



May 11, 2020

TO: ALL INTERESTED BIDDERS

Re: James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Companies")

This notice (the "**Notice**") is further to a notice from the Monitor (as defined below) dated May 4, 2020 (the "**Initial Notice**") concerning an increase in the debtor-in-possession facility in the amount of \$4 million (the "**DIP Facility**") approved on April 9, 2020 by the Ontario Superior Court of Justice (the "**Court**") in the Companies' proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**").

On April 1, 2020, the Court made an Order (the "**Initial Order**") granting the Companies protection pursuant to the CCAA, appointing KSV Kofman Inc. as monitor (the "**Monitor**") and approving an interim DIP Facility in the amount of \$800,000.

Pursuant to the Amended and Restated Initial Order dated April 9, 2020, the DIP Facility was increased to \$4 million. On April 9, 2020, the Court also approved a stalking horse asset purchase agreement, a sale and investor solicitation process (the "**SISP**") and bidding procedures related thereto (the "**Bidding Procedures**") (the "**Bidding Procedures and Stalking Horse APA Approval Order**"). Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Revised Bidding Procedures (as defined below) or the Bidding Procedures and Stalking Horse APA Approval Order, as applicable.

On May 4, 2020, the Monitor provided the Initial Notice to all interested bidders advising of a motion to be heard by the Court to increase the Companies' authorized borrowings under the DIP Facility from \$4,000,000 to \$5,500,000. Further, the Initial Notice notified potential bidders that the contemplated increase to the DIP Facility would result in a corresponding increase in the amount that a bidder would be required to bid in order to be a "Qualified Bidder" within the Bidding Procedures, as revised on April 26, 2020, with the consent of the Special Committee and the Stalking Horse Bidder (the "**Revised Bidding Procedures**"). The Initial Notice advised that a further notice would be provided after the motion to consider the increase in the DIP Facility.

This Notice confirms that on May 11, 2020, the Court approved the increase to the Companies' authorized borrowings under the DIP Facility from \$4,000,000 to \$5,500,000. Accordingly, please be aware that the meaning of Qualified Bidder under the Revised Bidding Procedures is now as follows:

A "Qualified Bidder" is "a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a purchase price equal to at least CAD\$13.45 million to be satisfied in cash or, in the discretion of each of the Special Committee, the Monitor and the Stalking Horse Bidder, a combination of cash and Marketable Securities, provided that the cash portion of the purchase price is no less than the estimated outstanding amount of the DIP Facility at closing (estimated to be \$5.5 million) plus \$1 million, and includes the Required Bid Terms and Materials Any bid meeting these criteria that is received by the Monitor before the Bid Deadline is a qualified bid ("Qualified Bid")."

A bid submitted by a bidder that fails to meet the above noted definition of Qualified Bidder will not constitute a Qualified Bid. A copy of the Court's endorsement and Order approving the increase to the Companies' authorized borrowings under the DIP Facility from \$4,000,000 to \$5,500,000 will be made available on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/james-e-wagner-cultivation-corporation>.

Yours very truly,

A handwritten signature in blue ink that reads "KSV Kofman Inc". The signature is written in a cursive, flowing style.

**KSV KOFMAN INC.,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED CCAA MONITOR OF JAMES E. WAGNER
CULTIVATION CORPORATION,
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD.,
JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC. AND NOT IN ITS PERSONAL CAPACITY**