

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>INTERIM RECEIVER</u> KSV Restructuring Inc. Suite 1165, 324 – 8th Avenue SW Calgary, Alberta T2P 2Z2
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1.0 Introduction

1. On August 10, 2023 (the “**Interim Receivership Date**”), upon the application of Avonlea-Drewry Holdings Inc. (“**ADH**”), the Court of King’s Bench of Alberta (the “**Court**”) in Action No. 2301-10472 (the “**Proceedings**”) pronounced an Order (the “**Interim Receivership Order**”) appointing KSV Restructuring Inc. (“**KSV**”) as the interim receiver (KSV in such capacity, the “**Interim Receiver**”) pursuant to section 47 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”) of Pathway Health Corp. (“**PHC**”) and Pathway Health Services Corp. (“**PHSC**”, together with PHC, the “**Companies**”). A copy of the Interim Receivership Order is attached hereto as **Appendix “A”**.
2. On July 28, 2023, the Companies’ executive management teams and directors resigned, resulting in the Companies ceasing operations. The Interim Receiver understands that the Companies’ principal value is in their enterprise, and that the continued operation of the business in fulfilling patient prescription needs. Accordingly, ADH sought the appointment of the Interim Receiver to, among other things, oversee, safeguard, and preserve the Companies’ business and operations, while ADH and the Companies developed a potential restructuring plan.

1.1 Purposes of this First Report

1. The purpose of this first report (the “**First Report**”) is to provide information with respect to:
 - a) the background on the Companies and their secured creditors;
 - b) the retention of the Consultant (as defined herein) and the activities of same since the Interim Receivership Date;
 - c) the activities of the Interim Receiver since its appointment;
 - d) the Companies’ cash flow forecast (the “**Cash Flow Forecast**”) for the period August 18 to November 17, 2023 (the “**Cash Flow Period**”);

- e) ADH's application for an Order extending the Termination Date (as defined in the Interim Receivership Order) to October 2, 2023; and
- f) such further and other relief as counsel may advise and this Court may permit.

1.2 Scope and Terms of Reference

1. In preparing this First Report, the Interim Receiver has relied upon the Companies' unaudited financial information, books and records, information available in the public domain and discussions with the Consultant.
2. The Interim Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this First Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Interim Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this First Report is based upon the Companies' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Interim Receiver expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. Capitalized terms not defined within this First Report are defined within the Interim Receivership Order.
5. This First Report should be read in conjunction with the materials filed by ADH in the Proceedings, including the affidavits of Mr. Michael Steele, the Chief Executive Officer of ADH, sworn August 9 and 29, 2023 (the "**Steele Affidavits**").

1.3 Currency

1. Unless otherwise noted, all currency references in this First Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these proceedings are available on the Interim Receiver's website at: www.ksvadvisory.com/experience/case/pathway-health (the "Case Website").

2.0 Background

2.1 Overview of the Companies

1. PHC is an Alberta corporation and the sole shareholder of PHSC. PHC is a public company listed on the TSX Venture Exchange under the stock symbol TSXV:PHC. PHC's controlling shareholder is ADH, who owns approximately 56% of the outstanding voting common shares. In addition to its ownership interest in PHSC, PHC is the sole shareholder of the following entities, which are not subject to the Proceedings (together with PHSC, the "**PHC Subsidiaries**"):

Entity	Status	Description of Past / Current Operations
Pathway Wellness Products Corp	Inactive	Engaged in the development of cannabis health products under the proposed new regulations of Health Canada.
Pathway Healthcare Technologies Corp	Inactive	The sole shareholder of 1964433 Alberta Ltd., an inactive entity that was engaged in the development of the proprietary patient software applications with licensed producers providing cannabis products.
13199223 Canada Ltd.	Active	License holder for authorized non-possession sales license under Health Canada.

2. PHSC was incorporated pursuant to the laws of Canada and extra provincially registered in the Province of Alberta. PHSC has the following ownership interests in the below noted entities that are not subject to the Proceedings (collectively, the "**PHSC Subsidiaries**"):

Entity	Status	Description of Past / Current Operations
10030712 Manitoba Ltd.	Inactive	A joint venture partnership 51% owned by PHSC and 49% by Peguis First Nation for clinics in Winnipeg and Selkirk, Manitoba.
2563367 Ontario Limited	Active	Medical clinic operations in Toronto, Ontario. PHSC is the sole shareholder. The entity operates as Silver Medical Group.
Slawner Other Ltee	Active	Medical clinic operations in Montreal, Quebec. PHSC is the sole shareholder.

3. The Companies, through its ownership interests in the PHC Subsidiaries and PHSC Subsidiaries, operate community-based medical clinics in British Columbia, Alberta, Ontario, and Quebec that offer multi-disciplinary therapies to patients that suffer from chronic pain. The Companies also provide medical cannabis services. A chart outlining the ownership structure of the Companies, the PHC Subsidiaries, and the PHSC Subsidiaries (collectively, the “**Pathway Group**”) is attached hereto as **Appendix “B”**.
4. On July 28, 2023, the executive management teams and directors of the Companies resigned. As at the Interim Receivership Date, no replacement management personnel or directors were appointed. A copy of the press release announcing the resignation of the directors and officers is attached hereto as **Appendix “C”**.
5. Prior to the resignation of the directors and officers, the Interim Receiver understands that, PHC and PHCS employed approximately 81 personnel.

2.2 Secured Creditors

1. PHC's secured creditors of are as follows:
 - a) ADH; and
 - b) Heal Global Holdings Corp. (“**Heal**”).
2. PHC is the principal borrower pursuant to a credit facility agreement dated July 29, 2022 (the “**Credit Facility Agreement**”). Certain other members of the Pathway Group are also party to the Credit Facility Agreement as guarantors of the PHC's obligations thereunder.
3. Pursuant to the Credit Facility Agreement, ADH extended a \$3.5 million revolving credit facility to ADH (the “**Credit Facility**”). In advance of entering into the Credit Facility, PHC executed a secured promissory grid note, dated May 27, 2022 in favour of ADH (the “**ADH Note**”). Ultimately, the Companies entered into a general security agreement granting security over all of their present and after-acquired property in favour of ADH as security for the Credit Facility and the ADH Note.
4. PHC also executed a secured convertible promissory grid note in favour of Heal, dated February 3, 2023. ADH and Mr. Steele own 100% of the common voting equity of Heal.

5. The Interim Receiver understands that, as at the Interim Receivership Date, the outstanding indebtedness owing by the Companies to ADH and Heal totals approximately \$5,416,811 and \$1,250,000, respectively, plus fees, costs, expenses, and legal fees.
6. Additional background information on the Companies is included in the Steele Affidavits.

3.0 Retention and Activities of the Consultant

1. In light of the specialized nature of the Companies' operations, paragraph 9 of the Interim Receivership Order authorized the Interim Receiver to retain, on such terms of engagement as the Interim Receiver deemed appropriate, Mr. Kim Wei (the "**Consultant**") to manage and maintain the Companies' day-to-day operations.
2. Effective August 11, 2023, the Interim Receiver and Consultant entered into an agreement (the "**Consultant Agreement**") pursuant to which the Interim Receiver retained the Consultant on an immediate basis to assist in identifying, preserving, and stabilizing the Companies' assets, patient records, and operations. A copy of the Consultant Agreement is attached hereto as **Appendix "D"**.
3. From and after the Interim Receivership Date, the Consultant has performed the following key activities:
 - a) preparing a list of consultants (i.e., physicians and nurse practitioners) and employees, who were terminated or laid off subsequent to the resignation of the Companies' directors and officers, who were critical to the continued operations of the Companies and negotiating agreements with same;
 - b) preparing the Cash Flow Forecast (as discussed herein);
 - c) distributing an initial communication and engaging in various further correspondence with stakeholders of the Companies, including but not limited to: (i) critical vendors; (ii) employees; (iii) consultants; (iv) regulatory bodies; (v) patients; and (vi) the certain operating entities in the Pathway Group;
 - d) on a weekly basis, identifying all critical payments immediately requiring funding and providing the Interim Receiver with a schedule detailing the same (the "**Critical Payments**");

- e) identifying and preserving the integrity of patient records stored physically or hosted on an external electronic medical records system (“**EMR**”);
- f) preparing weekly reporting on the actual receipts and disbursements of the Companies compared to the Cash Flow Forecast;
- g) maintaining the financial record keeping of the Companies; and
- h) engaging in various discussions with ADH and Aphria Inc. (“**Aphria**”), the Companies’ strategic business partner and customer, regarding a potential restructuring plan and funding required during the Proceedings.

4.0 Activities of the Interim Receiver

1. Since its appointment, the Interim Receiver has performed the following key activities:
 - a) preparing a document request list to the Consultant on August 11, 2023, to gather information related to the Pathway Group;
 - b) advising the Consultant of the Interim Receiver’s mandate to generally preserve and protect the Property of the Companies with the intent to restart the Companies’ operations and keep them operating as a going concern;
 - c) assisting the Companies with their communications to both internal and external stakeholders;
 - d) issuing the required notice to all known creditors of the Companies pursuant to paragraph 39 of the Interim Receivership Order;
 - e) assisting the Consultant in preparing the Cash Flow Forecast;
 - f) monitoring the affairs of the business, including the receipts and disbursements and the Critical Payments;
 - g) engaging Burnet, Duckworth & Palmer LLP as legal counsel to the Interim Receiver;

- h) notifying the Companies' electronic medical record ("**EMR**") service provider, Telus Corporation, of the Proceedings, the Companies' intention to continue operations, and the vendor's obligations under the Interim Receivership Order to preserve the integrity of the Companies' medical records and maintain access;
- i) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- j) developing the Disbursement and Monitoring Protocol (as defined and described herein);
- k) responding to calls and emails from creditors, suppliers, customers, landlords and other stakeholders;
- l) maintaining the Case Website for these Proceedings; and
- m) preparing this First Report.

5.0 Cash Flow Forecast

1. Pursuant to paragraph 5(b) of the Interim Receivership Order, the Interim Receiver worked with the Consultant to prepare the Cash Flow Forecast to administer a funding request model for the periodic submission and approval of necessary expenditures, to be reviewed and approved by the Interim Receiver in its discretion, to preserve the enterprise value of the Companies during these Proceedings.
2. On August 18, 2023, after various correspondence and virtual meetings, the Consultant provided the Interim Receiver with an initial weekly cash flow forecast (the "**Initial Cash Flow Forecast**").
3. Between August 18 and 22, 2023, the Interim Receiver worked with the Consultant to address certain issues in the Initial Cash Flow Forecast previously identified by the Interim Receiver.
4. On August 30, 2023, after providing additional direction and answering further questions regarding the Initial Cash Flow Forecast, the Consultant provided the Interim Receiver with the Cash Flow Forecast, a copy of which is attached hereto as **Appendix "E"**.

5. The Companies' receipts are comprised of accounts receivable collections and future revenues generated from operations. Projected disbursements are primarily for payroll and benefits, utilities, other operating expenses, and professional fees. Based on the Interim Receiver's review of the Cash Flow Forecast, there are no material assumptions that seem unreasonable.
6. As the Cash Flow Forecast provides actual results for week 1 and 2 (i.e., the weeks ending August 25 and September 1, 2023), a comparison of forecast amounts to actual has not been provided.
7. Certain key underlying assumptions of the Cash Flow Forecast include:
 - a) the Companies are able to secure financing of \$400,000 during the Cash Flow Period with \$200,000 required by September 1, 2023; and
 - b) the Companies will continue to generate revenue during these proceedings (albeit at a reduced level) resulting in collections of \$291,000 during the Cash Flow Period.

6.0 Disbursement and Monitoring Protocol

1. Pursuant to the Interim Receivership Order, the Interim Receiver is required to monitor the Companies' receipts and disbursements, business, and dealings with Property. As such, after discussions with the Consultant, on August 21, 2023, the Interim Receiver issued a memorandum to the Consultant that documented a disbursement and monitoring protocol (the "**Disbursement and Monitoring Protocol**") and established the process between the Consultant and the Interim Receiver, through which expenses and disbursements would be approved going forward and the reporting required from the Consultant. More specifically, the Disbursement and Monitoring Protocol addressed the following items:
 - a) the process for administering the Companies' bank accounts and processing disbursements from same; and
 - b) the weekly reporting required on the Cash Flow Forecast; and

A copy of the Disbursement and Monitoring Protocol is attached hereto as **Appendix "F"**.

2. Under the Disbursement and Monitoring Protocol, and pursuant to the Interim Receivership Order, all disbursements required to operate the Companies continue to be issued from the Companies' bank account.

7.0 Interim Receivership Funding

1. As outlined above, the Cash Flow Forecast demonstrates that the Companies require funding of \$200,000 to operate through the period ending October 2, 2023. As a result, since granting of the Interim Receivership Order, ADH and Aphria, with the assistance of the Consultant and Interim Receiver, have been negotiating a potential short-term and long-term funding plan for the Companies.
2. On August 25, 2023, ADH advanced \$33,000 pursuant to paragraph 24 of the Interim Receivership Order (the “**ADH Funding**”) to cover certain Outstanding Pay owing to critical employees to secure the employment of same (as discussed below).
3. On August 31, 2023, Aphria and the Interim Receiver agreed to a term sheet (the “**Aphria Term Sheet**”) whereby Aphria would advance funding pursuant to paragraph 24 of the Interim Receivership Order (the “**Aphria Funding**”, together with the ADH Funding, the “**Initial Funding**”). The key terms of the Aphria Term Sheet are as follows:
 - a) **Principal** – \$170,000;
 - b) **Interest** – 3% above the prime commercial lending rate of the Bank of Canada, accruing from the date the Principal is advanced;
 - c) **Repayment** – the Principal amount and accrued interest shall be repaid to Aphria upon the earlier of October 1, 2023, or the sale of all or substantially all of the business or Property;
 - d) **Additional Fee** – the Interim Receiver and Aphria shall have executed an amendment to the Patient Education Agreement dated as of February 1, 2020 between Aphria and PHC (formerly, The Clinic Network Canada Inc.) pursuant to which the Education Fee (as defined therein) shall be reduced by 50% effective October 1, 2023 (the “**Reduction**”), which Reduction shall continue until such time as the aggregate value of the Reduction is equal to \$250,000 less the value of any portion of the Advance repaid as of such time, which amendment shall be in form and substance satisfactory to Aphria. The Interim Receiver and Aphria finalized and entered into an amendment to the Patient Education Agreement dated August 31, 2023 (the “**Amendment**”); and

- e) **ADH Consent** – ADH shall have provided written confirmation that Aphria is an ADH Designate and that the Advance shall constitute funding as an ADH Designate, which confirmation shall be acknowledged by the Interim Receiver and be in form and substance satisfactory to Aphria.
4. In agreeing to the terms of the Aphria Term Sheet and Amendment, the Interim Receiver considered the following factors:
- a) the facts and circumstances surrounding the Companies, including the lack of any material go-forward prospects or operations absent the funding proposed to be provided under the Aphria Term Sheet;
 - b) the financial terms of the Aphria Term Sheet, including the interest rate to be charged and the Additional Fee (which will only be earned if the Companies are able to continue operating subsequent to October 1, 2023);
 - c) the Aphria Funding will provide sufficient liquidity to fund the Companies' operations during these Proceedings up to and including October 6, 2023;
 - d) the interests of the Companies' stakeholders. In particular, ADH, the Companies' primary secured creditor, is agreeable to the terms contained in the Aphria Term Sheet; and
 - e) if the Aphria Funding is not obtained, the Companies will not have the funding required to continue operations, which will eliminate any going concern value of the Companies; likely resulting in each of the Companies making an assignment into bankruptcy pursuant to the provisions of the BIA.

A copy of the Aphria Term Sheet is attached hereto as **Appendix "G"**.

8.0 Other Notable Matters

1. In addition to the items discussed herein, the Interim Receiver believes it is prudent to notify the Court of the following items:
- a) certain funds held in trust;

- b) employee matters; and
- c) ongoing negotiations regarding pending sales of certain assets.

8.1 Funds Held in Trust

1. On August 22, 2023, the Interim Receiver was advised that approximately \$61,500, plus interest, was held in a trust account by ADH's legal counsel for the original purpose of funding certain credit facilities and instruments for the Companies (the "**Funds Held in Trust**").
2. The Interim Receiver was advised by ADH's legal counsel that the Companies were required to meet certain trust conditions to obtain the Funds Held in Trust.
3. The Interim Receiver, with assistance from its legal counsel and the Consultant, reviewed the conditions placed on the Funds Held in Trust and determined that the Companies did not meet the conditions required for the funds to be released to the Companies. As a result, on August 24, 2023, the Interim Receiver authorized ADH's legal counsel to return the Funds Held in Trust to ADH.

8.2 Employee matters

1. Upon being appointed, the Interim Receiver was notified that all employees and contractors were terminated in an announcement issued on July 28, 2023, attached hereto as **Appendix "H"** (the "**Termination Announcement**"). The Interim Receiver was further advised by the Consultant that certain wages owing to employees and consultants remained outstanding as at the Interim Receivership Date (the "**Outstanding Pay**").
2. On August 18, 2023, the Consultant identified 71 critical personnel who were required to "restart the business" and operate the Companies (the "**Critical Personnel**"). The Critical Personnel communicated to the Consultant and Interim Receiver that they would not return to work unless payments were made towards their respective Outstanding Pay. The Outstanding Pay owing to the Critical Personnel is approximately \$84,000.

3. Given the Companies' ongoing operations are not viable without the assistance of the Critical Personnel, upon advice from the Consultant and after consulting with ADH, the Interim Receiver concluded it was in the best interest of the Companies and their stakeholders to remit payment of the Outstanding Pay, which was agreed to be funded in several tranches payable as follows:
 - a) \$32,800 payable the week ending August 25, 2023;
 - b) \$29,500 payable the week ending September 1, 2023; and
 - c) \$21,700 payable thereafter as employees return.
4. To fund the first tranche of the Outstanding Pay of \$32,800, ADH advanced the ADH Funding.

8.3 Pending Sales of Certain Assets

1. Upon being appointed, the Interim Receiver was advised by the Consultant that there were term sheets executed for the sale of certain assets of PHC and PHSC (collectively, the "**Sale Term Sheets**" where the transactions outlined therein are referred to as the "**Sale Transactions**"), including:
 - a) **Slawner Other Ltee ("Slawner")** – the sale of PHSC's 100% ownership of the voting common shares in Slawner to Mr. Jose Cardoso and Ms. Annie Morin for \$202,000;
 - b) **Integrated Rehab and Performance ("IRP") Licenses:**
 - i. Perth IRP License – the sale of Companies' Perth IRP license to Dr. Manuela Joanou for \$10,000, plus royalty consideration;
 - ii. Courtney IRP License – the sale of Companies' Courtney IRP license to Broken Squirrel Wellness Inc. for \$10,000, plus royalty consideration; and
 - iii. Surrey IRP License – the sale of Companies' Surrey IRP license to Surrey Neuroplasticity Inc. for \$10,000, plus royalty consideration.

2. The Interim Receiver has received requests from the counterparties to the Sale Term Sheets to advance the Sale Transactions during these Proceedings. The Interim Receiver has advised all inquiring parties that:
 - a) the Interim Receiver does not have the authority under the Interim Receivership Order to affect the Sale Transactions;
 - b) with all directors and officers having resigned from the Companies, no individuals within the Companies have the authority to affect the Sale Transactions; and
 - c) a temporarily pause on the Sale Transactions is required until further relief is granted by the Court.
3. Notwithstanding the temporary pause on the contemplated Sale Term Sheets, the Interim Receiver recognizes the urgency all counterparties have expressed. Of particular concern for the Companies is the erosion of value which may occur if these Proceedings continue for an extended period of time. Given this concern, ADH has advised the Interim Receiver that it is considering options outside of the Proceedings to close the sale of the Slawner shares and that the proceeds from same will be used to fund the Companies' operations.

9.0 ADH's Request for an Extension

1. Recognizing additional time is needed for ADH and Aphria to develop a potential restructuring plan, including the closing of the Sale Transactions, ADH is seeking an extension of the Termination Date to and including October 2, 2023. The Interim Receiver supports ADH's requested relief for the following reasons:
 - a) the Companies, under the direction of the Consultant and with oversight of the Interim Receiver, are now operational with the Critical Personnel engaged and committed;
 - b) the Companies are acting in good faith and with due diligence;
 - c) the Cash Flow Forecast demonstrates that the Companies have sufficient cash on hand to fund their operations up to October 6, 2023;
 - d) the Termination Date extension is necessary to preserve the business and assets of the Companies, while ADH and Aphria, with the assistance of the Consultant and Interim Receiver, develop a restructuring plan; and

- e) if the Termination Date is not extended, the Companies will likely be required to make an assignment in bankruptcy, which will eliminate any going concern value of the Companies.

10.0 Conclusion and Recommendation

1. Based on the foregoing, the Interim Receiver respectfully recommends that this Honourable Court make an order granting the relief being sought by ADH.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
in its capacity as Court-appointed interim receiver of
Pathway Health Corp. and Pathway Health Services Corp.,
and not in its personal or corporate capacity

APPENDIX A

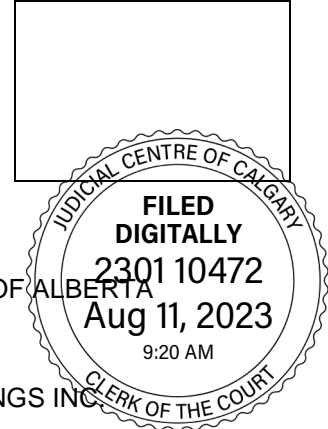
[ATTACHED]

CERTIFIED

by the Court Clerk as a true copy of the
document digitally filed on Aug 11, 2023

E. Wheaton

Clerk's Stamp:



COURT FILE NUMBER

2301- 10472

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

AVONLEA-DREWRY HOLDINGS INC.

DEFENDANTS

PATHWAY HEALTH CORP., PATHWAY HEALTH SERVICES CORP., PATHWAY HEALTHCARE TECHNOLOGIES CORP., 2563367 ONTARIO LIMITED and SLAWNER ORTHO LTEE.

DOCUMENT

INTERIM RECEIVERSHIP ORDER

CONTACT INFORMATION OF PARTY

Dentons Canada LLP

FILING THIS DOCUMENT:

Bankers Court

15th Floor, 850 - 2nd Street S.W.

Calgary, Alberta T2P 0R8

Attn: Derek Pontin

Ph. (403) 268-6301 Fx. (403) 268-3100

File No.:

DATE ON WHICH ORDER WAS PRONOUNCED: August 10, 2023

LOCATION WHERE ORDER WAS
PRONOUNCED:

Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS
ORDER:

The Honourable Justice S. D. Hillier

UPON the without notice application of Avonlea-Drewry Holdings Inc. ("**ADH**") in respect of Pathway Health Corp. and Pathway Health Services Corp. (collectively, the "**Debtors**" and each a "**Debtor**"; **AND UPON** having read the Application and the Affidavit of Michael Steele sworn, August 9, 2023; **AND UPON** reading the consent of KSV Restructuring Inc. to act as interim receiver (the "**Interim Receiver**") of the Debtors, to be filed; **AND UPON** hearing from counsel for ADH;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of the application for this order (the "**Order**") is hereby dispensed with and this application is properly brought *ex-parte*.

APPOINTMENT

2. Pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), KSV Restructuring Inc. is hereby appointed Interim Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").
3. Unless otherwise ordered by the Court, the date of termination of the Interim Receivership (the "**Termination Date**") shall be the earliest of:
 - (a) the taking of possession of the Property by a receiver, within the meaning of subsection 243(2) of the BIA; and
 - (b) September 5, 2023, unless renewed by further Order of this Court prior to the expiry date.
4. Absent further Order of this Court, the Interim Receiver shall not operate, manage or carry on the business of the Debtors, with the exception of the rights, duties and powers set out herein.

INTERIM RECEIVER'S POWERS

5. The Interim Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:
 - (a) to monitor the Debtors' receipts and disbursements, the Debtors' business and dealings with the Property, including, without limitation, the right to access all Records, and other information, computers, data, electronic or cloud-stored data, databases, or documents relating to the operations and finances, including, without limiting the generality of the foregoing, having direct access to the Debtors' accounting records, programs, banking statements, records and online banking data;
 - (b) to work with the Debtors, or any agent appointed by the Interim Receiver in respect of the Debtors, to prepare and update a rolling 13-week cash flow forecast (the "**Cash Flow**") and to administer a funding request model for the periodic submission and approval of necessary expenditures, to be reviewed and approved by the Interim Receiver in its discretion, with reference to the Debtors' critical operational requirements and preservation of enterprise value;
 - (c) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the placement of such insurance coverage as may be necessary or desirable;
 - (d) to engage consultants, contractors, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis,

including on a temporary basis, to assist with the exercise of the Interim Receiver's rights, powers and duties, including without limitation those conferred by this Order;

- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Interim Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Interim Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Interim Receiver in its capacity as Interim Receiver of the Debtors and not in its personal capacity;
- (j) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority, and any renewals thereof for and on behalf of and, if thought desirable by the Interim Receiver, in the name of the Debtors;
- (k) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (l) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have, including to make a proposal under Part III, Division I of the BIA, or assign the Debtors (or either of them) into bankruptcy;
- (m) to the extent that the Interim Receiver requires access to the Debtors' medical practice management system data ("**Practice Records**"), the following protocol shall apply:

- (i) Practice Records include documents which contain "individually identifying", "diagnostic, treatment and care information" and "registration information" concerning "health services" with respect to patients of the Debtors, as such terms are defined in the *Health Information Act*, RSA c H-5 ("**HIA**") or any other similar legislation in any other province or territory;
- (ii) the Interim Receiver shall be authorized and empowered by the Court to receive the Practice Records from each of the Debtors, as applicable, in accordance with Sections 35(1)(h), 36(c), and 66 of the *HIA* and Section 7.2 of the *Health Information Regulation*, AR 70/2001 ("**HIR**") or any other similar regulation in any other province or territory;
- (iii) this Order shall constitute an information manager agreement in accordance with Section 7.2 of the *HIR*;
- (iv) in carrying out its obligations with respect to Practice Records, the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of the Order, save and except for any gross negligence or willful misconduct on its part;
- (v) upon receipt of any Practice Records, the Interim Receiver will anonymize the Practice Records, removing all "individually identifying" "health information" and "diagnostic, treatment and care information", as such terms are defined in the *HIA*, wherever it may appear in the Practice Records (the "**Anonymized Records**");
- (vi) the Interim Receiver shall use only the Anonymized Records, and not the complete Practice Records, for the purposes of preparing any report in connection with its powers set forth in this Order; and
- (vii) the Interim Receiver shall not share the Anonymized Records with any party except in compliance with the *HIA* and the *HIR*,

and in each case where the Interim Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person (as defined below).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

6. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other

entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Interim Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Interim Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Interim Receiver upon the Interim Receiver's request.

7. All Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
8. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

MAINTENANCE OF THE DEBTOR'S BUSINESS

9. Subject to, and not in limitation of, the provisions of this Order, the Interim Receiver is authorized to retain, on such terms of engagement as the Interim Receiver deems appropriate in its discretion, Mr. Kim Wei (the "**Consultant**") in such capacity as may be required to best manage and maintain

the Debtors' day-to-day operations. The Interim Receiver shall not be deemed to be a successor employer to the Consultant in any fashion (including as set out at paragraph 17 hereof). Pursuant to the power and authority set forth herein, the Interim Receiver may delegate responsibility to the Consultant for managing and ensuring best commercial practices in respect of, among other things:

- (a) the hiring and termination of employees, staffing requirements of the Debtors and the Debtors' subsidiaries to ensure efficient operations;
- (b) selection and management of vendors, contractors, suppliers and operational contracts;
- (c) reporting to the Interim Receiver with respect to the preparation of and revisions to the Cash Flow;
- (d) providing detailed and supported funding requests to the Interim Receiver; and
- (e) such other day-to-day operational requirements for the Debtors and the Debtors' subsidiaries to continue in business in the ordinary course during the Interim Receiver's appointment.

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

10. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Interim Receiver except with the written consent of the Interim Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

11. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Interim Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

NO EXERCISE OF RIGHTS OR REMEDIES

12. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Interim Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:
- (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
 - (b) prevent the filing of any registration to preserve or perfect a security interest;
 - (c) prevent the registration of a claim for lien; or
 - (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.
13. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Interim Receiver at the first available opportunity.

NO INTERFERENCE WITH THE INTERIM RECEIVER

14. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Interim Receiver, or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

15. All persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking

services, payroll services, insurance, transportation, services, utility or other services to the Debtors,

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Interim Receiver or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of the Debtors' current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors (through the Interim Receiver) in accordance with the cash management processes set out hereunder, or such other practices as may be agreed upon by the supplier or service provider and the Interim Receiver, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

16. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Interim Receiver (the "**Post Interim Receivership Accounts**") and the monies standing to the credit of such Post Interim Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Interim Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

17. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Interim Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, SC 2005, c47 ("**WEPPA**").
18. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5, the Interim Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for Property and to their advisors, but only to the extent desirable or required to further discussions regarding one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its

evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Interim Receiver, or in the alternative destroy all such information.

LIMITATION ON ENVIRONMENTAL LIABILITIES

19. (a) Notwithstanding anything in any federal or provincial law, the Interim Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Interim Receiver's appointment; or
 - (ii) after the Interim Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Interim Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts an Interim Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Interim Receiver to remedy any environmental condition or environmental damage affecting the Property, the Interim Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Interim Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Interim Receiver, if the order is in effect when the Interim Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Interim Receiver to contest the order; or

- B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Interim Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE INTERIM RECEIVER'S LIABILITY

- 20. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order, neither the Interim Receiver nor Consultant shall incur any liability or obligation that exceeds an amount for which they may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Interim Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

INTERIM RECEIVER'S ACCOUNTS

- 21. The Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Interim Receiver and counsel to the Interim Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Interim Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$270,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Interim Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Interim Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 22. The Interim Receiver and its legal counsel shall pass their accounts from time to time.
- 23. Prior to the passing of its accounts, the Interim Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE INTERIM RECEIVERSHIP

- 24. The Interim Receiver be at liberty and it is hereby empowered to borrow, by way of a revolving credit or otherwise set up with ADH (or its designate), such monies from time to time as it may

consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Interim Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Interim Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

25. Neither the Interim Receiver's Borrowings Charge nor any other security granted by the Interim Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
26. Notwithstanding any other provision of this Order, this Order is without prejudice to any argument in respect of priority or allocation that the Canada Revenue Agency (the "**CRA**") may raise, on notice to the Interim Receiver, within a reasonable time after service of this Order on the CRA and in any event before the Termination Date.
27. The Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Interim Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
28. The monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Interim Receiver's Certificates.
29. The Interim Receiver shall be authorized to repay any amounts borrowed by way of Interim Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

ALLOCATION

30. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Interim Receiver's Charge and Interim Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

31. The Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
32. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Interim Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Interim Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
33. Nothing in this Order shall prevent the Interim Receiver from acting as a receiver, receiver and manager or a trustee in bankruptcy of the Debtors.
34. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to assist the Interim Receiver and its 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Interim Receiver in any foreign proceeding, or to assist the Interim Receiver and its agents in carrying out the terms of this Order.
35. The Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Interim Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
36. The Plaintiff shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Interim Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
37. Any interested party, including Canada Revenue Agency in respect of the priorities set out at paragraphs 21 and 24 hereof, may apply to this Court, at any time prior to the Termination Date, to vary or amend this Order on not less than 7 days' notice to the Interim Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

WEBSITE

38. The Interim Receiver shall establish and maintain a website in respect of these proceedings and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Interim Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
39. Service of this Order shall be deemed good and sufficient by counsel for ADH serving the same on the Debtors and counsel for the Interim Receiver, and the Interim Receiver thereafter posting the Order on its website and sending notice of the Order to all known creditors of the Debtors.
40. Service of this Order may be effected by facsimile, electronic mail, personal delivery, regular mail or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order, with the exception of regular mail, which is deemed to be effective 3 business days following mailing of this Order.



Justice of the Court of King's Bench of Alberta

**SCHEDULE A
RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that **KSV Restructuring Inc.**, the Interim Receiver (the "**Interim Receiver**") of all of the assets, undertakings and properties of Pathway Health Corp. and Pathway Health Services Corp. appointed by Order of the Court of King's Bench of Alberta and Court of King's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the 10th day of August, 2023 (the "**Order**") made in action number [●], has received as such Interim Receiver from the holder of this certificate (the "**Lender**") the principal sum of [\$], being part of the total principal sum of \$1,000,000 that the Interim Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the ● day of each month] after the date hereof at a notional rate per annum equal to the rate of [●] per cent above the prime commercial lending rate of Bank of [●] from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Interim Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [●].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Interim Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Interim Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

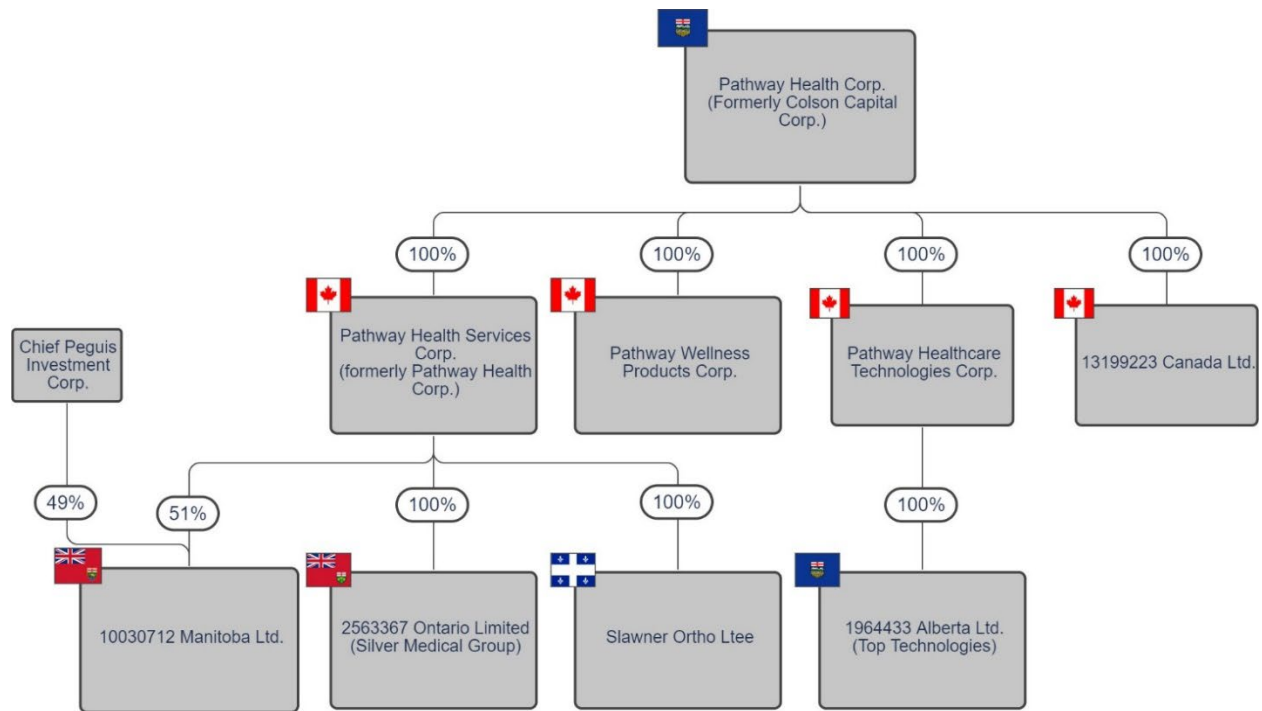
DATED the _____ day of _____, 20__.

KSV Restructuring Inc., solely in its capacity as Interim Receiver of the Property (as defined in the Order), and not in its personal or corporate capacity

Per: _____
Name: Jason Knight
Title: Managing Director

APPENDIX B

[ATTACHED]



APPENDIX C

[ATTACHED]

PATHWAY HEALTH CORP. ANNOUNCES RESIGNATION OF MANAGEMENT TEAM AND BOARD OF DIRECTORS

CALGARY, AB, July 28, 2023 /CNW/ - Pathway Health Corp. (TSXV: PHC) ("**Pathway**" or the "**Corporation**") today announces the resignation of the executive management team and board of directors of the Corporation and each of its subsidiaries.

The Corporation has been advised that its senior secured lender will not provide additional financing to support any ongoing operations, and Pathway has been unable to secure funding from other sources. The Corporation is unable to support its operations due to the lack of ability to produce sufficient revenue or raise capital to support its operations and maintain compliance with its current obligations. All employees of the Corporation and its subsidiaries have been terminated.

At this time, Kenneth Howling, Alison Wright, Dr. Rakesh Jetly, Mark Goldhar and Ken Yoon have resigned from their positions as board members of Pathway and from board and management positions at certain of Pathway's subsidiaries, as applicable. Additionally, Ken Yoon - Chief Executive Officer, Aura Balboa - Chief Financial Officer, Kim Wei - Chief Commercial Officer and Pram Sandhu – Vice President, Pharmacy Programs and Regulatory Affairs have resigned as executives of the Corporation and from board and management positions of Pathway's subsidiaries. Marc Wagner has also resigned from his respective director and officer position at another Pathway subsidiary.

Following these resignations, the Corporation and its subsidiaries have no remaining directors or officers.

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this Press Release. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

SOURCE Pathway Health Corp.

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%SEDAR: 00051985E

For further information: Pathway Health Corp., Email: investor-relations@pathwayhealth.ca

CO: Pathway Health Corp.

CNW 09:29e 28-JUL-23

APPENDIX D

[ATTACHED]



ksv restructuring inc.

Suite 1165, 324 – 8th Avenue SW

Calgary, Alberta T2P 2Z2

T +1 403 808 8255

F +1 416 932 6266

rgraham@ksvadvisory.com

ksvadvisory.com

August 11, 2023

PRIVATE AND CONFIDENTIAL

Mr. Kim Wei

1195 Crestdale Rd.

Mississauga, Ontario

L6H 1X6

Dear: Mr. Wei

Re: In the matter of the interim receivership of Pathway Health Corp. and its subsidiary, Pathway Health Services Corp. (collectively, the “Companies”)

As you are aware, on August 10, 2023, KSV Restructuring Inc. (“**KSV**”) was appointed to act as the interim receiver (KSV in such capacity, the “**Interim Receiver**”) of the Companies’ current and future assets, undertakings and properties, pursuant to an order issued by the Court of King’s Bench of Alberta (the “**Order**”). A copy of the Order is enclosed for your reference.

The principal purpose of the interim receivership is for the Interim Receiver to oversee, safeguard, and preserve the Companies’ business and operations while it continues to operate in the normal course.

Further to our prior correspondence with you, and in accordance with the provisions of the Order, the Receiver has determined it requires your services on an ongoing basis to immediately assist in identifying, preserving, and stabilizing the Companies’ assets, patient records, and operations. Accordingly, the Interim Receiver wishes to retain you as a contractor of the Companies, pursuant to the terms of the Order as further supplemented in this letter (this “**Agreement**”).

You hereby confirm that you resigned as an employee of the Companies, and you understand and agree that your contractor relationship with the Interim Receiver as set out in this Agreement is a new contractual relationship with the Interim Receiver, and that the Interim Receiver will not recognize or give you credit for your past service with the Companies with respect to notice of termination or for any other purpose.

In making this offer, KSV is acting solely in its capacity as Interim Receiver and without personal or corporate liability. By signing this Agreement, you acknowledge that the Interim Receiver is not: (a) a successor employer to, related employer or common employer with the Companies within the meaning or contemplation of any federal or provincial employment standards legislation; or (b) an employer, sponsor or payor within the meaning or contemplation of the *Alberta Employment Pension Plans Act*, SA 2012, c E-8.1, or other similar federal or provincial legislation.

In accepting this Agreement, you waive any claims, suits, actions or causes of action (collectively, the “**Claims**”) against KSV and the Interim Receiver and release and discharge KSV and the Interim Receiver from any Claims for arrears of wages or salary, overtime, bonuses, loss of benefits, funding of benefits

plans or policies, funding of pension or retirement plans, vacation pay, severance pay, termination pay or any other amounts, whether arising by statute, common law or otherwise, owing by virtue of your employment with the Companies for the period prior to your engagement by the Interim Receiver as set out in this Agreement.

Capitalized terms not otherwise defined in this Agreement have the meaning set forth in the Order.

AGREEMENT

By signing this Agreement, you acknowledge and agree that: (i) this Agreement contains all of the terms and conditions of your contract with the Interim Receiver; (ii) this Agreement is entered into between you and KSV acting solely in its capacity as Interim Receiver and not in its personal or corporate capacity; and (iii) you are not relying on any promises or representations of any kind to enter into the Agreement (iv) the Interim Receiver does not assume liability, nor is it liable to you, for compensation of any kind other than as expressly provided for in this Agreement and (v) you have either reviewed this Agreement with legal counsel or have had the opportunity to review this Agreement with legal counsel and have chosen not to do so.

TERM

Notwithstanding the date of execution of this Agreement, this Agreement and your contractor relationship with the Interim Receiver shall be effective August 10, 2023 and will continue indefinitely until terminated by the Interim Receiver in its sole discretion. The Interim Receiver may terminate this Agreement and your contractor relationship thereunder at any time by providing you with 72 hours' advance written notice. In such event, except for the Contractor Fee (as defined below) owing to you through to the end of such notice period, nothing further shall be owing to you by the Interim Receiver.

DUTIES

While you are reporting to the Interim Receiver during the course of this this Agreement, you agree to perform the duties outlined in this Agreement, and such additional duties as may be determined by the Interim Receiver from time to time that are reasonably commensurate with this role. You will provide the duties outlined in this Agreement on such days as are mutually agreed upon with the Interim Receiver during the term of this Agreement.

For greater clarity and certainty, the duties may include, but are not limited to, the following (the "**Duties**"):

1. overseeing the development and management of the Companies' core services;
2. managing the execution of the Companies' operations, including responding to requests from, and managing any ongoing relationship with, their wholly-owned subsidiaries;
3. ensuring productive relationships and partnerships are developed and maintained internally and externally;
4. reporting to the Interim Receiver with respect to the preparation of, and revisions to, the Cash Flow, contemplated in the Order;
5. selecting and managing the Companies' vendors, contractors, suppliers and operational contracts;

6. hiring and terminating the Companies' employees, healthcare consultants (Physicians and Nurse Practitioners), managing staffing requirements and ensuring efficient operations;
7. ensuring the Companies' assets are well-maintained and secured;
8. providing detailed and supported funding requests to the Interim Receiver, including with respect to the Critical Payments (defined below);
9. identifying and preserving the integrity of patient records stored physically or hosted on an external electronic medical records system ("**EMR**"); and
10. ensuring the continuity of care with respect to any Companies' patients requesting assistance with urgent medical results or record transfers.

You agree to perform your duties in a good and workmanlike manner and to the best of your abilities, and in accordance with accepted standards, professional codes, practices, policies and guidelines, and in compliance with all applicable national, provincial and local laws and regulations, and the Interim Receiver's practices and policies (as those practices and policies pertain to consultants).

On the days you work under this agreement, you also agree to devote your full business time and best efforts in the performance of the Duties, and that you will not engage in any other commercial activity without the advanced written consent of the Interim Receiver. You shall disclose any actual or potential conflict of interest to the Companies and, where an apparent conflict may exist, immediately act to notify the Interim Receiver.

VENDOR PAYMENTS AND COMPANY FUNDING

On a weekly basis, you will identify all critical payments immediately requiring funding and provide the Interim Receiver with a schedule detailing the same (the "**Critical Payments**"). Upon receipt, the Interim Receiver will review and, unless otherwise communicated, approve and, if necessary, fund the Critical Payments, barring any request for follow-up or supporting information.

The Critical Payments schedule shall be delivered to the Interim Receiver by no later than **3:00 p.m. (Calgary time)**, on **Wednesday** of each week for the duration of this Agreement.

COMPENSATION

The Interim Receiver will pay you a contractor fee of **\$955 per day** for the Duties during the term of this Agreement (the "**Contractor Fee**"), plus any applicable GST, and HST/PST, which sum will be paid weekly in arrears. On a weekly basis, with the list of Critical Payments, you are required to provide the Interim Receiver with an invoice in a form acceptable to the Interim Receiver. Such invoices shall specify the number of hours in which the Duties were performed and the days on which the Duties were performed in the previous week, and such other items as may be determined by the Interim Receiver.

You will not be eligible for or entitled to any benefits or other remuneration or compensation of any kind in respect of the Duties to be provided by you during the term of this Agreement except as specifically set out in this Agreement.

Should you have any questions regarding the forgoing, please do not hesitate to contact the undersigned at your earliest convenience.

Yours very truly,

KSV RESTRUCTURING INC.,

solely in its capacity as Interim Receiver of Pathway
and not in its personal or corporate capacity

Per:



Jason Knight
Managing Director

ACCEPTANCE

I hereby accept the above terms and conditions and agree that they constitute all of the terms of my engagement and all of the obligations of KSV, and that any Claims I may have in respect of my employment or engagement with the Companies are only against the Companies, and not KSV. I hereby release KSV from any and all Claims that I may have against it directly or indirectly resulting or arising from my previous employment or engagement with the Companies. In addition, I further acknowledge that this offer, and my acceptance thereof, does not constitute a continuation of my previous employment or engagement with the Companies.

Dated the 15th day of August 2023.

Signature: _____

Name: Mr. Kim Wei

APPENDIX E

[ATTACHED]

Pathway Health Corp.
13 Week Cash Flow Forecast
August 18, 2023 to November 17, 2023

		1	2	3	4	5	6	7	8	9	10	11	12	13	
For the week ending,	Notes	25-Aug-23	01-Sep-23	08-Sep-23	15-Sep-23	22-Sep-23	29-Sep-23	06-Oct-23	13-Oct-23	20-Oct-23	27-Oct-23	03-Nov-23	10-Nov-23	17-Nov-23	Total
Cash Receipts															
Collection of LP revenue	1	-	34,143	-	22,500	-	30,700	50,000	-	45,000	26,000	25,000	-	53,000	286,343
Collection of provincial billing		-	-	-	-	2,000	-	-	-	1,500	-	-	-	2,000	5,500
Proceeds from sale of assets	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interim DIP Financing	3	33,000	-	170,000	-	-	-	-	-	-	-	-	-	-	203,000
		33,000	34,143	170,000	22,500	2,000	30,700	50,000	-	46,500	26,000	25,000	-	55,000	494,843
Cash Disbursements															
<u>Operating Expenses</u>															
Wages and benefits	4	8,704	25,471	7,000	-	33,053	-	36,503	8,000	46,085	-	46,085	-	54,085	264,986
Wages and consultants - Catch up payments	4	32,753	29,534	6,732	-	11,328	-	3,654	10,000	-	10,000	-	10,000	-	114,001
Consulting fees	5	6,732	2,610	17,894	9,045	-	-	-	22,622	-	-	-	22,622	-	81,526
Rent & utilities	6	-	1,210	19,508	-	-	-	13,210	-	-	-	13,210	-	-	47,138
Marketing	7	-	-	2,500	-	-	-	-	-	2,500	-	-	-	-	5,000
Office & other expense	8	-	-	7,107	650	-	-	7,190	300	-	-	7,190	300	-	22,737
Insurance	9	-	9,195	-	-	-	-	4,645	-	-	-	4,645	-	-	18,485
Travel		-	-	-	1,700	-	-	-	1,700	-	-	-	-	-	3,400
Professional fees	10	-	-	-	70,000	-	-	-	75,000	-	-	-	-	80,000	225,000
<u>Other Disbursements</u>															
Repayment/interest on DIP	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash disbursements		48,190	68,020	60,741	81,395	44,381	-	65,202	117,622	48,585	10,000	71,130	32,922	134,085	782,272
Net cash flow		(15,190)	(33,877)	109,259	(58,895)	(42,381)	30,700	(15,202)	(117,622)	(2,085)	16,000	(46,130)	(32,922)	(79,085)	(287,429)
Opening cash balance		63,982	48,792	14,916	124,175	65,280	22,899	53,599	38,397	(79,225)	(81,310)	(65,310)	(111,440)	(144,362)	63,982
Closing cash balance		48,792	14,916	124,175	65,280	22,899	53,599	38,397	(79,225)	(81,310)	(65,310)	(111,440)	(144,362)	(223,447)	(223,447)

Notes to the cash flow

Note 1 - Collection of licensed producer ("LP") revenues are driven based on the projected average monthly billings. Revenues in the week ended November 3, 2023 reduced to reflect revised education revenue agreement with Aphria.

Note 2 - The sale of the Companies' ownership shares in Slawner is expected to be received in week ended September 29, 2023. ADH, as secured lender, will complete the sale of the ownership share through their security and contribute the sale proceeds to the proceedings. Given the tentative nature of the pending sale, proceeds from the sale have been omitted from the cash flow at time of this Report.

Note 3 - Other receipts and repayments are comprised of DIP financing transactions from Aphria and ADH.

Note 4 - Wages are split as follows: (i) catch up payments for back pay owed; and (ii) go forward wages for active service completed by employees. Nearly all back pay wages will be caught up by the week ending September 8, 2023. Payments totaling \$30,000 during the months of October and November represent the repayment of pre-filing wages owed to Mr. Wei. Approximately \$84K is owed to Mr. Wei for wages outstanding prior to the interim receivership order.

Note 5 - Consulting fees reflect payments for services rendered by nurse practitioners and consulting MDs.

Note 6 - Rent and utilities reflect expenses incurred throughout the period, including charges by Telus EMR. A decline in rent and utilities is expected when certain leases are disclaimed in the proceedings.

Note 7 - Marketing expenses are incurred for two conferences (Metro/ Sobeyes), to be attended by Mr. Wei/ Mr. Silver/ Ms. Dimitriou.

Note 8 - Office and other expenses reflect charges incurred for technology and other miscellaneous charges. Pathway is undergoing a review of the technology charges and will inform service providers of reduced users in efforts to reduce these expenditures further.

Note 9 - Insurance payments are expected to decrease in October as a result of the lease disclaimers issued under the proposed receivership proceedings.

Note 10 - Professional fees reflect services by the Interim Receiver and its legal counsel. This cash flow assumes the interim receivership will be converted to a receivership wherein the receiver will conduct a sale process.

APPENDIX F

[ATTACHED]

**ksv restructuring inc.**

Suite 1165, 324 – 8th Avenue SW

Calgary, Alberta T2P 2Z2

T +1 403 808 8255

F +1 416 932 6266

ksvadvisory.com

Memorandum

To: Mr. Kim Wei

From: KSV Restructuring Inc.

Date: August 21, 2023

Subject: **Pathway Health Corp. and its subsidiary Pathway Health Services Corp.
Interim Receivership Disbursement & Monitoring Program**

Background & Purpose

On August 10, 2023, pursuant to an order granted by the Court of King's Bench of Alberta (the "**Court**") (the "**Order**"), KSV Restructuring Inc. was appointed as the interim receiver (in such capacity, the "**Interim Receiver**") of all the current and future assets, undertakings, and properties of Pathway Health Corp. and Pathway Health Services Corp. (collectively, the "**Companies**").

Pursuant to an agreement dated August 11, 2023 (the "**Consulting Agreement**"), the Interim Receiver engaged you as a consultant, on an ongoing basis, to assist in identifying, preserving, and stabilizing the Companies' assets, patient records, and operations.

On August 21, 2023, as required under the Order, you prepared a weekly cash flow forecast (the "**Cash Flow Forecast**"), a copy of which is attached hereto as **Schedule "A"**.

In accordance with the Order, the Interim Receiver is required to monitor the Companies' receipts and disbursements, business, and dealings with property. In this regard, the Interim Receiver held discussions with you to develop a monitoring program as contemplated by the Order. The purpose of this memorandum is to document the monitoring program established between you and the Interim Receiver, dealing specifically with following items:

- 1) the process for administering the bank accounts and processing disbursements from same;
- 2) the weekly reporting required on the Cash Flow Forecast; and
- 3) any changes to the Cash Flow Forecast going forward (agreed with the Interim Receiver) to reflect actuals and adjustments thereof.

(1) Bank Accounts and Disbursements

Pursuant to paragraph 5(a) of the Order, the Interim Receiver is authorized to monitor the receipts and disbursements that are made from any account at any financial institution in the name of the Companies (the "**Accounts**"). Going forward, all disbursements required to operate the Companies will continue to be issued by you, with the Interim Receiver's approval, through the Accounts. To ensure minimal disruption

of the Companies' operations, the following process is required for disbursements to be approved by the Interim Receiver.

On a weekly basis, you will identify all critical payments required to continue operations and provide the Interim Receiver with a schedule detailing the same (the "**Critical Payment Request**"). Upon receipt of the Critical Payment Request, the Interim Receiver will review and, unless otherwise communicated, approve and, if necessary, fund the payments outlined in the Critical Payment Request, barring any request for follow-up or supporting information. The Critical Payment Request shall be delivered to the Interim Receiver by **no later than 3:00 p.m. (Calgary time), on Monday of each week** and shall include the following supporting documentation:

- **Employee Payroll** – for all payroll, each pay period, you shall submit to the Interim Receiver the payroll report from each of the Companies' payroll provider showing the breakdown of payments to all employees;
- **Contractors** – for all other casual staff or contractors that may not be included with the payroll provider reports, you shall submit to the Interim Receiver a detailed schedule outlining the following for each staff or contractor:
 - their first and last name;
 - the nature of their employment (i.e., hourly or salary and part-time or full-time);
 - the quantity of work (i.e., for hourly staff/contractors – the number of hours worked; for salaried staff/contractors – the number of days worked); and
 - their rate of compensation (i.e., hourly rate for hourly staff and annual salary for salaried staff/contractors); and
- **Other Expenses** – for all other expenses required to be paid, you shall submit a schedule which details each invoice or expense to be paid, along with the appropriate supporting documentary evidence (which may include, but is not necessarily limited to, receipts, invoices and/or other similar documents) proving that such services or products are required for the general operations of the Companies.

Once the Interim Receiver reviews the Critical Payment Request, the Interim Receiver shall, at its discretion, provide approval for said payments to be issued. **To be completed no later than 3:00 p.m. (Calgary time), on Tuesday of each week.**

(2) Weekly Reporting & Monitoring

The Interim Receiver and you agree that you will provide the following information to the Interim Receiver by **no later than 3:00 p.m. (Calgary time), on Wednesday of each week:**

- 1) a comparison of its actual weekly cash inflows and outflows for the week immediately preceding compared to the forecasted amounts contained in the Cash Flow Forecast, along with an explanation of any variances;
- 2) all applicable bank statements, which shows the ending cash balance (which reconciles to the Companies' actual ending week cash balance as indicated in the Cash Flow Forecast); and
- 3) internal financial statements, operating statements, or other information which provide the Interim Receiver with an indication of the Companies' recent financial performance, as applicable.

You have been made aware that the foregoing was not intended to be an exhaustive list of relevant information, and that the Interim Receiver may request further information at any date which is not to be unreasonably withheld.

Weekly Meeting

It is agreed that a weekly meeting would be held on Thursday morning of each week, at a time to be agreed upon between you and the Interim Receiver, to discuss the weekly cash variances and financial information, restructuring initiatives, customer/supplier concerns, and/or any other matters pertaining to the Companies' operations.

KSV RESTRUCTURING INC.,
solely in its capacity as Interim Receiver of
Pathway and not in its personal or corporate
capacity

Per: DocuSigned by:



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Jason Knight
Managing Director

DocuSigned by:



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MR. KIM WEI

APPENDIX G

[ATTACHED]

FINANCING TERM SHEET

Dated as of August 31, 2023

WHEREAS pursuant to an Order (the “**Interim Receivership Order**”) of the Court of King’s Bench of Alberta (the “**Court**”) granted on August 10, 2023, KSV Restructuring Inc. was appointed as interim receiver, without security, of all of Pathway Health Corp. and Pathway Health Services Corp.’s (collectively, the “**Debtors**”) current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the “**Property**”) (in such capacity, the “**Interim Receiver**”).

WHEREAS pursuant to the Interim Receivership Order, the Interim Receiver is at liberty and is empowered to borrow, by way of a revolving credit or otherwise set up with Avonlea-Drewry Holdings Inc. (“**ADH**”) (or its designate, referred to herein as an “**ADH Designate**”), such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as the Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Interim Receiver by the Order, including interim expenditures.

WHEREAS, pursuant to the Interim Receivership Order, the whole of the Property shall be charged by way of a fixed and specific charge (the “**Interim Receiver’s Borrowings Charge**”) as security for the payment of the monies borrowed pursuant to the Interim Receivership Order, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person, but subordinate in priority to the Interim Receiver’s Charge (as such is defined in the Order) and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

WHEREAS Aphria Inc. (“**Aphria**”) is prepared to lend \$170,000.00 to the Interim Receiver, subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

1. **PURPOSE OF FACILITY:** The purpose of the Advance (as defined below) shall be to fund the costs of the exercise of the powers and duties conferred upon the Interim Receiver (including funding the Debtors’ ordinary course ongoing operations or as authorized under the Interim Receivership Order, or any further Orders granted in the interim receivership proceedings) by the Interim Receivership Order (or, a receiver in the event that the proceeding commenced pursuant to the Interim Receivership Order is converted to a receivership pursuant to an Order in form and substance satisfactory to Aphria, acting reasonably).
2. **AVAILABILITY:** Promptly following the satisfaction of the Conditions Precedent (as defined below), Aphria will advance \$170,000 to the Interim Receiver (the “**Advance**”).
3. **INTEREST:** Interest shall accrue from the date of the Advance calculated daily at a notional rate *per annum* equal to the rate of 3.00 per cent above the prime commercial lending rate of Bank of Canada from time to time (such

interest, together with the outstanding Advance, being the “**Obligations**”).

4. REPAYMENT: The Obligations are repayable by the Interim Receiver upon demand by Aphria and in any event no later than the earlier of (i) October 1, 2023 or (ii) the sale of all or substantially all of the business or Property of the Debtors.
5. REPORTING The Interim Receiver shall provide Aphria with such information as it may reasonably request from time to time relating to the Debtors and the Property.
6. CONDITIONS PRECEDENT: Aphria will not be obliged to make the Advance unless the following conditions precedent (collectively, the “**Conditions Precedent**”) have been satisfied or waived by Aphria in its sole discretion:
 1. The Interim Receiver shall have executed and returned a copy of this Term Sheet.
 2. ADH shall have provided written confirmation that Aphria is an ADH Designate and that the Advance shall constitute funding as an ADH Designate, which confirmation shall be acknowledged by the Interim Receiver and be in form and substance satisfactory to Aphria, acting reasonably.
 3. The Interim Receiver and Aphria shall have executed an amendment to the Patient Education Agreement dated as of February 1, 2020 between Aphria and The Clinic Network Canada Inc. pursuant to which the Education Fee (as defined therein) shall be reduced by 50% effective October 1, 2023 (the “**Reduction**”), which Reduction shall continue until such time as the aggregate value of the Reduction is equal to \$250,000 less the value of any portion of the Advance repaid as of such time, which amendment shall be in form and substance satisfactory to Aphria, acting reasonably.
7. GOVERNING LAW: This Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.
8. SECURITY: The Interim Receiver’s Borrowings Charge, as evidenced by a receiver certificate delivered by the Interim Receiver pursuant to, in accordance with, and substantially in the form appended to the Interim Receivership Order.

[Signature Page Follows]

If the above terms and conditions contained herein are acceptable to the Interim Receiver, please execute and return a copy of this Term Sheet.

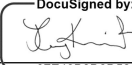
APHRIA INC.

Per: _____
Name: Carl Merton
Title: Chief Financial Officer

We acknowledge and accept the within terms and conditions as of the 31st day of August, 2023.


KSV RESTRUCTURING INC., solely in its capacity
as Interim Receiver of the Property and not in its
personal or corporate capacity

Per: _____
Name: Jason Knight
Title: Managing Director

DocuSigned by:

87E48B2D2D52481...

If the above terms and conditions contained herein are acceptable to the Interim Receiver, please execute and return a copy of this Term Sheet.

APHRIA INC.

DocuSigned by:

Per: _____
Name: Carl Merton
Title: Chief Financial Officer

We acknowledge and accept the within terms and conditions as of the 31st day of August, 2023.

KSV RESTRUCTURING INC., solely in its capacity
as Interim Receiver of the Property and not in its
personal or corporate capacity

Per: _____
Name: Jason Knight
Title: Managing Director

APPENDIX H

[ATTACHED]

Employee Communication – for Immediate Release

July 27, 2023

All Staff, Consultants and Contractors:

On July 12th, we sent out a communication to employees and consultants announcing that the plan of arrangement for the acquisition and consolidation of The Newly Institute and HEAL Global (the “Transaction”) was denied by the Alberta Court of King’s bench. As a result, the Transaction was not expected to proceed. The Pathway Health Corp. (“**Pathway**” or the “Corporation”) has since been reviewing its options with its senior secured lender and other parties as to a viable path forward.

As of late last night, the Corporation has been advised that its senior secured lender will not provide additional financing to support any ongoing operations, and Pathway has been unable to secure funding from other sources. The Corporation is unable to support its operations due to the lack of ability to produce sufficient revenue or raise capital to support its operations and maintain compliance with its current obligations. This notice is to inform you that your employment as well as the employment of all employees of the Corporation and its subsidiaries is terminated effective immediately.

All Pathway group benefits for employees will also end effective end of day today, and any claims up to and including today should be submitted within 30 days to the insurance company. Employees may have the option of converting their life insurance to an individual policy. Interested employees should contact the insurance company and bear in mind that there is a deadline of 31 of days from the last date of coverage.

Employees do not require the Record of Employment (“ROE”) to apply for Employment Insurance benefits, and you can do this online today. The Corporation will issue all ROEs directly to the CRA electronically and mailed to all employees directly.

All employees are reminded of their continuing obligations not to disclose or misuse any of the Corporation’s confidential and proprietary information. All employees must return immediately any and all intellectual property, confidential information or other Corporation property immediately.

The Corporation also announced today the resignation of the executive management team and board of directors of the Corporation and each of its subsidiaries.

At this time, Kenneth Howling, Alison Wright, Dr. Rakesh Jetly, Mark Goldhar and Ken Yoon have resigned from their positions as board members of Pathway and from board and management positions at certain of Pathway’s subsidiaries, as applicable. Additionally, Ken Yoon - Chief Executive Officer, Aura Balboa - Chief Financial Officer, Kim Wei - Chief Commercial Officer and Pram Sandhu – Vice President, Strategy, Pharmacy Programs and Regulatory Affairs have resigned as executives of the Corporation and from board and management positions of Pathway’s subsidiaries. Marc Wagner has also resigned from his respective director and officer position at another Pathway subsidiary.

Following these resignations, the Corporation and its subsidiaries have no remaining directors or officers.

On behalf of the Corporation, we thank all of our employees for their support of the Pathway business units and truly wish everyone much success moving forward.