</i> 8 <i>dated August 9, 1990, as amended the</i> 9 <i>("Trust")</i> 10 <i>(Landlord to Debtor's premises at:</i> 11 <i>5333 S.E. Powell, Portland, Oregon and</i> 12 <i>16735 SW Pacific Highway, Tigard, Oregon</i></p>	<p>Anderson P. Beals, Esq. Sherman Sherman Johnnie & Hoyt 693 Chemeketa St, NE PO Box 2247 Salem, OR 97308 anderson@shermlaw.com <i>Attorney for SMI Property Management, and</i> <i>David Smith and Marian McDonagh (as</i> <i>landlords for SMS Ventures LLC)</i></p>
<p>13 John S. Kaplan, Esq. 14 Bryan T. Glover, Esq. 15 Stoel Rives LLP 16 600 University Street, Suite 3600 17 Seattle, WA 98101 18 john.kaplan@stoel.com 19 bryan.glover@stoel.com 20 21 Amy Edwards, Esq. 22 Stoel Rives LLP 23 760 SW Ninth Avenue, Suite 3000 24 Portland, OR 97205 25 amy.edwards@stoel.com 26 27 <i>Attorneys for Creditor Innovative Packaging</i> <i>Company, LLC</i></p>	<p>Oregon Liquor and Cannabis Commission Attn: Danica Foster, Director of Statewide Licensing 9079 SE McLoughlin Blvd. Portland OR 97222 Danica.Foster@oregon.gov</p>
<p>Internal Revenue Service Centralized Insolvency Operation PO Box 7346 Philadelphia, PA 19101-7346 brooks.w.lindberg@irsounsel.treas.gov</p>	<p>Oregon Department of Revenue Attn: Bankruptcy Unit 955 Center St. NE Salem, OR 97301</p>
<p>US Attorney, Scott Asphaug 1000 SW 3rd Ave. Ste 600 Portland, OR 97204-2936</p>	<p>Ellen Rosenblum Oregon Attorney General Oregon Department of Justice 1162 Court St. NE Salem, OR 97301</p>

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US Attorney General Merrick Garland Dept. of Justice 10th & Constitution NW Washington, DC 20530	US Dept. of Justice Attn: Civil Process Clerk 10th & Constitution NW Washington DC 20530
IRS M/S O240 1220 SW Third Ave, Suite G-044 Portland, OR 97204	

s/ David W. Criswell

David W. Criswell

This is Exhibit "L" referred to in the Affidavit of Scott Secord sworn remotely before me at the City of Toronto, in the Province of Ontario, on August 18, 2023, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

DECLARATION OF KENNETH S. EILER IN SUPPORT OF RECEIVER’S (I) MOTION FOR AUTHORITY TO SELL PROPERTY FREE AND CLEAR OF LIENS AND INTERESTS AND (II) MOTION TO DETERMINE VALIDITY OF LIENS ON PURCHASED ASSETS

(Judge David F. Rees)

I, Kenneth S. Eiler declare as follows:

1. I am the Receiver appointed by the Court in this matter over Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, and CF Bliss LLC and all of their assets (the “**Property**”). I make this declaration based on my own personal knowledge, and if called as a witness, I could and would competently testify to the facts stated in this declaration. I make this declaration in support of Receiver’s (i) Motion for Authority to Sell Property Free and Clear of Liens and Interest (the “**Sale Motion**”) and (ii) Motion to Determine Validity of Liens on Purchased Assets (the “**Lien Validity Motion**”).

1 c. After the commencement of this Receivership and approval of the Bid
2 Procedures, the Monitor appointed in Plaintiff's CCAA proceeding disseminated the Bid
3 Procedures to 38 parties identified by the Monitor as potential buyers of the Company's assets.

4 d. I caused the Bid Procedures to be disseminated to the members of the
5 Executive Committee of the Oregon Cannabis and Psychedelics Section of the Oregon State Bar,
6 as well as to the Oregon State Bar Cannabis e-mail listserv, which includes non-attorneys with
7 interest in cannabis law in Oregon

8 e. Additionally, the Bid Procedures were provided to parties on the special
9 notice list in this Receivership Proceeding, as certain of such parties were logical potential buyers
10 for all or part of the Company's assets as prior owners of such assets.

11 f. Twenty parties entered into NDAs with the Monitor and visited the virtual
12 data room to review materials related to the Company's assets.

13 6. Ultimately, four offers were received by the bid deadline, one of which was for
14 substantially all of the Company's assets. The bidder for substantially all of the Company's assets
15 was APCO, LLC (the "**Purchaser**"). Following receipt of the initial bid from the Purchaser, the
16 Monitor and I negotiated with the Purchaser to improve the Purchaser's bid. Purchaser
17 demonstrated honesty in fact and fair dealing in negotiating its bid.

18 7. On August 11, 2023, I entered into an Asset Purchase Agreement (the "**Purchase**
19 **Agreement**") with Purchaser for substantially all of the assets of the Company (the "**Purchased**
20 **Assets**").² A true and correct copy of the Purchase Agreement is attached as **Exhibit 1**. Pursuant
21 to the Purchase Agreement, the Purchaser is buying the Purchased Assets in cash for the sum of
22 \$3,000,000.

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26 ² The Purchase Agreement excludes the leases and related OLCC licenses known as McLoughlin,
Fire Station, and Beaverton.

1 10. I have negotiated agreements with Homegrown and High Street that provide for
2 their consents to the Sale in exchange for receipt of \$150,000 cash to each on closing. I expect to
3 notice such settlements in the near term. In the event the settlements are not finalized, I reserve
4 my right to supplement the Lien Validity Motion to include arguments and evidence in challenge
5 of their asserted liens.

6 11. Bobsled's asserted lien relates to two pieces of equipment: a Luna Tech IO
7 Machine (serial #KJ02-003-00) and a HAL Booth (serial #120U04190069). Bobsled also asserts
8 that it owns a commercial freezer that is proposed to be included in the Sale. Bobsled's asserted
9 lien does not overlap with the other Disputed Secured Creditors' asserted liens.

10 12. The IRS filed a tax lien against Greenpoint Holdings Delaware Inc. ("**Greenpoint**
11 **Holdings**"). Greenpoint Holdings is the U.S. parent corporation of the Defendants in this
12 proceeding. The Sale does not include any assets of Greenpoint Holdings, and the Lien Validity
13 Motion is filed against the IRS out of an abundance of caution, given the IRS's appearance at the
14 hearing on Homegrown's motion for relief from stay on July 14, 2023.

15 13. Bobsled executed a bill of sale for the Luna Tech IO Machine (serial #KJ02-003-
16 00) and a HAL Booth (serial #120U04190069) (together, the "**Equipment**") in May 2021,
17 transferring title to the equipment to "Golden Leaf Holdings Ltd., an Ontario corporation, *or its*
18 *wholly-owned corporate subsidiary designee.*" I understand that the Equipment was ultimately
19 owned by Greenpoint Oregon, Inc. ("**Greenpoint Oregon**") and treated by the Company as an
20 asset of Greenpoint Oregon. A true and correct copy of the Bill of Sale is attached as **Exhibit 2.**
21 Bobsled did not file a UCC financing statement against Greenpoint Oregon.

1 14. Golden Leaf and Greenpoint Oregon each executed a Secured Note dated May 25,
2 2021, in favor of Bobsled evidencing a payment obligation of \$315,000. Golden Leaf and
3 Greenpoint Oregon also each executed a Security Agreement dated May 25, 2021, granting a
4 security interest in the Equipment to Bobsled to secure the obligations evidenced by the Secured
5 Note. True and correct copies of the Secured Note and Security Agreement are attached as
6 **Exhibits 3 and 4.**

7 15. On May 25, 2021, Golden Leaf changed its legal name with the Ontario registry to
8 Chalice Brands Ltd. (“**Chalice**”). Bobsled did not file any security registrations against Golden
9 Leaf or Chalice in Ontario, Canada under the Personal Property Security Act (the “**PPSA**”), as
10 adopted by the Province of Ontario (the Canadian equivalent to the United States Uniform
11 Commercial Code). Golden Leaf (now Chalice) is a Canadian company with its chief executive
12 office in Toronto, Ontario.

13 16. Bobsled filed a UCC-1 financing statement on October 25, 2022 (Filing No.
14 93358447), with the Oregon Secretary of State against “Golden Leaf Holdings Ltd. A corporation
15 of Ontario.” Bobsled filed a second UCC-1 financing statement on October 25, 2022 (Filing No.
16 93358617), with the Oregon Secretary of State against “Golden Leaf Holdings Ltd. A corporation
17 of Ontario, DBA Chalice Brands Ltd.” The UCC-1 financing statements are attached as
18 **Exhibits 5 and 6.** Bobsled did not file any UCC-1 financing statement with the Oregon Secretary
19 of State naming either Chalice or Greenpoint Oregon as a debtor.

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1 17. Bobsled also contends that it is the owner of a commercial freezer located at the
 2 processing facility of Greenpoint Oregon, Inc. Bobsled was previously a subtenant of Greenpoint
 3 Oregon and occupied space in Greenpoint Oregon's processing facility. However, following
 4 Bobsled's second default under the sublease, Bobsled removed most of its equipment from the
 5 premises (with the exception of the freezer). The freezer was abandoned by Bobsled between May
 6 20-21, 2021 when Bobsled removed its equipment in the middle of the night without notification
 7 to Greenpoint Oregon. The freezer Bobsled abandoned years ago has now been permanently
 8 affixed to another freezer and the ground and engineered to address potential seismic activity.
 9 Greenpoint Oregon has paid for multiple repairs over the years to keep the disputed freezer
 10 operating. Bobsled does not have a lien on or ownership interest in the freezer as of today.

11 18. On April 19, 2022, the IRS filed a tax lien against Greenpoint Holdings with the
 12 Oregon Secretary of State. A true and correct copy of the tax lien is attached as Exhibit 7. The
 13 Sale does not include any assets of Greenpoint Holdings.

14 I hereby declare that the above statements are true to the best of my knowledge and belief,
 15 and that I understand they are made for use as evidence in court and are subject to penalty for
 16 perjury.

17 DATED: August 11, 2023,

18 
 19 Kenneth S. Eiler

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made the 11th day of August, 2023.

BETWEEN:

CHALICE BRANDS LTD., a corporation incorporated pursuant to the laws of Ontario ("**Chalice**"), and those other entities listed on Schedule A hereto.

(together, the "**Vendor**")

- and-

APCO LLC, a limited liability company organized under the laws of Delaware

(the "**Purchaser**")

RECITALS:

WHEREAS on May 23, 2023, Chalice sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**” and the proceeding commenced thereby, the “**CCAA Proceeding**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”).

AND WHEREAS pursuant to the Initial Order, among other things: (i) KSV Restructuring Inc. was appointed as the Monitor in the CCAA Proceeding (in such capacity, the “**Monitor**”); and (ii) a stay of proceedings was granted over Chalice and its subsidiaries (together, the “**Chalice Group**”).

AND WHEREAS also on May 23, 2023, Chalice obtained an order in the Multnomah County Circuit Court of the State of Oregon (the “**Oregon Court**”) granting the appointment of Kenneth S. Eiler as receiver (the “**Receiver**”) over certain of Chalice’s wholly-owned subsidiaries; namely, Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC (together, the “**Receivership Entities**”).

AND WHEREAS on June 1, 2023, the CCAA Court granted an amended and restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 28, 2023; and (ii) approving the engagement between the Applicant and Cardinal Advisory Services Inc. (“**Cardinal Advisory**”), pursuant to which Cardinal Advisory will act as the chief restructuring officer of the Chalice Group (the “**CRO**”) through the services of Scott Secord.

AND WHEREAS also on June 1, 2023, the CCAA Court granted an order under the CCAA and on June 2, 2023, the Oregon Court granted an order pursuant to Oregon Receivership Code, among other things, authorizing the implementation of a sale and investment solicitation process on the terms set forth therein (the “**SISP**”) to solicit interest in and opportunities for a sale, or investment in, all or part of the Chalice Group’s, including the Receivership Entities’ property, assets and undertaking and/or its business.

AND WHEREAS on June 2, 2023, the Oregon Court granted an order pursuant to the Oregon Receivership Code authorizing the implementation of the SISP.

AND WHEREAS on July 27, 2023, the CCAA Court granted a Stay Extension Order extending the stay of proceedings in the CCAA Proceeding to August 31, 2023.

AND WHEREAS the Vendor owns the assets described in Schedule B hereto (the “**Purchased Assets**”) and wishes to sell the Purchased Assets to the Purchaser, and the Purchaser wishes to purchase the Purchased Assets from the Vendor.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants, agreements, representations, warranties, and indemnities of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings and grammatical variations of such terms shall have the corresponding meanings:

“Affiliate” of any Person means, at the time such determination is being made, any other Person controlling, controlled by or under common control with such first Person, in each case, whether directly or indirectly through one or more intermediaries, and “control” and any derivation thereof means the control by one Person of another Person in accordance with the following: a Person (“A”) controls another Person (“B”) where A has the power to determine the management and policies of B by contract or status (for example, the status of A being the general partner of B) or by virtue of beneficial ownership of a majority of the voting interests in B; and, for certainty and without limitation, if A owns shares to which are attached more than 50% of the votes permitted to be cast in the election of directors (or other Persons performing a similar role) of B, then A controls B for this purpose;

“Agreement” means this Asset Purchase Agreement, including any schedules or exhibits appended to this Asset Purchase Agreement, in each case as the same may be supplemented, amended, restated or replaced from time to time;

“Allocation Statement” has the meaning give to it in Section 3.2;

“Assumed Liabilities” means all those Liabilities described in Schedule C hereto;

“Business Day” means any day other than a Saturday, Sunday or day on which chartered banks in Toronto, Ontario or Portland, Oregon are authorized or obligated by law to close or are generally closed;

“CCAA Court” has the meaning given to it in the Recitals;

“CCAA Court Approval and Vesting Order” means an order of the CCAA Court substantially in the form attached as Schedule D hereto;

“City” means the city of Portland, Oregon;

“City Approval” means approval by the City of a change in ownership of all City Licenses, except the Excluded Licenses, currently held by any Vendor in favor of Purchaser; the issuance of new City licenses to Purchaser with respect to all City Licenses currently held by any Vendor, except the Excluded Licenses; and change in location applications, if applicable, as to the City Licenses described on Schedule H hereto;

“City Licenses” means those City marijuana regulatory licenses set forth on Schedule H hereto;

“Claims” means all past, present and future claims, charges, suits, proceedings, Liabilities, deficiencies, demands, controversies, actions, causes of action, obligations, losses, damages, penalties, orders, judgments, costs, expenses, fines, amounts paid in settlement, disbursements, legal fees on a substantial indemnity basis, and other professional fees and disbursements, interest, demands and actions of any nature or any kind whatsoever, including, without limitation, any labor grievances, pay equity claims, and successor employer claims;

“Closing” means the completion of the Transaction in accordance with the terms and subject to the conditions of this Agreement;

“Closing Date” means the date that is three (3) Business Days following the day on which the last of the conditions to Closing set out in Article 8 (other than those conditions that by their nature can only be satisfied as of the Closing Date, but assuming the satisfaction or waiver of such conditions on the Closing Date, as applicable) has been satisfied or waived by the appropriate party, or such other date agreed to by the parties in writing, provided that the Closing Date shall be no later than the Outside Date;

“Deposit” means the deposit in the amount of \$506,453.76, which was delivered by the Purchaser on or about June 29, 2023, and which is being held by the Monitor in accordance with the SISP to be released in accordance with the terms of Section 3.1(c);

“Employee” means an individual who currently provides services to Vendor directly or indirectly, whether on a full-time, part-time or temporary basis, whether active or inactive, as of the Closing Date, and includes an employee who is on statutory or approved leaves of absence;

“Encumbrances” means all mortgages, pledges, charges, liens regardless of seniority, executions, levies, charges, financial or other monetary claims, debentures, trust deeds, trusts or deemed trusts (whether contractual, statutory or otherwise), assignments by way of security, security interests (whether contractual, statutory or otherwise), option or privilege (whether contractual, statutory or otherwise), conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, the Purchased Assets or any part thereof or interest therein, and any registered instruments, agreements, options, easements, servitudes, rights of way, restrictions, executions or other liens, charges or encumbrances (including notices or other registrations in respect of any of the foregoing) against title to the Purchased Assets or any part thereof or interest therein, in each case whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise;

“ETA” means the *Excise Tax Act* (Canada), as amended from time to time;

“Excluded Assets” has the meaning given to it in Section 2.2;

“Excluded Liabilities” means all Liabilities, other than the Assumed Liabilities;

“Governmental Authorization” means, with respect to any Person, any order, authorization, approval, licence or permit or similar authorization issued by or from any Governmental Entity having jurisdiction over such Person;

“Governmental Entity” means any court or tribunal in any jurisdiction or any federal, provincial, state, municipal or other governmental body, agency, authority, department, commission, board, instrumentality or tribunal thereof;

“HST” means all taxes payable under the ETA and any reference to a specific provision of the ETA or any such provincial, territorial or foreign legislation shall refer to any provision thereto of like or similar effect;

“Interim Period” has the meaning given to it in Article 9;

“Liabilities” means any and all debts, liabilities, commitments and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or determinable, including those arising under any applicable law or Claim, and those arising under any contract, agreement, arrangement, commitment or undertaking;

“LUCS” means Land Use Compatibility Statement;

“Minimum Inventory Level” means the U.S. Dollar value of Vendor’s inventory, at cost, calculated based on a rolling 8-week average as of August 8, 2023, subject to a 10% variance, unless otherwise agreed to by Purchaser;

“Monitor” has the meaning given to it in the Recitals;

“Monitor’s Certificate” means the certificate to be filed with the CCAA Court by the Monitor certifying receipt by the Monitor of written confirmation, in form and substance satisfactory to the Monitor, from each relevant party that all conditions of Closing in its favor, which are for the benefit of such party, have been satisfied or waived;

“NCCB” means the Nevada Cannabis Compliance Board;

“NCCB Approval” means approval by the NCCB of a change in ownership of all NCCB Licenses currently held by any Vendor in favor of Purchaser; the issuance of new NCCB licenses to Purchaser with respect to all NCCB Licenses currently held by any Vendor; and change in location applications, if applicable, as to the NCCB Licenses;

“NCCB Licenses” means those Possible NCCB Licenses set forth on Schedule H hereto for which Purchaser elects to seek NCCB Approval; Purchaser shall provide written notice to Vendor by October 15, 2023, as to which Possible NCCB Licenses, if any, are NCCB Licenses;

“OLCC” means the Oregon Liquor and Cannabis Commission;

“OLCC Approval” means (i) approval by the OLCC of a change in ownership of all OLCC Licenses, except the Excluded Licenses, currently held by any Vendor in favor of

Purchaser; (ii) the issuance of new OLCC licenses to Purchaser with respect to all OLCC Licenses currently held by any Vendor, except the Excluded Licenses; and (iii) change in location applications, if applicable, as to the OLCC Licenses described on Schedule H hereto;

“**OLCC Licenses**” means those OLCC licenses set forth on Schedule H hereto;

“**Oregon Court**” has the meaning given to it in the Recitals;

“**Oregon Court Sale Approval Order**” means an order of the Oregon Court substantially in the form attached as Schedule E hereto issued pursuant to ORS 37.250;

“**Outside Date**” means December 1, 2023, or such later date as may be agreed to by the Purchaser and the Vendor, with the consent of the Monitor and the Receiver;

“**Permitted Encumbrances**” means all those Encumbrances described in Schedule F hereto;

“**Person**” means an individual, company, corporation, partnership, joint venture, limited liability company, association, company, trust, enterprise, unincorporated organization, Governmental Entity or other entity however designated or constituted;

“**Possible NCCB Licenses**” means those NCCB licenses set forth on Schedule H hereto;

“**Purchase Price**” has the meaning given to it in Section 3.1;

“**Purchased Assets**” has the meaning given to it in the Recitals;

“**Real Property Leases**” has the meaning given to it in Section 2.2(h);

“**Receiver**” has the meaning given to it in the Recitals.

“**Receivership Entities**” has the meaning given to it in the Recitals.

“**Receivership Court**” means the Circuit Court of Multnomah County, Oregon, USA.

“**Tax Act**” means the *Income Tax Act* (Canada) and any relevant provincial legislation imposing taxes similar to the *Income Tax Act* (Canada);

“**Time of Closing**” means the date and time set out in the Monitor’s Certificate;

“**Transaction**” means the transaction of purchase and sale contemplated by this Agreement;

“**Transaction Approval Orders**” means, collectively, the CCAA Court Approval and Vesting Order and the Oregon Court Sale Approval Order;

“**Transaction Documents**” has the meaning set forth in Section 1.5; and

“**Transferred Permits**” has the meaning given to it in Schedule B hereto.

1.2 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in United States currency.

1.3 Sections and Headings; Interpretation

The division of this Agreement into Articles, Sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to an Article, Section, Subsection or Schedule refers to the specified article of, section of, subsection of, or schedule to, this Agreement. The terms “this Agreement”, “hereof”, “hereunder”, and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection or other portion hereof and include an agreement supplemental hereto. Whenever used in this Agreement, the words “include,” “includes,” or “including” shall be deemed to be followed by the words “without limitation,” and the word “or” is not exclusive.

1.4 Number, Gender

In this Agreement, words importing the singular number only shall include the plural and vice versa; words importing gender shall include all genders.

1.5 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement (the “**Transaction Documents**”), constitute the entire agreement between the parties with respect to the subject matter hereof and set out all the covenants, promises, warranties, representations, conditions and agreements between the parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether written or oral between the parties. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

1.6 Time of Essence

Time shall be of the essence of this Agreement.

1.7 Applicable Law

As to Purchased Assets owned by Chalice and transferred to Purchaser hereunder, this Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party shall

be deemed to have consented to the exclusive jurisdiction of the CCAA Court in connection with any disputes relating to this Agreement. As to the Purchased Assets owned by the Receivership Entities or US entities other than the Receivership Entities, and transferred to Purchaser hereunder, this Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the State of Oregon and each party shall be deemed to have consented to the exclusive jurisdiction of the Receivership Court in connection with any disputes relating to this Agreement.

1.8 Successors and Assigns

This Agreement shall inure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors and permitted assigns.

1.9 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.10 Amendments and Waivers

No amendment of any provision of this Agreement shall be binding on any party unless agreed to in writing by each of the parties hereto and consented to in writing by the Monitor and the Receiver. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.

1.11 Statutory References

Any reference in this Agreement to a statute includes all regulations made thereunder, all amendments to such statutes or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations.

1.12 Consent

Whenever a provision of this Agreement requires an approval or consent by a person who is a party to such agreement, and notification of such approval or consent is not delivered within the applicable time period, then, unless otherwise specified, such person shall be conclusively deemed to have withheld its approval or consent.

1.13 Calculation of Time

Unless otherwise specified, time periods referred to in this Agreement within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the

period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

1.14 Conflict or Inconsistency

Wherever any provision, whether express or implied, of any Schedule or Transaction Document conflicts or is at variance with any provision in the main body of this Agreement, the provision in the main body shall prevail. Wherever any provision, whether express or implied, of this Agreement conflicts with or is at variance with any documentation issued in furtherance hereof, the provision of this Agreement shall prevail.

1.15 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following such day.

1.16 Independent Legal Advice

Each of the parties hereto acknowledge that they have been afforded the opportunity of receiving independent legal advice concerning this Agreement, and in the event that any party has executed this Agreement without the benefit of independent legal advice, such party hereby waives the right to receive such independent legal advice.

1.17 Schedules

The following Schedules are attached to and form part of this Agreement:

Schedule A – Other Vendors

Schedule B – Purchased Assets

Schedule C – Assumed Liabilities

Schedule D – CCAA Court Approval and Vesting Order

Schedule E – Oregon Court Sale Approval Order

Schedule F – Permitted Encumbrances

Schedule G – Purchase Price Allocation

Schedule H – OLCC Licenses, City Licenses, NCCB Licenses

ARTICLE 2
PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchased Assets

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase and assume from the Vendor, on the Closing Date, effective as of the Time of Closing, all of the Vendor's right, title and interest, in and to the Purchased Assets.

2.2 Excluded Assets

All undertaking, property and assets of the Vendor other than the Purchased Assets shall be excluded from the purchase and sale of assets provided for in this Agreement (collectively, the "**Excluded Assets**"). Without limiting the foregoing, the following shall be Excluded Assets:

- (a) any and all OLCC licenses and City licenses associated with the retail stores located at (i) 1917 SE 7th Ave., Portland, OR; (ii) 6330 Beaverton Hillsdale Hwy, Portland, OR, and (iii) 5035 SE McLoughlin Blvd., Portland, OR, (together, the "**Excluded Locations**"), including OLCC licenses bearing OLCC license numbers 050-10184421855, 050-10169911EE0, and 050-1023329BEE5, and City licenses bearing license numbers MRL22371, MRL22155, and 22CNB-LIC-00060 (together, the "**Excluded Licenses**");
- (b) any and all contracts to the extent associated with the Excluded Locations;
- (c) any and all capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or nonvoting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of any Vendor or any subsidiary or Affiliate of any Vendor;
- (d) minute books, stock ledgers, organizational documents, corporate seals, taxpayer and other identification numbers and other documents, in each case, relating to the organization, maintenance and existence of each of the Vendors, if any;
- (e) any and all consulting and/or management agreements including, but not limited to, any consulting and/or management agreement between any Vendor on the one hand and Tozmoz LLC and/or Joel Klobas on the other hand;
- (f) all motor vehicle leases;
- (g) any and all ATMs and contracts or leases related thereto;
- (h) the leases and other agreements to occupy any premises entered into by, or assigned in favor of, any Vendor, including all purchase options, prepaid rents, security deposits, rights to appurtenances and improvements, licenses and permits relating thereto and all leasehold improvements thereon (collectively, the "**Real Property Leases**");

- (i) cash on hand as of Closing;
- (j) all tax refunds including any earned income tax credit refunds; and
- (k) equipment leased under personal property leases.

2.3 Assumed Liabilities

Subject to the terms and conditions of this Agreement, the Purchaser shall assume, on the Closing Date, effective as of the Time of Closing, and shall pay, discharge, honor, fulfill and perform, as the case may be and as and when due, from and after the Closing Date, the Assumed Liabilities.

2.4 Excluded Liabilities

Except as expressly assumed pursuant to Section 2.3, the Purchaser does not assume and shall have no obligation to pay, discharge, honor, fulfill or perform the Excluded Liabilities, if any. Without limiting the foregoing, Purchaser does not assume and shall have no obligation to pay, discharge, honor, fulfill or perform any accounts payable or corporate Liabilities of the Vendor, including, without limitation:

- (a) the Debenture Indenture dated November 16, 2020, between the Vendor (or any Vendor) and Capital Transfer Agency, ULC, as amended, or any outstanding Liabilities under similar debenture indentures entered into by any Vendor;
- (b) any debt, obligations or other Liabilities including, loans, promissory notes, or lines of credit;
- (c) any debt, Liabilities or obligations owed by any Vendor to a local, city, county, state, or federal government authority in the United States or a local, provincial, or federal government authority in Canada including, without limitation, any (i) Canadian federal and provincial source deductions or withholding taxes in respect of Employees of any Vendor, arising prior to Closing; (ii) US federal and state withholding taxes in respect of Employees of any Vendor, arising prior to Closing; (iii) Oregon state or local marijuana taxes arising prior to Closing; and (iv) any licensing or regulatory fees arising or attributable to the Vendor's operations prior to Closing;
- (d) any sale, transfer, or registration taxes (including HST and Oregon corporate activity tax) (together, the "Transfer Taxes") incurred in connection with the Transaction; Vendor shall be solely responsible for the payment of any Transfer Taxes;
- (e) any Liabilities in connection with any present or future litigation to which any Vendor or the directors, officers or Employees of any Vendor may be subject;
- (f) intentionally deleted;
- (g) intentionally deleted; and

(h) any ordinary course or other obligations under the Real Property Leases whether arising prior to or after the Closing Date.

In addition, the Vendor will continue to be responsible for all Liabilities for any tax obligation arising prior to or in connection with the operation of the Vendor's businesses prior to Closing.

2.5 As-is, Where-is

(a) The Purchaser acknowledges to and in favor of the Vendor, the Monitor and the Receiver that the Purchaser has conducted its own investigations and inspections of the Purchased Assets and that the Purchaser is responsible for conducting its own inspections and investigations of all matters and things connected with or in any way related to the Purchased Assets, that the Purchaser has satisfied itself with respect to the Purchased Assets and all matters and things connected with or in any way related to the Purchased Assets, that the Purchaser has relied upon its own investigations and inspections in entering into this Agreement, that the Purchaser is purchasing the Purchased Assets on an "as-is, where-is" basis as at the Time of Closing, that the Purchaser will accept the Purchased Assets in their present state, condition and location and that the Purchaser hereby acknowledges that the Vendor has made no representations, warranties, statements or promises (whether express or implied), including with respect to the Purchased Assets, save and except as are contained herein, including as to title, description, Encumbrances, fitness for purpose, merchantability, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act* (Ontario) or other sale of goods laws do not apply to the sale of the Purchased Assets and are hereby waived by the Purchaser. The disclaimer in this Section 2.5 is made notwithstanding the delivery or disclosure to the Purchaser or its directors, officers, employees, agents or representatives of any documentation or other information (including any financial projections, estimates, budgets, offering memoranda, management presentations, due diligence materials or other supplemental data not included in this Agreement). The Purchaser also acknowledges that neither the Monitor nor the Receiver have provided any representations or warranties in respect of any matter or thing whatsoever in connection with the Transaction contemplated hereby, including with respect to the Purchased Assets.

(b) The provisions of this Section 2.5 will survive Closing or the termination of this Agreement.

2.6 Approvals and Consents

(a) As promptly as possible after the granting of both the CCAA Court Approval and Vesting Order and the Oregon Court Sale Approval Order, (i) Vendor shall (a) submit to the OLCC a change in ownership application for all OLCC Licenses in favor of Purchaser; (b) submit to the City a change in ownership application for all City Licenses in favor of Purchaser, and (c) submit to the NCCB a change in ownership application for all NCCB Licenses in favor of Purchaser; (d) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Entities (including the OLCC Approval, City Approval, and NCCB

Approval) that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and (ii) Purchaser shall submit all necessary applications related to the OLCC Licenses, City Licenses, and NCCB Licenses.

(b) Purchaser shall be responsible for obtaining a new Land Use Compatibility Statement (“LUCS”) with respect to the OLCC Licenses

(c) To the extent Vendor seeks to temporarily close any retail store on or after the date of this Agreement, other than the Excluded Locations, that is open and operating as of the date of this Agreement, Vendor shall not close such retail store without prior consultation with Purchaser, and to the extent there is a disagreement between Vendor and Purchaser over store closure, Purchaser shall have an opportunity to fund the cost of operations at such location and receive the profits of operations at such location; in such event, Vendor shall keep such location open. There shall be no credit to the Purchase Price for any such costs paid by Purchaser.

ARTICLE 3 **PURCHASE PRICE**

3.1 Purchase Price

- (a) The amount payable by the Purchaser for the Purchased Assets (the “**Purchase Price**”) shall be US \$3,000,000.
- (b) The Purchase Price shall be satisfied as follows:
- (i) Purchaser’s prior payment of the Deposit, which is being held by the Monitor for the benefit of the Vendor, shall be credited to the Vendor by the release of such amount to the Monitor and the Receiver on the Closing Date in such amounts as to achieve the division of the Purchase Price set forth in Section 3.2 below; and
 - (ii) the balance of the Purchase Price in the amount of \$2,493,546.24 will be paid into escrow within three business (3) days after entry of both the Oregon Court Sale Approval Order and CCAA Court Approval and Vesting Order by wire transfer of immediately available funds and then subsequently released from escrow on the Closing Date to an account of the Receiver specified in writing by the Receiver not less than two (2) Business Days prior to the Closing Date.

Notwithstanding the above:

- (A) To the extent Vendor’s inventory (at cost), as of the Closing Date, is less than the Minimum Inventory Level, the balance of the Purchase Price shall be reduced by the difference between the inventory (at cost) as of the Closing Date and the Minimum Inventory Level.

- (c) The amount paid to the Monitor by the Purchaser pursuant to 3.1(b)(i) will be:
- (i) credited to the Vendor at the Time of Closing if the sale and purchase of the Purchased Assets, as provided for herein, is completed in accordance with the terms and conditions hereof;
 - (ii) forfeited to the Vendor (together with all interest accrued thereon, if any), less any applicable withholding tax, if the Closing does not occur by reason that this Agreement is terminated by the Vendor pursuant to Section 11.1(f) in order to compensate the Vendor for expenses incurred in connection with the Transaction and the delay caused to the Vendor's efforts to sell the Purchased Assets;
 - (iii) returned to the Purchaser (together with all interest accrued thereon, if any), less any applicable withholding tax, if the Closing does not occur by reason that this Agreement is terminated by the Purchaser pursuant to Section 11.1(g);
 - (iv) returned to the Purchaser (together with all interest accrued thereon, if any), less any applicable withholding tax, if the Closing does not occur by the Outside Date and the conditions in 3.1(c)(ii) are not met; and
 - (v) subject to 3.1(c)**Error! Reference source not found.**, returned to the Purchaser (together with all interest accrued thereon, if any), less any applicable withholding tax, if the Transaction Approval Orders have not been entered by October 1, 2023.

3.2 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in accordance with Schedule G hereto (the "**Allocation Statement**"), and the parties shall ensure that all financial information and any tax returns, declarations, or elections filed are consistent with such allocations. If Schedule G is not completed on the date of execution of this Agreement, the Purchaser agrees to complete it prior to Closing. The Vendor and the Purchaser shall:

(a) report the purchase and sale of the Purchased Assets in any income tax returns relating to the Transaction contemplated in this Agreement in accordance with the Allocation Statement; and (b) act in accordance with the Allocation Statement in the preparation, filing and audit of any tax return (including filing any U.S. federal income tax return). The Receiver on one hand and Chalice and the non-Receiver U.S. Vendor entities on the other hand, agree that the Purchase Price shall be divided among them as follows: (1) \$61,879.66 to Chalice on account of the brand/goodwill; and (2) the balance of the Purchase Price to the Receiver on account of the assets of the Receivership Entities.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE VENDOR

4.1 Representations and Warranties

The Vendor represents and warrants to the Purchaser as follows as of the date of this Agreement and again as on Closing and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

- (a) **Organization.** Chalice is a corporation duly amalgamated and organized and validly subsisting under the laws of Ontario pursuant to the Business Corporations Act (Ontario) and has the corporate power to enter into this Agreement and to perform its obligations hereunder and to consummate the Transaction.
- (b) **Execution, Delivery and Enforceability.** Each Vendor has all the necessary corporate power and authority to enter into this Agreement and all other documents contemplated herein to which it is or will be a party. This Agreement has been duly executed and delivered by each Vendor and, subject to the entry of the CCAA Court Approval and Vesting Order and the Oregon Court Sale Approval Order, this Agreement is a legal, valid and binding obligation of the Vendor, enforceable against the Vendor by the Purchaser in accordance with its terms.
- (c) **Title to Purchased Assets.** Vendor has good and valid title to, or a valid leasehold interest in, all of the Purchased Assets.
- (d) **No Other Sale.** The Vendor has not sold or entered into any other agreements for the sale of any of the Purchased Assets.
- (e) **No Proceedings.** There is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Vendor's actual knowledge, threatened against or relating to the Vendor or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Vendor to enter into this Agreement or to consummate the Transaction, and the Vendor is not aware of any existing ground on which any such action, suit or proceeding may be commenced with any reasonable likelihood of success.
- (f) **Procedural Compliance.** All announcements and notices required by law or regulation or otherwise required in connection with this Transaction have been timely made, and each Person having any interest in any of the Purchased Assets or otherwise having any right to receive any such announcement or notice has received such announcements or notices and been given an opportunity to participate in or object to the Transaction contemplated by the Agreement.

- (g) Except if otherwise provided herein, (a) Vendor has not received any written notice from the OLCC or City regarding (i) any actual, alleged, or potential suspension, cancellation, or revocation of the OLCC Licenses or City Licenses, (ii) any actual, alleged, or potential failure by Vendor to comply with any Oregon marijuana laws, or (iii) any actual or potential imposition of any civil penalty by the OLCC or City on Vendor; and (b) neither the OLCC nor City has not imposed any civil penalty on Vendor. To the best of the Vendor's actual knowledge and except as otherwise provided, there are no existing facts that would be reasonably expected to materially impact (a) the validity of the OLCC Licenses or City Licenses or (b) the contemplated issuance of new OLCC Licenses or new City Licenses to Purchaser.

4.2 Representations and Warranties at Closing

The Vendor represents and warrants to the Purchaser that each and every representation and warranty of the Vendor made in this Article 4 shall be true and correct at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

5.1 Representations and Warranties

The Purchaser represents and warrants to the Vendor as follows as of the date of this Agreement and again on Closing and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Assets:

- (a) **Organization.** The Purchaser is a corporation duly incorporated and organized and validly subsisting under the laws of Delaware and has the corporate power to enter into this Agreement and to perform its obligations hereunder and to consummate the Transaction.
- (b) **Execution, Delivery and Enforceability.** The execution and delivery of and performance by the Purchaser of this Agreement and all other documents contemplated herein to which it is or will be a party have been authorized by all necessary corporate action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms.
- (c) **Brokers' or Finders' Fees.** The Purchaser has not incurred any obligation or Liability, contingent or otherwise, for any broker's or finder's fees or commissions in respect of this Transaction for which the Vendor shall have any obligation or Liability to pay.
- (d) **Solvency.** The Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it,

has not taken any proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

- (e) **Approvals and Consents.** Except for (a) the issuance of the CCAA Court Approval and Vesting Order, (b) the issuance of the Oregon Court Sale Approval Order, (c) OLCC Approval of change in ownership applications for the OLCC Licenses; (d) City Approval of change in ownership applications for the City Licenses; (e) NCCB Approval of change in ownership applications for the NCCB Licenses; (f) the obtaining of an LUCS as to each of the OLCC Licenses or confirmation from the applicable local governments that the existing applicable LUCSs are still valid; and (g) any consent that may be required in connection with the assignment of a Purchased Asset, no authorization, consent or approval of, or filing with or notice to, any Governmental Entity, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser, and each of the agreements to be executed and delivered by the Purchaser hereunder or the purchase of any of the Purchased Assets hereunder, except for any authorizations, consents, approvals, filings or notices of any Governmental Entity, court or Person that would not have a material effect on or materially delay or impair the ability of the Purchaser to consummate the Transaction.
- (f) **No Proceedings.** There is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the Purchaser's actual knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the Transaction, and the Purchaser is not aware of any existing ground on which any such action, suit or proceeding may be commenced with any reasonable likelihood of success.
- (g) **Tax Compliance.** Purchaser and its Affiliates are fully tax compliant under OLCC rules and regulations and are qualified to obtain a tax compliance certification demonstrating compliance with all Oregon state tax requirements.

5.2 Representations and Warranties at Closing

The Purchaser represents and warrants to the Vendor that each and every representation and warranty of the Purchaser made in this Article 5 shall be true and correct at and as of the Time of Closing with the same force and effect as if such representations and warranties had been made at and as of the Time of Closing.

ARTICLE 6
EMPLOYEE MATTERS

6.1 Employees

Purchaser may offer employment to certain current Employees in Purchaser's sole discretion. Purchaser will not be responsible for any obligations to or assume any Liabilities associated with Employees who Purchaser does not employ. To the extent Purchaser employs any Employees, Purchaser will not be responsible for any obligations to or assume any Liabilities associated with such Employees prior to the date of any such employment commences. Any offers by Purchaser to employ Employees will be conditional upon Closing.

ARTICLE 7
RISK

7.1 Notice of Untrue Representation or Warranty

Each of the parties shall promptly notify the other party upon any representation or warranty of such party contained in this Agreement becoming untrue or incorrect from the date of this Agreement until the Time of Closing.

7.2 Risk of Loss

Until the Time of Closing, the Purchased Assets shall remain at the risk of the Vendor. After Closing occurs, the Purchased Assets shall be at the sole risk of the Purchaser regardless of the location of the Purchased Assets.

ARTICLE 8
CONDITIONS OF CLOSING

8.1 Conditions for the Benefit of the Purchaser

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Purchaser:

- (a) The representations and warranties of the Vendor contained in Article 4 of this Agreement shall be true and correct in all material respects at the Time of the Closing with the same force and effect as if such representations and warranties were made at such time;
- (b) All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Vendor at or before the Time of Closing shall have been complied with or performed in all material respects;
- (c) the Transaction Approval Orders shall have been entered and provide that all of Chalice and the Receivership Entities' rights, title, and interests in and to the Purchased Assets are sold to Purchaser free and clear of all Claims and Encumbrances, other than Permitted Encumbrances, and that the Purchaser is not a successor to any Vendor;

- (d) the Transaction Approval Orders shall have been entered and provide that Purchaser is acquiring the Purchased Assets in good faith;
- (e) the Transaction Approval Orders shall not have been reversed, stayed, varied, or vacated;
- (f) Purchaser shall have obtained any city, county, or state approval required to operate a cannabis-related business, which Vendor and Purchaser will use commercially reasonable measures to obtain on Purchaser's behalf;
- (g) Purchaser shall have obtained a new LUCS with respect to all OLCC Licenses;
- (h) Purchaser shall have received from the OLCC approval of a change in ownership of all OLCC Licenses, except the Excluded Licenses, currently held by any Vendor in favor of Purchaser and the OLCC shall have issued new OLCC licenses to Purchaser with respect to all OLCC Licenses currently held by any Vendor, except the Excluded Licenses; Vendor and Purchaser will use commercially reasonable measures to obtain the aforementioned change of ownership and new OLCC licenses on Purchaser's behalf;
- (i) Purchaser shall have received from the City approval for a change in ownership of all City Licenses, except the Excluded Licenses, currently held by any Vendor in favor of Purchaser and the City shall have issued new City licenses to Purchaser with respect to all City Licenses currently held by any Vendor, except the Excluded Licenses; Vendor and Purchaser will use commercially reasonable measures to obtain the aforementioned change of ownership and new City licenses on Purchaser's behalf;
- (j) Purchaser shall have sought approval from the NCCB approval of a change in ownership of all NCCB Licenses currently held by any Vendor in favor of Purchaser and the NCCB shall have issued new NCCB licenses to Purchaser with respect to all NCCB Licenses currently held by any Vendor; Vendor and Purchaser will use commercially reasonable measures to obtain the aforementioned change of ownership and new NCCB licenses on Purchaser's behalf. Notwithstanding the foregoing, NCCB approval is not a condition precedent to Closing.
- (k) intentionally deleted; and
- (l) intentionally deleted.

8.2 Conditions for the Benefit of the Vendor

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the exclusive benefit of the Vendor, to be performed or fulfilled at or prior to the Time of Closing:

- (a) **Representations and Warranties.** The representations and warranties of the Purchaser contained in Article 5 of this Agreement shall be true and correct in

all material respects at the Time of Closing with the same force and effect as if such representations and warranties were made at such time;

- (b) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by the Purchaser at or before the Time of Closing shall have been complied with or performed in all material respects; and
- (c) **Payment of Purchase Price.** The Purchaser shall have paid the Purchase Price in accordance with Section 3.1 of his Agreement

8.3 Conditions for the Mutual Benefit of the Vendor and Purchaser

The sale and purchase of the Purchased Assets is subject to the following terms and conditions for the mutual benefit of the Vendor and the Purchaser, to be performed or fulfilled at or prior to the Time of Closing:

- (a) the CCAA Court shall have entered and issued the CCAA Court Approval and Vesting Order conveying to the Purchaser upon Closing all of Chalice's right, title and interest in and to the Purchased Assets free and clear of all Claims and Encumbrances, other than Permitted Encumbrances, and the CCAA Court Approval and Vesting Order shall not have been reversed, stayed, varied or vacated;
- (b) the Oregon Court shall have entered and issued the Oregon Court Sale Approval Order conveying to the Purchaser upon Closing all of Receivership Entities' right, title and interest in and to the Purchased Assets free and clear of all Claims and Encumbrances, other than Permitted Encumbrances, and the Oregon Court Sale Approval Order shall not have been reversed, stayed, varied or vacated;
- (c) at the Time of Closing, no provision of any applicable law shall be in effect and/or no legal proceeding shall be pending which enjoins, restricts or prohibits the purchase and sale of the Purchased Assets contemplated hereby, including, without limitation, any order issued by any Governmental Entity against any of the parties or involving any of the Purchased Assets enjoining, preventing or restraining the completion of the Transaction;
- (d) all governmental and other regulatory approvals except as noted herein will have been obtained; and
- (e) no provision of any applicable law or regulation shall be in effect and no legal proceeding shall be pending which enjoins, restricts or prohibits the purchase and sale of the Purchased Assets contemplated herein, including, without limitation, any order issued by any Governmental Entity against any of the parties or involving any of the Purchased Assets enjoining, preventing or restraining the completion of the Transaction

ARTICLE 9

MAINTENANCE OF ASSETS

Subject to Article 10, during the interim period between execution of this Agreement and the Closing Date (the “**Interim Period**”), Vendor will:

- (a) use commercially reasonable efforts to maintain the Purchased Assets in a prudent and proper manner;
- (b) maintain inventory at the Minimum Inventory Level;
- (c) operate its businesses in the ordinary course;
- (d) keep open and operate all of its retail stores that are open and operating as of the date of this Agreement, except for the Excluded Locations;
- (e) keep active and valid all OLCC Licenses, City Licenses, and provide access to records and advisors regarding NCCB Licenses; and
- (f) pay all costs and expenses associated with the Purchased Assets and comply with all covenants and conditions in any agreements to which the Purchased Assets may be subject; to the extent the Receivership Entities defer payment of rent on Real Property Leases and payments on personal property leases, Purchaser shall not be responsible for such deferred payments.

ARTICLE 10

MASTER SERVICES AGREEMENT

Should Closing not occur by October 31, 2023, and provided that Purchaser has entered into new Real Property leases with the applicable landlords for all retail locations (other than Excluded Locations) where the Receivership Entities hold OLCC Licenses, then in such event, the parties will enter into a management services agreement that is compliant with all applicable state laws and administrative rules and in a form agreed to by the parties, acting reasonably, and approved by the Receiver and Monitor (the “**MSA**”).

The terms of the MSA will be agreed to by the parties, acting reasonably, and approved, to the extent necessary, by the Receiver, Monitor, OLCC, and Receivership Court, but must provide that:

- (a) the MSA shall terminate on the earlier of the Closing Date or the date on which this Agreement is terminated;
- (b) the Receiver and/or Monitor shall retain control over employment decisions regarding Vendor’s senior executives during the time in which the MSA is effective, however, Purchaser may request authorization for employment changes and Vendor’s approval of those changes shall not be unreasonably withheld;

- (c) Purchaser shall make Vendor's day-to-day business and operational decisions during the time in which the MSA is effective; and
- (d) Purchaser agrees to fund at its cost all expenses of the business of Vendor during the term of the MSA without any credit against the Purchase Price and Purchaser shall receive all of the profits from the business of Vendor during the term of the MSA.

ARTICLE 11 **TERMINATION**

11.1 Termination

This Agreement may be terminated at any time prior to Closing:

- (a) automatically and without any action or notice by either party, immediately upon the issuance of a final and non-appealable order, decree, or ruling or any other action by a Governmental Entity to restrain, enjoin or otherwise prohibit the Transaction;
- (b) by mutual written consent of the Vendor (with the consent of the Monitor and the Receiver) and the Purchaser, or on further order of the CCAA Court or Oregon Court;
- (c) by the Purchaser if the Closing has not occurred on or before the Outside Date, provided, however, that the Purchaser may not exercise such termination right if it is in material breach of its obligations under this Agreement;
- (d) by the Purchaser if Transaction Approval Orders have not been entered by October 1, 2023;
- (e) by the Vendor, if required under any order of a court of competent jurisdiction including the CCAA Court and the Oregon Court;
- (f) by the Vendor (with the consent of the Monitor and the Receiver), if the Purchaser fails to fulfill any condition set forth in Section 8.2 by the Outside Date or if there has been a material violation or breach by the Purchaser of any covenant, representation or warranty, which would prevent the satisfaction of the conditions set forth in Sections 8.2 or 8.3, unless the Vendor is in material breach of its obligations under this Agreement, and such failure has not been waived by the Purchaser or cured by the Outside Date; or
- (g) by the Purchaser, if the Vendor fails to fulfill any condition set forth in Section 8.1 by the Outside Date or if there has been a material violation or breach by the Vendor of any covenant, representation or warranty, which would prevent the satisfaction of the conditions set forth in Sections 8.1 or 8.3, unless the Purchaser is in material breach of its obligations under this

Agreement, and such failure has not been waived by the Vendor or cured by the Outside Date.

The party desiring to terminate this Agreement pursuant to this Section 11.1 shall give written notice of such termination to the other party, specifying in reasonable detail the basis for such party's exercise of its termination rights.

11.2 Effects of Termination

If this Agreement is terminated pursuant to Section 11.1, all further rights and obligations of the parties under or pursuant to this Agreement shall terminate without further liability of any party to the other, other than this Section 11.2 and Sections 1.8, 3.1(c), 13.1, 13.4, 13.5, 13.6, 13.7, 13.9 shall survive, the confidentiality, non-use and non-disclosure obligations under the NDA shall survive in accordance with the terms of the NDA, and no termination of this Agreement shall relieve any party of any liability for any willful breach by it of this Agreement.

ARTICLE 12 CLOSING

12.1 Location and Time of the Closing

The Closing shall take place at the Time of Closing on the Closing Date at Tonkon Torp LLP, or at such other location as may be agreed upon by the parties. The Closing shall, unless otherwise agreed between the parties, be conducted virtually.

12.2 Parties' Deliveries at Closing

At Closing, the Vendor shall deliver to the Purchaser, and the Purchaser shall deliver to the Vendor, all documents required to be delivered by on or prior to the Closing Date pursuant to this Agreement or applicable law or as reasonably requested by the other party in good faith. The Purchaser shall take possession of the Purchased Assets *in situ* wherever located at Closing, and the Vendor shall have no obligation to deliver physical possession of the Purchased Assets to the Purchaser.

12.3 Cooperation

The parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date. Without limiting the foregoing, the parties shall assist with submissions, share information and make any other efforts reasonably required to obtain any approval from any Governmental Entity necessary to effect the Closing.

12.4 Confirmation of Satisfaction of Conditions

On the Closing Date, subject to satisfaction or waiver by each relevant party of the conditions of Closing in its favor, which are for the benefit of such party, each party shall confirm to the Monitor and the Receiver, in writing in accordance with the provisions of Section 13.1 herein, the satisfaction or waiver of all such conditions to Closing. Each of the

parties shall promptly make or cause to be made all filings and submissions, as applicable, required under any applicable law to effect Closing.

12.5 Monitor's Certificate

The parties hereby acknowledge and agree that the Monitor shall be entitled to file the Monitor's Certificate with the CCAA Court without independent investigation upon receiving written confirmation from each relevant party (or the applicable party's counsel) in form and substance satisfactory to the Monitor that all conditions of Closing in favor of such party have been satisfied or waived, and the Monitor shall have no liability to the parties or any other person as a result of filing the Monitor's Certificate. For greater clarity, the Monitor is not a party to this Agreement. The Monitor shall deliver the Monitor's Certificate upon the parties having delivered to the Monitor in writing the confirmation set out in Section 12.4 of this Agreement.

ARTICLE 13 **GENERAL MATTERS**

13.1 Notices

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by electronic mail or sent by registered mail, charges prepaid, addressed as follows:

- (i) if to the Vendor:

Cardinal Advisory Services Inc.
120 Adelaide Street West, Suite 2210
Toronto, ON M5T 1H1

Attention: Scott Secord
Email: scottlsecord@gmail.com

with a copy to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, Suite 6200
100 King Street West
Toronto, ON M5X 1B8

Attention: Marc Wasserman / Kathryn Esaw
Email: mwasserman@osler.com / kesaw@osler.com

(ii) if to the Purchaser:

APCO LLC
PO Box 510
Lawai, HI 96765
Attention: William Simpson
E-mail: william@ws3consulting.com

with a copy to:

Tonkon Torp LLP
888 SW Fifth Ave.
Suite 1600
Portland, OR 97204
Attention: Ava Schoen/Jessica Morgan
E-mail: ava.schoen@tonkon.com/jessica.morgan@tonkon.com

(iii) if to the Monitor:

KSV Restructuring Inc.
220 Bay Street
Suite 1300, PO Box 20
Toronto ON M5J 2W4
Attention: Noah Goldstein / Eli Brenner
E-mail: NGoldstein@ksvadvisory.com / EBrenner@ksvadvisory.com

with a copy to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto ON M5H 3C2
Attention: Ryan Jacobs / Jeremy Bornstein
E-mail: RJacobs@cassels.com / JBornstein@cassels.com

(iv) if to the Receiver:

Kenneth S. Eiler, P.C.
515 NW Saltzman Rd.
PMB 810
Portland, OR 97229
Attention: Kenneth Eiler
E-mail: Kenneth.Eiler7@gmail.com

with a copy to:

Lane Powell PC
601 S.W. Second Avenue
Suite 2100
Portland, OR 97204

Attention: David Criswell
E-mail: CriswellD@lanepowell.com

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labor dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means or recorded electronic communication as aforesaid.
- (c) Either party may at any time change its address for service from time to time by giving notice to the other party in accordance with this Section 13.1.

13.2 Release; Acknowledgements; Indemnity

- (a) Except as otherwise contained herein, effective as of the Closing, the Purchaser hereby releases and forever discharges the Vendor, the CRO, the Monitor and the Receiver and their respective Affiliates, and their respective successors and assigns, and all officers, directors, partners, members, shareholders, employees and agents of each of them, as applicable, from any and all actual or potential Claims which Purchaser had, has or may have in the future to the extent relating to the Purchased Assets and the Assumed Liabilities.
- (b) The Purchaser shall use its best efforts to assist the Vendor and shall co-operate with the Vendor, as reasonably requested, to obtain from third parties, effective as of the Time of Closing, a full release of the Vendor's obligations under the Permitted Encumbrances, and shall provide such financial and other information and enter into such assumption agreements as such third parties may reasonably require, in form and substance acceptable to each of the parties thereto acting reasonably and without delay.
- (c) The Purchaser hereby agrees to indemnify the Vendor, the Monitor, the CRO, the Receiver, and their respective Affiliates and their respective present or former trustees, officers, directors, employees, agents and shareholders, and saves each of them fully harmless from and against, and will reimburse or compensate each of them on demand for, all losses and Claims arising from, in connection with or

related in any manner whatsoever to the Purchaser's failure to pay when due, and perform and discharge, the Assumed Liabilities, if any.

- (d) The Vendor and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of Chalice, shall have no liability in its personal capacity or otherwise, in connection with this Agreement.
- (e) The Vendor and the Purchaser acknowledge and agree that the Receiver, acting in his capacity as Receiver of the Receivership Entities, shall have no liability in his personal capacity or otherwise, in connection with this Agreement.

13.3 Non-Waiver

No waiver of any condition or other provision, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided in writing.

13.4 Confidentiality

The Vendor undertakes and agrees (and agrees to cause its agents, employees and representatives) to keep the existence and terms of this Agreement in strict confidence, except (i) for the purpose of obtaining the CCAA Court Approval and Vesting Order and the Oregon Court Sale Approval Order; (ii) as may be required by law; or (iii) otherwise mutually agreed upon in writing by the Vendor (with the consent of the Monitor and the Receiver) and the Purchaser.

13.5 Injunctive Relief

- (a) The parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such specific performance, injunctive or other equitable relief, this being in addition to any other remedy to which the parties may be entitled at law or in equity.
- (b) Each party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the parties further agree that by seeking the remedies provided for in this Section 13.5, a party shall not in any respect waive its right to seek any other form of relief that may be available to a party under this Agreement.
- (c) Notwithstanding anything herein to the contrary herein, under no circumstances shall a party be permitted or entitled to receive both monetary damages and specific performance and election to pursue one shall be deemed to be an irrevocable waiver of the other.

13.6 Expenses

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

13.7 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner, securityholder, Affiliate, agent, lawyer or representative of the respective parties, in such capacity, shall have any liability for any obligations or liabilities of the Purchaser or the Vendor, as applicable, under this Agreement, or for any Claim based on, in respect of or by reason of the Transaction.

13.8 Further Assurances

Each party to this Agreement covenants and agrees that it will at all times promptly execute and deliver all such documents including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or any Transaction Document or any of the respective obligations intended to be created hereby or thereby.

13.9 Assignment

Neither the Purchaser nor the Vendor may assign this Agreement or any rights or obligations hereunder in whole or in part without the prior written consent of the other counterparty, the Monitor and the Receiver, in each case which consent is not to be unreasonably withheld, provided that the Purchaser shall be entitled to assign this Agreement to an Affiliate of the Purchaser without the consent of the Vendor, the Monitor and the Receiver, provided further that the Purchaser may designate one or more nominees to take title in and to the Purchased Assets, or any part thereof, by giving the Vendor written notice of such assignment prior to the date of the hearing for the CCAA Court Approval and Vesting Order and Oregon Court Sale Approval Order.

13.10 Survival

The representation and warranties of the parties contained in this Agreement shall merge on Closing and the covenants of the parties contained herein to be performed after Closing shall survive Closing and remain in full force and effect.

13.11 Counterpart or Electronic Signatures

This Agreement may be executed by electronic signature, in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the

same instrument. Execution of this Agreement may be made by electronic mail which, for all purposes, shall be deemed to be an original signature.

[signature page immediately follows]

Signature Page to Asset Purchase Agreement

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

CHALICE BRANDS LTD.

By: _____ *Ken Eiler* _____
Name: _____
Title: Receiver

By: _____ *Scott Secord* _____
Name: Scott Secord
Title: CRO

GREENPOINT OREGON, INC.

By: _____ *Ken Eiler* _____
Name: Ken Eiler
Title: Receiver

By: _____ *Scott Secord* _____
Name: Scott Secord
Title: CRO

GREENPOINT EQUIPMENT LEASING, LLC

By: _____ *Ken Eiler* _____
Name: _____
Title: Receiver

By: _____ *Scott Secord* _____
Name: Scott Secord
Title: CRO

CFA RETAIL LLC

By: _____ *Ken Eiler* _____
Name: Ken Eiler
Title: Receiver

By: _____ *Scott Secord* _____

Name: Scott Secord
Title: CRO

SMS VENTURES LLC

By: *Ken Eiler*
Name: Ken Eiler
Title: Receiver

By: *Scott Secord*
Name:
Title: CRO

CF BLISS LLC

By: *Ken Eiler*
Name: _____
Title: Receiver

By: *Scott Secord*
Name: Scott Secord
Title: CRO

GREENPOINT NEVADA INC.

By: *Ken Eiler*
Name: Ken Eiler
Title: Receiver

By: *Scott Secord*
Name: _____
Title: CRO

Signature Page to Asset Purchase Agreement

KENNETH S. EILER, in his capacity as Receiver over the Receivership Entities and not in its personal capacity

By: _____ *Ken Eiler* _____
Name: Ken Eiler
Title: Receiver

APCO LLC

By: _____ *Gary Zippel* _____
Name: Gary Zippel
Title: Member

By: _____ *William Simpson* _____
Name: William Simpson
Title: Member

**Schedule A
Other Vendors**

1. Greenpoint Nevada Inc.
2. Greenpoint Oregon, Inc.
3. Greenpoint Equipment Leasing, LLC
4. CFA Retail LLC
5. SMS Ventures LLC
6. CF Bliss LLC

Schedule B Purchased Assets

As to each Vendor, all of the Vendor's right, title and interest in, to and under, or relating to, the assets, property and undertaking owned or used or held for use by the Vendor in connection with the business carried on by the Vendor, including without limitation the following properties, assets and rights:

1. *Accounts Receivable* – the accounts receivable of the Vendor;
2. *Prepaid Expenses* – all prepaid expenses of the Vendor, and all deposits of each Vendor with any supplier, public utility, lessor under any personal property lease, or Governmental Entity;
3. *Inventory* – all items that are owned by the Vendor for sale, license, rental, lease or other distribution in the ordinary course of business, or are being produced for sale, or are to be consumed, directly or indirectly, in the production of goods or services to be available for sale, of every kind and nature and wheresoever situated, including inventories of raw materials, spare parts, work in progress, finished goods and by-products, operating supplies and packaging and labeling materials and similar products related to the sales of inventory;
4. *Fixed Assets and Equipment* – all machinery, equipment (including all extraction and production equipment), furnishings, furniture, parts, dyes, molds, tooling, tools, computer hardware, supplies, accessories, office equipment and other tangible personal and moveable property (other than inventory) owned by the Vendor, whether located on the Vendor's premises or elsewhere, and all rights of the Vendor under warranties, indemnities, licenses, and all similar rights of the Vendor against third Persons with respect to the equipment, fixed assets and tangible assets referenced herein, including without limitation all point of sale equipment, furniture, displays, shelving, refrigeration units, safes, coffee makers, water dispensers, cleaning supplies, including vacuums, printers, packaging materials, and signage;
5. *Vehicles* – all motor vehicles owned by the Vendor, including all trucks, vans, cars and forklifts owned by the Vendor and all rights of the Vendor under warranties, indemnities, licenses, and all similar rights of the Vendor against third Persons with respect to the motor vehicles referenced herein;
6. *Tozmoz Assets* – any and all assets, including cannabis-related licenses, previously owned by Tozmoz LLC and now owned by any Vendor;
7. *Intellectual Property* – all intellectual property and rights in intellectual property owned by the Vendor and that is used or held for use in or otherwise relate to the businesses carried on by the Vendor, including:
 - a. all trade-marks, trade names, business names, websites and domain names, certification marks, service marks, and other source indicators, and the goodwill

- of any business symbolized thereby, patents, copyrights, code, applications, systems, databases, data, website content, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property or proprietary rights;
- b. all registrations and applications for registration thereof;
 - c. the right to obtain renewals, extensions, substitutions, continuations, continuations-in-part, divisions, re-issues, re-examinations or similar legal protections related thereto; and
 - d. the right to bring an action at law or equity for the infringement of the foregoing before the Time of Closing, including the right to receive all proceeds and damages therefrom;
8. *Information Technology Systems* – all software (including source code and object code form), computer hardware, licenses, and documentation therefor and rights therein owned by the Vendor, and any other information technology systems owned by the Vendor, including all electronic data processing systems, program specifications, source codes, object code, input data, report layouts, formats, algorithms, record file layouts, diagrams, functional specifications, narrative descriptions, flow charts, operating manuals, training manuals and other related material;
9. *Goodwill* – the goodwill of each Vendor’s business relating to the Purchased Assets, and information and documents of each Vendor relevant thereto, including lists of customers and suppliers, credit information, telephone and facsimile numbers, research materials, research and development files, Confidential Information (as defined in the non-disclosure agreement executed by the Purchaser pursuant to the SISP);
10. *Employee Records* – personnel and employment records relating to the Employees who provided services to Vendor directly or indirectly;
11. *Business Records* – all business and financial records and files of the businesses carried on by the Vendor, including the general ledger and accounting records, marketing materials, market research, all customer lists and lists of suppliers, information relating to any tax imposed on the Purchased Assets, all operating manuals, plans and specifications and all of the right, interest and benefit, if any, thereunder and to and in the domain names, telephone numbers, e-mail addresses and facsimile numbers used in the businesses carried on by the Vendor, and the tax records and returns, and books and records of or pertaining to the Vendor; provided, however, that the Vendor may retain copies of all books and records included in the Purchased Assets to the extent necessary or useful for the administration of the CCAA Proceeding or any insolvency proceedings in respect of any Vendor or the filing of any tax return or compliance with any applicable law or the terms of this Agreement or related to the Excluded Assets;
12. *Permits* – the Governmental Authorizations of the Vendor, or any of them, required for the Purchased Assets from any Governmental Entity, to the extent transferable to the Purchaser or its permitted assignees (collectively, the “**Transferred Permits**”); and

13. *Actions, etc.* – any claims, refunds, causes of action, rights of recovery, rights of set-off, subrogation and rights of recoupment of the Vendor related to the business carried on by the Vendor or the Purchased Assets or any of the Assumed Liabilities, and the interest of the Vendor in any litigation and in the proceeds of any judgment, order or decree issued or made in respect thereof in respect of occurrences, events, accidents or losses suffered prior to the Time of Closing (but excluding any of the foregoing in respect of any of the Excluded Assets or Excluded Liabilities); and excluding any actions owned or held by the Receiver.

**Schedule C
Assumed Liabilities**

None.

Schedule D
CCAA Court Approval and Vesting Order

[TO BE INSERTED]

**Schedule E
Oregon Court Sale Approval Order**

[TO BE INSERTED]

**Schedule F
Permitted Encumbrances**

None.

Schedule G
Purchase Price Allocation

Total Consideration	\$3,000,000.00
Licenses and Leases	\$650,000.00
Inventory	\$1,704,185.17
Fixtures and Equipment	\$583,935.17
Intangibles (e.g., brand and goodwill)	\$61,879.66

**Schedule H
Licenses**

OLCC LICENSES

License # 020-10087170927

License # 030-1003213EDB2

License # 030-100384161D7

License # 060-1003227DB77

License # 060-10046405D93

License # 030-1017201A3A9

License # 050-1007988A80E

License # 050-1007989F581

License # 050-10079902125

License # 050-10079919CD9

License # 050-10079928B63

License # 050-10025185011

License # 050-1016993F313

License # 050-1016995D03E

License # 050-10169922BD5

License # 050-1016990CA13

License # 050-10184368093

License # 050-10184402F3F

License # 050-10184449F91

CITY LICENSES

License # MRL828

License # MRL959

License # MRL434

License # MRL682

License # MRL683

License # MRL681

License # MRL205

License # MRL22372

POSSIBLE NCCB LICENSES

License # 30641754921357655197

License # 49664395053675917070

License # 30014095193109877690

License # 03595374519108477279

BILL OF SALE

This Bill of Sale ("Bill of Sale") is made by Bobsled Extracts LLC, an Oregon limited-liability company ("Seller") and is dated as of May __, 2021 (the "Effective Date"), by and between Seller and Golden Leaf Holdings Ltd., an Ontario corporation, or its wholly-owned corporate subsidiary designee (collectively, "Buyer").

RECITALS

WHEREAS, Seller desires to sell and to deliver and to assign any and all of Seller's right, title, and interest in and to the Purchased Assets (defined below) to Buyer; and

WHEREAS, in connection with this Bill of Sale, Buyer and Seller are entering into a Secured Promissory Note, Security Agreement and Procurement Agreement dated of even date herewith (the "Related Documents").

NOW, THEREFORE, for good and valuable consideration as set forth in the Promissory Note, the receipt and sufficiency of which the parties acknowledge, the parties agree:

1. Subject to the terms of this Bill of Sale and Related Documents, Seller sells, delivers and assigns to Buyer, without warranty or representation of any kind any and all of Seller's right, title, and interest in and to (i) Luna Tech IO Machine (serial #KJ02-003-00) and (ii) HAL Booth (serial #120U04190069) (the "Purchased Assets") free and clear of all liens and encumbrances.
2. Disclaimer of Warranties. SELLER MAKES NO REPRESENTATION OR WARRANTY WHATSOEVER WITH RESPECT TO THE GOODS, INCLUDING ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (c) WARRANTY OF TITLE; OR (d) WARRANTY AGAINST INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE OR OTHERWISE. BY ACCEPTING THIS BILL OF SALE, BUYER ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTY MADE BY SELLER, OR ANY OTHER PERSON ON SELLER'S BEHALF, EXCEPT AS SPECIFICALLY PROVIDED IN THE AGREEMENT.
3. As of the Effective Date, Buyer has inspected and approved the Purchased Assets and agrees to take full possession of the Purchased Assets with all rights, control and access.

IN WITNESS WHEREOF the parties have executed this Bill of Sale effective as of the Effective Date.

<p>Seller: Bobsled Extracts LLC</p> <p>By:  Manager</p> <p>Date: 5/25/2021</p>	<p>Buyer: Golden Leaf Holdings, Ltd.</p> <p>By:  _____</p> <p>Its: CEO</p>
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039738\00800\12341030v2

SECURED PROMISSORY NOTE

Principal Loan Amount: \$315,000.00

Portland, Oregon

May 25, 2021

FOR VALUE RECEIVED, Golden Leaf Holdings, LTD., a Canadian (Ontario) corporation ("GLH"), and wholly-owned subsidiary Greenpoint Oregon, Inc., an Oregon corporation ("Greenpoint") with its principal place of business located at 13315 NE Airport Way, Suite 700, Portland, OR 97230 and 12310 SE Capps Road, Clackamas, OR (collectively, "Borrower"), promises to pay to the order of Bobsled Extracts, LLC., an Oregon limited liability company with its principal place of business located at 1952 E Ochoco St. Portland OR, 97222 ("Lender"), the principal sum of THREE HUNDRED FIFTEEN THOUSAND and 00/100 DOLLARS (\$315,000.00) (the "Loan"). The principal sum will not be subject to accrued interest. In lieu of accrued interest, Greenpoint will contemporaneously with this Secured Promissory Note (this "Note") enter into an agreed upon 36 month term Product Procurement Agreement with Lender, in the form attached hereto as Exhibit A ("Procurement Agreement").

This Note is entered into by Borrower and Lender in connection with the Bill of Sale dated as of the date hereof for the sale of Purchase Assets, as that term is defined in the Bill of Sale.

Borrower and all endorsers, sureties, guarantors and any other persons liable or to become liable with respect to the Loan evidenced by this Note are each included in the term "Obligors" as used in this Note.

This Note is secured by the Collateral defined in the Security Agreement entered into between the Borrower and Lender of even date herewith (the "Security Agreement"). Any capitalized terms used in this Note, if not defined in this Note, will have the meanings assigned to such terms in the Security Agreement.

Payments of principal under this Note shall be payable in lawful money of the United States, in immediately available funds, when due without set-off, counterclaim, deduction or withholding for any reason whatsoever on the dates and in the amounts specified below:

Payments of principal shall be made in Thirty-Six (36) consecutive monthly payments as follows: A payment of principal in the amount of \$8,750.00 shall be paid upon signing this Note, and thereafter Thirty-Five (35) consecutive monthly installments of principal in the amount of \$8,750.00 commencing on the first day of the calendar month succeeding execution of this Note, and continuing on the first day of each month thereafter until the principal sum has been paid in full.

If any payment falls due on a day other than a Business Day, then such payment shall instead be made on the next succeeding Business Day. "Business Day" means any day excluding Saturday, Sunday, and any day which is a legal holiday under the laws of the State of Oregon or which is a day on which Lender is otherwise closed for transacting business. If Borrower fails to make any payment required by this Note within five (5) days after payment is due, then beginning on the sixth day after payment is due, a late charge equal to \$250 per day will be added to the unpaid principal amount and be immediately due. The late charge will apply regardless of whether an Event of Default under this Note or the Security Agreement has occurred or occurs.

All payments to the Lender shall either (a) be made via ACH payment pursuant to an Automatic ACH Debit Agreement, or (b) are payable to the Lender at the following bank account, or such other account as may be determined by Lender from time to time:

ACH Instructions:

Salal Credit Union

Routing: 325081610

Account: 1600000221295

Upon an Event of Default, as defined in the Security Agreement, or at any time thereafter at the option of Lender all principal, interest and any other amounts remaining unpaid hereunder shall immediately become due and payable and Lender shall be entitled to pursue any and all rights and remedies provided by this Note, the Security Agreement and applicable law. Lender may exercise any of the following remedies, which are cumulative and which may be exercised singularly or concurrently: (i) acceleration of the due dates under this Note so that the unpaid principal amount of the Loan is immediately due in its entirety; (ii) any remedy available to Lender under the Security Agreement; and (iii) any remedy available to Lender at law or in equity.

It is the intent of the parties that any money or other property charged, taken or received as interest, a finance charge or fee for the Loan, shall not exceed the limits (if any) imposed or provided by applicable law, and Lender hereby waives any right to demand such excess. In the event that any money or other property charged, taken or received as interest, a finance charge or a fee under this Note exceeds the maximum interest rate permitted by applicable law, then without further agreement or notice the obligation to be fulfilled shall be automatically reduced to such limit and all sums received by Lender in excess of those lawfully collectible as interest shall be (a) applied first to any costs and expenses due Lender, then against the principal of the Loan with the same force and effect as though the payor had specifically designated such extra sums to be so applied to principal and Lender had agreed to accept such extra payment(s) as a premium-free

prepayment or prepayments, and (b) if there are no outstanding obligations under this Note the remaining amount, if any, shall be refunded to Borrower.

The Obligors hereby severally: (a) waive presentment, protest, notice of dishonor, and the filing of any suit against or joinder of any other person; (b) waive any exemption of any property, wherever located, from garnishment, levy, execution, seizure or attachment prior to or in execution of judgment, or sale under execution or other process for the collection of debts; (c) waive any right to plead laches as a defense in any action or proceeding; and (d) agree that until Lender receives all sums due under this Note in immediately available funds, no Obligor shall be released from liability with respect to the Loan unless Lender expressly releases such Obligor in a writing signed by Lender, and Lender's release of any Obligor(s) shall not release any other person liable with respect to the Loan.

This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Oregon without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Note. . BORROWER ACKNOWLEDGES THAT (A) THE STATE OF OREGON HAS PASSED AMENDMENTS TO THE OREGON CONSTITUTION AND ENACTED CERTAIN LEGISLATION TO GOVERN THE MARIJUANA INDUSTRY AND (B) THE POSSESSION, SALE, MANUFACTURE, AND CULTIVATION OF MARIJUANA IS ILLEGAL UNDER FEDERAL LAW. BORROWER WAIVES ANY DEFENSES BASED UPON INVALIDITY OF CONTRACTS FOR PUBLIC POLICY REASONS AND/OR THE SUBSTANCE OF THE CONTRACT VIOLATING FEDERAL LAW.

Any provision of this Note which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction only, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Note, or otherwise in connection with the subject matter of this Note, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court. If an Event of Default under this Note occurs and Lender does not institute any arbitration, action, suit, or proceeding, Borrower will pay to the Lender, upon the Lender's demand, all reasonable costs and expenses, including but not limited to attorney's fees and collection

fees, incurred by the Lender in attempting to collect the indebtedness evidenced by this Note.

If this Note is signed by more than one person, then the term "Borrower" as used in this Note shall refer to all such persons jointly and severally, and all agreements, covenants, waivers, consents, representations, warranties and other provisions in this Note are made by and shall be binding upon each and every undersigned person, jointly and severally. The term "Lender" shall be deemed to include any subsequent holder(s) of this Note.

This Note cannot be changed or modified orally. Lender shall have the right unilaterally to correct patent errors or omissions. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed as of the date first written above.

BORROWER:

Golden Leaf Holdings, LTD.

Signature: 

Print Name: Jeffrey B. Yapp

Title: Manager

Greenpoint Oregon, Inc

Signature: 

Print Name: Jeffrey B. Yapp

Title: Manager

LENDER:

Bobsled Extracts, LLC

Signature: 

Print Name: Stephen Sweeney

Title: Manager

SECURITY AGREEMENT

BETWEEN: Golden Leaf Holdings, Ltd., a Canadian (Ontario) corporation, 13315 NE Airport Way, Suite 700, Portland, Oregon, 97230 and Greenpoint Oregon, Inc., an Oregon corporation, 12310 SE Capps Road, Clackamas, OR (the "Debtor");

AND: Bobsled Extracts, LLC, and Oregon limited liability company, 1952 SE Ochoco St, Portland OR 97222 (the "Secured Party");

EFFECTIVE DATE: May 25, 2021.

RECITALS

A. The Secured Party is making a loan to the Debtor pursuant to the terms of a certain Secured Promissory Note dated as of the date hereof and the terms of which are hereby incorporated by this reference as if fully set forth herein (the "Note").

B. The Debtor is purchasing the Collateral (defined below) pursuant to a certain Bill of Sale ("Bill of Sale") dated as of the date hereof. The Secured Party is being granted a security interest, to secure repayment of the Note.

NOW, THEREFORE, in order to secure payment under the Note and the performance and the covenants and conditions contained in the Note, the parties hereby agree as follows:

1. CREATION OF SECURITY INTEREST.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section 2 as of the Effective Date on the terms and conditions set forth in this Agreement. This security interest shall cease to exist, and this Agreement will be satisfied upon satisfaction of the Loan described in the Note.

2. COLLATERAL.

The property subject to the security interest ("Collateral") is that tangible property listed on Exhibit A to this Security Agreement, as well as:

2.1. All attachments, accessions, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for the Collateral;

2.2. All accounts, contract rights, general intangibles, instruments, monies, payments and all other rights arising out of a sale, lease or other disposition of any of the Collateral;

2.3. All proceeds (including insurance proceeds) from the sale, destruction, loss or other disposition of any of the Collateral; and

2.4. All records and data relating to any of the Collateral, in whatever form, including but not limited to a writing, photograph, microfilm, microfiche, or electric media, together with all of the Debtor's right, title and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

3. SECURED OBLIGATION AND AUTHORIZATION TO FILE FINANCING STATEMENTS

This Agreement is given to secure (1) payment of the principal now or hereafter owed by Debtor to Secured Party, evidenced by the Secured Note (2) performance by Debtor of all of the covenants and conditions contained in the Secured Note and (3) performance by Debtor of all covenants and conditions contained in this Agreement. The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financings statements and amendments thereto that identify the Collateral and contain any other information required by the Uniform Commercial Code of the State for the sufficiency or filing office acceptance of any financing statement or amendment.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEBTOR

Debtor represents, warrants and covenants to the Secured Party as follows:

4.1 Primary Purpose. The Collateral is primarily for the Debtor's business or commercial purposes.

4.2 Existence. Greenpoint Oregon, Inc. is a corporation duly incorporated, validly existing and doing business in and under the laws of the state of Oregon.

4.3 Authority. The execution, delivery, and performance of this agreement are within Debtor's power and are not in contravention of any law or of any indenture, agreement, or undertaking to which Debtor is a party or by which it is bound.

4.4 Adverse Liens and Use. Except when Debtor has received the prior written consent of Secured Party, which consent will not be unreasonably withheld, Debtor shall keep the Collateral free from any adverse liens, security interests, or encumbrances, and shall not commit or permit waste or destruction of the Collateral or any portion of it. Debtor will not use or permit anyone to use the Collateral in violation of any statute, ordinance, or state regulation. However, Secured Party

acknowledges that the collateral is used in the processing of cannabis, which although permitted under certain circumstances in the state of Oregon, is presently prohibited by United States Federal law. Except for certificated securities and goods covered by a document, no item of Collateral is in the possession of a person other than Debtor.

4.5 Taxes and Assessments. Debtor will pay or cause to be paid promptly when due all taxes and assessments on the Collateral, this Agreement, or the Secured Note. Debtor, however, may withhold payment of any tax assessment or claim if a good-faith dispute exists as to the obligation to pay.

4.6 First Priority. Upon the execution of this Agreement, the Secured Note and the filing of a form UCC-1 and any other required forms, the Secured Party will have a first priority security interest in the Collateral.

4.7. Further Acts. Debtor covenants that he will take those actions, including but not limited to signing or authorizing the filing of any documents, which may be necessary or appropriate for the Secured Party to perfect its security interest in the Collateral. The insurance policies that provide coverage to Debtor provide adequate insurance coverage for the Collateral for all risks normally insured against by a person carrying on a similar business in a similar location, and for any other risks to which Debtor is normally exposed.

5. DEBTOR'S RIGHT TO POSSESSION; SECURED PARTY'S RIGHT TO PAY CERTAIN OBLIGATIONS

5.1. Debtor may use the Collateral in any lawful manner not inconsistent with this Agreement and the terms of the Secured Note.

5.2. Debtor will not sell, lease, license, distribute, or otherwise dispose of any Collateral.

5.3. Debtor will keep the tangible Collateral in good repair and operating condition, reasonable wear and tear excepted.

5.4. Debtor will promptly notify Secured Party if any of the following occurs: (a) any material adverse change in the business of Debtor; (b) any material loss or damage with respect to any Collateral, whether or not the loss or damage is covered by insurance; (c) any material adverse change in the financial condition of Debtor; or (d) an Event of Default.

5.5. Debtor will promptly notify Secured Party if any person other than Debtor, Secured Party, takes possession of any item of Collateral other than certificated securities and goods covered by a document.

5.6. Debtor will promptly notify Secured Party if any person other than Debtor, Secured Party, takes possession of any item of Collateral other than certificated securities and goods covered by a document.

6. EVENTS OF DEFAULT

Debtor shall be in default under this Agreement when any of the following events or conditions occurs:

6.1 Debtor fails to make any payment required under the Secured Note within ten (10) Business Days after the payment is due.

6.2 Failure of Debtor to comply with any term, obligation, covenant, or condition contained in this Agreement, the Note or Procurement Agreement executed between the parties as of the date hereof.

6.3 Any warranty, representation, or statement made or furnished to Secured Party by or on behalf of Debtor under this Agreement proves to have been false in any material respect when made or furnished.

6.4 Any levy, seizure, attachment, lien, or encumbrance of or on the Collateral which is not discharged by Debtor within 60 days, without the consent of the Secured Party pursuant to Section 4.4.

6.5 Dissolution, termination of existence, insolvency, business failure, discontinuance as a going business (except for labor disputes), appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor, or entry of any judgment that in the opinion of Secured Party would reasonably jeopardize the security interest given by this agreement.

6.6 Commencement of a foreclosure suit by any creditor of Debtor against any of the Collateral. This section shall not apply in the event of a good-faith dispute by Debtor as to the validity or reasonableness of the claim which is the basis of the foreclosure suit.

7. RIGHTS OF SECURED PARTY

7.1 Upon an Event of Default Secured Party may take any of the following remedies: (a) accelerate any of the amounts owed under the Note; (b) any remedy available to Secured Party under the Uniform Commercial Code; (c) any remedy available to Secured Party under any agreement evidencing, guaranteeing, or securing the payment or performance of any of the Loan or any of the obligations of any guarantor of the Loan; or (d) require Debtor or such other party in possession of the Collateral to deliver the Collateral to Secured Party. In this event, Collateral is to be returned in the same condition in which it was received by Debtor. This will be defined as the pumps running as designed and the chillers reaching and maintaining a temperature of -40 degrees Fahrenheit for five (5) consecutive production runs performed to the quality determined by Secured Party.

8. GENERAL

8.1 Secured Party shall not be deemed to have waived any rights under this Agreement or any other writing signed by Debtor unless such waiver is in writing and signed by Secured Party. No delay or omission on the part of Secured Party shall operate as a waiver of such right or any other right. A waiver by any party of a breach of a provision of this Agreement shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. Election by Secured Party to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Debtor under this Security Agreement after failure of Debtor to perform shall not affect Secured Party's right to declare a default and exercise its remedies under Section 7.

8.2 All Secured Party's rights and remedies, whether evidenced here or by other writing, shall be cumulative and may be exercised singularly or concurrently.

8.3 Any demand on or notice to Debtor that Secured Party may give shall be effective when deposited as registered or certified mail directed to Debtor's address stated in this Agreement. Either party may change the address for notices by written notice to the other party.

8.4 This Agreement and all rights and liabilities under it and in and to any and all obligations secured here and in and to all Collateral shall inure to the benefit of the Secured Party and its successors and assigns, and shall be binding on Debtor and its successors and assigns. The Debtor cannot assign its rights or obligations under this Agreement without the prior written consent of the Secured Party.

8.5 Debtor shall pay to Secured Party on demand, any expenses reasonably incurred and extended by Secured Party in insuring, discharging encumbrances, protecting,

maintaining, and liquidating the Collateral and in collecting or attempting to collect proceeds thereof and in protecting and enforcing the covenants and other rights of Secured Party under this Agreement.

8.6 Should any one or more provisions of this Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

8.7 Debtor agrees to take any further actions, including executing any documentation, which Secured Party believes is necessary or appropriate to attach a security interest to the Collateral in favor of Secured Party and perfect that security interest in the Collateral.

8.8 If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

8.9 If an Event of Default occurs and Secured Party does not institute any arbitration, action, suit, or proceeding, Debtor will pay to Secured Party, upon Secured Party's demand, all reasonable costs and expenses, including but not limited to attorney's fees and collection fees, incurred by Secured Party in attempting to exercise Secured Party's remedies under this Agreement.


9. APPLICABLE LAW

The law of the state of Oregon shall apply for the purpose of construing this instrument, determining its validity, and, to the fullest extent permitted by applicable law of any state in which any of the Collateral is located, the rights and remedies of Secured Party in the event of default under this Agreement.

IN WITNESS WHEREOF, the parties have executed this instrument as of the Date first indicated above, to be effective as of the Effective Date.

DEBTOR

Golden Leaf Holdings, Ltd.

By:  _____

Its: CEO


Greenpoint Oregon, Inc.

By:  _____

Its: CEO

SECURED PARTY

Bobsled Extracts, LLC

By:  _____

Its: Manager

Exhibit A

Collateral:

1. Luna Tech IO Machine (serial #KJ02-003-00)
2. HAL Booth (serial #120U04190069)

000738\00800\1234550v1

**UCC-1****STATE OF OREGON**

Corporation Division - UCC
 255 Capitol Street NE, Suite 151
 Salem, Or 97310-1327
 (503) 986-2200
 FilingInOregon.com

Oregon Secretary of State

Filing Number: 93358477

Filing Date: Oct 25, 2022 11:49 AM

Filed Electronically

Action: Initial Filing

Debtor -

Organization Name: GOLDEN LEAF HOLDINGS LTD. A CORPORATION OF ONTARIO
 Address 1: 13315 NE AIRPORT WAY
 Address 2: STE 700
 City: PORTLAND
 State: OR, USA
 Zip Code: 97230

Secured Party -

Organization Name: BOBSLED EXTRACTS LLC
 Address 1: 1952 SE OCHOCO ST
 City: PORTLAND
 State: OR, USA
 Zip Code: 97222

Collateral -

(1) Luna Tech IO Machine (serial #KJ02-003-00) and (2) HAL Booth (serial #120U04190069) (both items defined as "Collateral"); and (a) all attachments, accessions, tools, parts, supplies, increases, and additions to and all replacements of an substitutions for the Collateral; (b) all accounts, contract rights, general intangibles, instruments, monies, payments and all other rights arising out of a sale, lease or other disposition of any of the Collateral; (c) all proceeds (including insurance proceeds) from the sale, destructions, loss or other disposition of any of the Collateral; and (d) all records and data relating to any of the Collateral, in whatever form, including but not limited to a writing, photograph, microfilm, microfiche, or electric media, together with all of the Debtor's right, title and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Filer Information

Jessica Morgan
 Tonkon Torp LLP
 888 SW 5th Ave, Suite 1600
 Portland, OR 97204

Optional Filer Reference Data

039738-00802

**UCC-1****STATE OF OREGON**

Corporation Division - UCC
 255 Capitol Street NE, Suite 151
 Salem, Or 97310-1327
 (503) 986-2200
 FilingInOregon.com

Oregon Secretary of State

Filing Number: 93358617

Filing Date: Oct 25, 2022 12:54 PM

Filed Electronically

Action: Initial Filing

Debtor -

Organization Name: Golden Leaf Holdings Ltd. A Corporation of Ontario, DBA Chalce Brands Ltd.
 Address 1: 13315 NE AIRPORT WAY
 Address 2: STE 700
 City: PORTLAND
 State: OR, USA
 Zip Code: 97230

Secured Party -

Organization Name: BOBSLED EXTRACTS LLC
 Address 1: 1952 SE OCHOCO ST
 City: PORTLAND
 State: OR, USA
 Zip Code: 97222

Collateral -

(1) Luna Tech IO Machine (serial #KJ02-003-00) and (2) HAL Booth (serial #120U04-90069) (both items defined as "Collateral"); and (a) all attachments, accessions, tools, parts, supplies, increases, and additions to and all replacements of or substitutions for the Collateral; (b) all accounts, contract rights, general intangibles, instruments, monies, payments and all other rights arising out of a sale, lease or other disposition of any of the Collateral; (c) all proceeds (including insurance proceeds) from the sale, destructions, loss or other disposition of any of the Collateral; and (d) all records and data relating to any of the Collateral, in whatever form, including but not limited to a writing, photograph, microfilm, microfiche, or electric media, together with all of the Debtor's right, title and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Filer Information:

Jessica Morgan
 Torkon Torp LLP
 388 SW 5th Ave, Suite 1600
 Portland, OR 97204

Optional Filer Reference Data

039738-00802

1060

COURT RECORDING DATA

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INTERNAL REVENUE SERVICE | Lien Recorded   : 04/19/2022 - 00:00AM
FACSIMILE FEDERAL TAX LIEN DOCUMENT | Recording Number:
| UCC Number      : 93158180
| Liber          :
| Page           :
-----+-----
Area: SMALL BUSINESS/SELF EMPLOYED #6 | IRS Serial Number: 451351222
Lien Unit Phone: (800) 913-6050 |
-----+-----

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This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.

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-----+-----
Name of Taxpayer :
GREENPOINT HOLDINGS DELAWARE INC, a Corporation
-----+-----

```

ALS Entity Type: Corporation

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-----+-----
Residence :
13315 NE AIRPORT
PORTLAND, OR 97230
-----+-----

```

With respect to each assessment below, unless notice of lien is refiled by the date in column(e), this notice shall constitute the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
1120	12/31/2020	XX-XXX6717	11/29/2021	12/29/2031	1239794.72

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-----+-----
Filed at:  UCC DIVISION, ROOM 142
           SECRETARY OF STATE
           SALEM, OR 97310
Total | $ 1239794.72
-----+-----

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This notice was prepared and executed at SEATTLE, WA
on this, the 23rd day of March, 2022.

```

-----+-----
Authorizing Official: | Title:
CINDY S BENDER       | REVENUE OFFICER
(541) 282-1334       | 26-14-1326
-----+-----

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1060

COURT RECORDING DATA

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INTERNAL REVENUE SERVICE | Lien Recorded   : 04/12/2022 - 00:00AM
FACSIMILE FEDERAL TAX LIEN DOCUMENT | Recording Number: 2022-037619
| UCC Number      :
| Liber          :
| Page          :
-----+-----
Area: SMALL BUSINESS/SELF EMPLOYED #6 | IRS Serial Number: 451351322
Lien Unit Phone: (800) 913-6050 |
-----+-----

```

This Lien Has Been Filed in Accordance with
Internal Revenue Regulation 301.6323(f)-1.

```

-----+-----
Name of Taxpayer :
GREENPOINT HOLDINGS DELAWARE INC, a Corporation
-----+-----

```

ALS Entity Type: Corporation

```

-----+-----
Residence :
13315 NE AIRPORT
PORTLAND, OR 97230
-----+-----

```

With respect to each assessment below, unless notice of lien is refiled by the date in column(e), this notice shall constitute the certificate of release of lien as defined in IRC 6325(a).

Form (a)	Period (b)	ID Number (c)	Assessed (d)	Refile Deadline (e)	Unpaid Balance (f)
1120	12/31/2020	XX-XXX6717	11/29/2021	12/29/2031	1239794.72

```

-----+-----
Filed at:  RECORDING SECTION
           MULTNOMAH COUNTY
           PORTLAND, OR 97205
Total | $ 1239794.72
-----+-----

```

This notice was prepared and executed at SEATTLE, WA
on this, the 23rd day of March, 2022.

```

-----+-----
Authorizing Official: | Title:
CINDY S BENDER       | REVENUE OFFICER
(541) 282-1334       |
26-14-1326
-----+-----

```

CERTIFICATE OF SERVICE

I, David W. Criswell, hereby certify that on this 11th day of August 2023, I caused a copy of the foregoing **DECLARATION OF KENNETH S. EILER IN SUPPORT OF RECEIVER'S (I) MOTION FOR AUTHORITY TO SELL PROPERTY FREE AND CLEAR OF LIENS AND INTERESTS AND (II) MOTION TO DETERMINE VALIDITY OF LIENS ON PURCHASED ASSETS** to be served via U.S. Mail and electronic mail, on the following:

<p>Timothy A. Solomon, Esq. Leonard Law Group LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com</p> <p><i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. Farleigh Wada Witt 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com</p> <p><i>Attorney for Defendants</i></p>
<p>Allison C. Bizzano, Esq. Nicole C. Gossett-Roxbury, Esq. Lotus Law Group, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com nicole@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels, PNW Sunshine Group LLC</i></p>	<p><i>Creditor, Sublime Solutions LLC (wholesale)</i></p> <p>Kyle Robinson 500 S. Danebo Avenue Eugene, OR 97402 kyle.r@sublimesolutionsllc.com</p>
<p><i>Creditor, Gron Chocolate, LLC</i></p> <p>Gron Chocolate, LLC c/o Gron Holdings, Inc. Attn: Christine Smith 100 NE Farragut Street, Suite 102 Portland, OR 97211 christine@eatgron.com shannon@eatgron.com</p>	<p>Susan S. Ford Sussman Shank LLP 1000 Southwest Broadway, Suite 1400 Portland, OR 97205 sford@sussmanshank.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>

1 2 3 4 5 6	<p>Daniel Shouldice, Esq. McMillan LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 Canada daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. Harris Bricken 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC</i></p>
7 8 9 10 11 12 13 14	<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 Canada kesaw@osler.com sirving@osler.com</p> <p><i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>	<p>Nathan Q. Rugg, Esq. Joseph D. Lambert, Esq. Barack Ferrazzano Kirschbaum & Nagelberg 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com</p> <p><i>Attorneys for Landlord Aventine Property Group</i></p>
15 16 17 18 19	<p>Penny Hays, Bankruptcy Specialist Internal Revenue Service 915 2nd Ave MS W244 Seattle WA 98174 penny.k.hays@irs.gov</p>	<p>James L. Buchal, Esq. Carole Caldwell Murphy & Buchal LLP PO Box 86620 Portland, OR 97286 jbuchal@mblp.com ccaldwell@mblp.com</p> <p><i>Attorney for Tozmoz LLC</i></p>
20 21 22 23 24	<p><i>Lessor under Lease (Toyota) and (Freightliner)</i></p> <p>USGAI ATTN: Tracy Trimble 1190 N Carrol Ave Southlake, TX 76092</p>	<p><i>Creditor</i></p> <p>Security State Bank & Trust 201 W Main Street Fredericksburg, TX, 78624</p>

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1	<i>Creditor</i>	<i>Creditor</i>
2	APG McLoughlin 2, LLC	Gary Zipfel
3	Aventine Prop Group	1551 Penstemon Court
4	111 S. Wacker Drive	Grayslake, IL 60030
5	Suite 3350	
	Chicago, IL 60606	
6	<i>Creditor</i>	<i>Creditor</i>
7	Mike Genovese	William Simpson
8	3300 NW 185 th Avenue, #163	P.O. Box 510
	Portland, OR 97229	Lawai, HI 19765
9	<i>Creditor</i>	<i>Creditor</i>
10	Daniel J. Garfield, Esq.	Yamhill County
11	Fairfield and Woods P.C.	535 NE 5th St, Room 42
12	1801 California Street, Suite 2600	McMinnville, OR 97128
13	Denver, CO 80202-2645	
	dgarfield@fwlaw.com	
	<i>Attorney for High Street Capital Partners, LLC, Creditor</i>	
14	Dave Roth, Esq.	Ava Schoen, Esq.
15	Heltzel Williams PC	Danny Newman, Esq.
16	117 Commercial Street NE, Fourth Floor	Tonkon Torp LLP
17	PO Box 1048	888 SW Fifth Avenue, Suite 1600
	Salem, OR 97308-1048	Portland, OR 97204
	dave@heltzel.com	ava.schoen@tonkon.com
	<i>Attorney for L&S Davis Family Trust, Creditor</i>	danny.newman@tonkon.com
18		<i>Attorneys for Mike Genovese and William Simpson, Creditors</i>
19		
20	<i>Landlord Under Lease (LCC)</i>	Brendan Wilson, Esq.
21	Renee Kline Belnap and the LaVonne Kline	Mandarich Law Group, LLP
22	Living Trust	PO Box 109032
23	28083 S. Oglesby Road	Chicago, IL 60610
	Canby, OR 97013	brendanw@mandarichlaw.com
	orangehorsestore@msn.com	<i>Attorney for Living Soil Farms, LLC, Creditor</i>
24		
25		
26		

1 2 3 4 5	<p>Jessie Young, Assistant U.S. Attorney Nicole Smith, Paralegal United States Attorney's Office 1000 SW Third Avenue, Suite 600 Portland, OR 97204 jessie.young@usdoj.gov nicole.smith@usdoj.gov</p>	<p>Gabe Parton Lee, Esq. General Counsel, Northwest Confections, LLC PO Box 456 Clackamas, OR 97015 gabe@nwconfections.com <i>Attorney for Creditor Northwest Confections, LLC, dba Wyld</i></p>
6 7 8 9 10 11 12 13	<p>Keith Laufer, Esq. 2234 Kingsbridge Lane Oxnard CA 93035 kalaufer@gmail.com <i>Attorney in Fact for Vivian E. Laufer, Trustee of the Exemption Trust under THE LOUIS H. AND VIVIAN E. LAUFER LIVING TRUST, dated August 9, 1990, as amended the ("Trust") (Landlord to Debtor's premises at: 5333 S.E. Powell, Portland, Oregon and 16735 SW Pacific Highway, Tigard, Oregon</i></p>	<p>Anderson P. Beals, Esq. Sherman Sherman Johnnie & Hoyt 693 Chemeketa St, NE PO Box 2247 Salem, OR 97308 anderson@shermlaw.com <i>Attorney for SMI Property Management, and David Smith and Marian McDonagh (as landlords for SMS Ventures LLC)</i></p>
14 15 16 17 18 19 20 21 22	<p>John S. Kaplan, Esq. Bryan T. Glover, Esq. Stoel Rives LLP 600 University Street, Suite 3600 Seattle, WA 98101 john.kaplan@stoel.com bryan.glover@stoel.com Amy Edwards, Esq. Stoel Rives LLP 760 SW Ninth Avenue, Suite 3000 Portland, OR 97205 amy.edwards@stoel.com <i>Attorneys for Creditor Innovative Packaging Company, LLC</i></p>	<p>Oregon Liquor and Cannabis Commission Attn: Danica Foster, Director of Statewide Licensing 9079 SE McLoughlin Blvd. Portland OR 97222 Danica.Foster@oregon.gov</p>
23 24 25 26	<p>Internal Revenue Service Centralized Insolvency Operation PO Box 7346 Philadelphia, PA 19101-7346 brooks.w.lindberg@irscounsel.treas.gov</p>	<p>Oregon Department of Revenue Attn: Bankruptcy Unit 955 Center St. NE Salem, OR 97301</p>

1 2 3	US Attorney, Scott Asphaug 1000 SW 3rd Ave. Ste 600 Portland, OR 97204-2936	Ellen Rosenblum Oregon Attorney General Oregon Department of Justice 1162 Court St. NE Salem, OR 97301
4 5 6 7	US Attorney General Merrick Garland Dept. of Justice 10th & Constitution NW Washington, DC 20530	US Dept. of Justice Attn: Civil Process Clerk 10th & Constitution NW Washington DC 20530
8 9 10	IRS M/S O240 1220 SW Third Ave, Suite G-044 Portland, OR 97204	

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s/ David W. Criswell

 David W. Criswell

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

Court File No. CV-23-00699872-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

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Email: sirving@osler.com

Kathryn Esaw (LSO# 58264F)

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Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)

Tel: 416.862.6416
Email: fsuarezamaya@osler.com

Lawyers for the Applicants,
Chalice Brands Ltd.

TAB 3

Court File No. CV-23-00699872-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ●)	THURSDAY, THE 31ST
)	
)	DAY OF AUGUST, 2023

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

APPROVAL AND VESTING ORDER

THIS MOTION, made by Chalice Brands Ltd. (the “**Applicant**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), for an order: (i) approving the transaction (the “**Transaction**”) contemplated by an asset purchase agreement (the “**Sale Agreement**”) dated August 11, 2023, between the Applicant, Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC and CF Bliss LLC, as vendors (together, the “**Vendor**”), and APCO LLC, as purchaser (the “**Purchaser**”), and attached as Exhibit “I” to the affidavit of Scott Secord sworn August 18, 2023 (the “**Secord Affidavit**”); and (ii) vesting in and to the Purchaser, the Applicant’s right, title and interest in and to the Purchased Assets (as defined below), was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the materials filed, including the Notice of Motion, the Secord Affidavit and the Exhibits thereto, the Third Report of KSV Restructuring Inc. (“**KSV**”), in its capacity as monitor of the Applicant (the “**Monitor**”), dated ●, 2023 and on hearing the submissions of counsel for the Vendor, counsel for the Monitor, counsel for the Purchaser and those other

parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Fabian Suárez-Amaya sworn August 18, 2023.

SERVICE

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

DEFINITIONS

2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to them in the Secord Affidavit, including terms in the Secord Affidavit defined by way of cross reference.

SALE APPROVAL

3. **THIS COURT ORDERS** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant and the Purchaser may deem necessary, with the consent of the Monitor and the Oregon Receiver. The Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Applicant to proceed with the Transaction and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS** that upon the delivery of a Monitor's certificate to the Vendor and the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Monitor's Certificate**"), all of the Applicant's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have

attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Amended and Restated Initial Order of the Honourable Justice Madam Kimmel dated June 1, 2023 made in this CCAA proceeding (the “**ARIO**”); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances (including the Administration Charge (as defined in the ARIO)), shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendor and the Purchaser regarding the satisfaction or waiver of conditions to Closing under the Sale Agreement and shall have no liability with respect to delivery of the Monitor’s Certificate.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicant is authorized and permitted to disclose and transfer to the Purchaser personal information of identifiable individuals (“**Personal Information**”), but only to the extent that such disclosure is necessary or desirable to implement the Transaction. The Purchaser shall maintain and protect the privacy of such Personal Information and shall be entitled to use the Personal Information provided to it that is related to the Transaction in a manner that is in all material respects identical to the prior use of such information by the Applicant.

10. **THIS COURT ORDERS** that, notwithstanding:
- (a) the pendency of this proceeding;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

CHANGE OF NAME AND STYLE OF CAUSE

11. **THIS COURT ORDERS** that (i) on or after the Closing Date, the Applicant is hereby permitted to execute and file articles of amendment or such other documents or instruments as may be required to change its legal name, and such articles, documents or other instruments shall be deemed to be duly authorized, valid and effective without any requirement to obtain shareholder consent; and (ii) upon the official change to the legal name of the Applicant that is to occur, the name of the Applicant in the within title of proceeding shall be deleted and replaced with the new legal name of the Applicant, and any document filed thereafter in this proceeding (other than the Monitor's Certificate) shall be filed using such revised title of proceeding.

GENERAL

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including but without limitation the Circuit Court of the State of Oregon, to give effect to this Order and to

assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

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

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on August 31, 2023.

Schedule A – Form of Monitor’s Certificate

Court File No. CV-23-00699872-00CL

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

MONITOR'S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 23, 2023, Chalice Brands Ltd. (the "**Applicant**") was granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and KSV Restructuring Inc. was appointed as the monitor (in such capacity, the "**Monitor**") of the Applicant. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to them in the affidavit of Scott Secord sworn August 18, 2023, filed in this CCAA proceeding.

B. Pursuant to an Order of the Court dated August 31, 2023, the Court approved the asset purchase agreement dated as of August 11, 2023 (the "**Sale Agreement**") between the Applicant, Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC and CF Bliss LLC, as vendors (together, the "**Vendor**"), and APCO LLC, as purchaser (the "**Purchaser**") and provided for the vesting in the Purchaser of the Applicant’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Vendor

and the Purchaser of a certificate confirming: (i) the payment by the Purchaser and the receipt by the Vendor of the Purchase Price pursuant to the Sale Agreement; (ii) that the Monitor has received confirmation in writing in accordance with the provisions of Section 12.5 of the Sale Agreement from the Vendor and the Purchaser that the conditions to Closing in the relevant party's favour have been satisfied or waived by the Vendor and the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Vendor has received the Purchase Price pursuant to the Sale Agreement.
2. The Monitor has received confirmation in writing in accordance with the provisions of Section 12.5 of the Sale Agreement from the Vendor and the Purchaser that the conditions to Closing in the relevant party's favour have been satisfied or waived by the Vendor and the Purchaser, as applicable.
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**KSV RESTRUCTURING INC. solely in its
capacity as Monitor of the Applicant and not
in its personal capacity**

Per: _____

Name:

Title:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED Court File No. CV-23-00699872-00CL
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHALICE BRANDS LTD.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)

Tel: 416.862.4908
Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)

Tel: 416.862.4733
Email: sirving@osler.com

Kathryn Esaw (LSO# 58264F)

Tel: 416.862.4905
Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)

Tel: 416.862.6416
Email: fsuarezamaya@osler.com

Lawyers for the Applicant,
Chalice Brands Ltd.

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.
(Motion Returnable August 31, 2023, at 11:00 a.m.)

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)

Tel: 416.862.4908

Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)

Tel: 416.862.4733

Email: sirving@osler.com

Kathryn Esaw (LSO# 58264F)

Tel: 416.862.4905

Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)

Tel: 416.862.6416

Email: fsuarezamaya@osler.com

Lawyers for the Applicant,
Chalice Brands Ltd.