

Court No.: 25-5958977

Estate Nos.:25-5958977

**COURT OF KING'S BENCH OF ALBERTA
IN BANKRUPTCY AND INSOLVENCY**

JUDICIAL CENTRE

CALGARY, ALBERTA

APPLICANTS

OGEN HOLDINGS LTD. and OGEN LTD.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
UNDER SECTION 50.4 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC
1985, C. B-3, AS AMENDED, OF OGEN HOLDINGS LTD. and OGEN LTD.**

PROPOSAL

OGEN Holdings Ltd. and Ogen Ltd. (collectively the "**Debtors**") submit the following proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, C. B-3 (the "**BIA**").

On June 26, 2023, the Debtors filed notices of intention to make a proposal to their creditors under section 50.4 of the BIA and thereby commenced proceedings to restructure their financial affairs under Division I of the BIA.

On July 24, 2023, Justice E.J. Sidnell of the Alberta Court of King's Bench ordered, amongst other things, that the proceedings related to OGEN Holdings Ltd. and Ogen Ltd. be consolidated into a single proceeding under Court File Number 25-2958977 (the "**Order**").

KSV Restructuring Inc., of Calgary, Alberta is a licensed trustee under the BIA, which has consented to act as a Proposal Trustee under the Proposal filed by the Debtors.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) "**Administrative Charge**" means the priority Administration Charge over the Property in favour of the Debtors' counsel, Proposal Trustee's counsel and the Proposal Trustee in the maximum amount of \$250,000.00 as granted by the Court of King's Bench of Alberta pursuant to the Order dated July 24, 2023;

- (b) **“Administrative Fees and Expenses”** means the proper fees, expenses, including legal fees and disbursements, of the Proposal Trustee and the Debtors, including the fees and disbursements of Bennett Jones LLP, counsel to the Debtors, and MLT Aikins LLP, counsel to the Proposal Trustee, on and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal;
- (c) **"Affected Creditors"** includes the Secured Creditor and the Unsecured Creditors;
- (d) **"Amending Agreement"** means the agreement between CFCU and the Debtors to amend the Secured Loans;
- (e) **“Approval”** means:
 - (i) Acceptance of this Proposal by the statutory majority of Creditors in the Unsecured Creditor Classes entitled to vote thereon in accordance with the relevant provisions of the BIA; and
 - (ii) The approval of this Proposal by the Court by the granting of the Approval Order, which is a Final Order;
- (f) **“Approval Order”** means an Order of the Court approving the Proposal;
- (g) **"Assessed Secured Claim"** has the meaning given to it in Section 3.4;
- (h) **"Assessed Unsecured Claim"** has the meaning given to it in Section 3.4;
- (i) **“Bennett Jones LLP”** means Bennett Jones LLP, counsel for the Debtors;
- (j) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Filing Date;
- (k) **“Business Day”** means a day, other than a Saturday or Sunday, on which banks are generally open for business in Calgary, Alberta;
- (l) **“Canada Pension Plan”** means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (m) **"CFCU"** means Connect First Credit Union;
- (n) **"CFCU Secured Creditor Class"** means a class comprised of CFCU for all amounts deemed as the Assessed Secured Claim pursuant to Article 3 hereof;
- (o) **CFCU Unsecured Creditor Class"** means a class comprised of CFCU for all amounts deemed as the Assessed Unsecured Claim pursuant to Article 3 hereof;
- (p) **“Claim”** means a claim provable in bankruptcy against the Debtors or the Directors or Officers and includes any indebtedness, liability, action, cause of action, suit, debt, account, bond covenant, counterclaim, demand, claim, right and obligation of any kind of the Debtors to any Person, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to make a claim for contribution or indemnity or otherwise with respect

to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which existed prior to or as of the Filing Date and a reference to a "Claim" or "Claims" shall include, as the case may be, Preferred Claims; Convenience Claims; D&O Claims; Unsecured Claims, Secured Claims, and Restructuring Claims;

- (q) "**Claims Deadline**" has the meaning given to it in Section 6.4;
- (r) "**Convenience Claim**" has the meaning given to it in Section 6.5;
- (s) "**Court**" means the Alberta Court of King's Bench (in Bankruptcy and Insolvency);
- (t) "**CRA**" means the Canada Revenue Agency;
- (u) "**CRA Cannabis License**" means cannabis license 8 1004 6599 RD0001 issued to OGEN Ltd. under the *Excise Tax Act*, RSC, 1985, c. E-15;
- (v) "**Creditor**" means any Person, having a Claim and may, if the context requires, means a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (w) "**Creditors' Meeting**" means the meeting of the Secured Creditor and Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (x) "**Creditors' Meeting Date**" means the date and time as may be called by the Proposal Trustee for the meeting of creditors to consider this Proposal, but in any event will be no later than twenty-one (21) days following the Proposal Date;
- (y) "**Disputed Claim**" means any Claim that has been received by the Proposal Trustee in accordance with the terms of this Proposal and the BIA but has not been accepted as proven or which is being disputed in whole or in part by the Proposal Trustee, or any other Person entitled to do so and has not been resolved by agreement of by Order of the Court;
- (z) "**Disputed Creditor**" means a Person holding a Disputed Claim to the extent of its Disputed Claim;
- (aa) "**D&O Claim**" means the right of any Person against one or more of the Directors or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including the right or ability of any Person to make a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, including any right of contribution or indemnity, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer;
- (bb) "**Directors**" means all current and former directors (or their estates) of the Debtors, in such capacity, and "Director" means any one of them;
- (cc) "**Employee Creditors**" means employees and former employees of the Debtors, if any, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtors became bankrupt on the Filing Date, as well as wages, salaries, commissions

or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtors' business during the same period;

- (dd) "**Employment Insurance Act**" means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (ee) "**Filing Date**" means June 26, 2023 (the date the Debtors filed a Notice of Intention to Make a Proposal);
- (ff) "**General Unsecured Creditor Class**" means a class comprised of all Unsecured Creditors not included in the CFCU Unsecured Creditor Class;
- (gg) "**Health Canada Cannabis License**" means license number – LIC-W8RLZBPK1C-2021 issued to OGEN Ltd. pursuant to the *Cannabis Act*, SC 2018, c. 16 and associated regulations;
- (hh) "**Implementation Date**" means the date upon which the conditions set forth in **Section 7.4** have been satisfied or, if applicable, waived;
- (ii) "**Income Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended;
- (jj) "**Interim Lenders**" means Hawksworth Holdings Ltd. and G. Edwards Holdings Ltd.;
- (kk) "**MLT Aikins LLP**" means MLT Aikins LLP, counsel for the Proposal Trustee;
- (ll) "**Officer**" means all current and former officers (or their estates) of the Debtors, in such capacity, and "Officer" means any one of them;
- (mm) "**Official Receiver**" will have the meaning ascribed thereto in the BIA;
- (nn) "**Person**" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (oo) "**Post-Filing Claim**" means any Claims arising in respect of services rendered, goods supplied or other consideration given to the Debtors after the Filing Date;
- (pp) "**Preferred Claim**" means that portion of a Claim that is accepted by the Proposal Trustee as entitling the Creditor to receive payment in priority to other Creditors as provided in section 136 of the BIA;
- (qq) "**Preferred Creditors**" means holders of Preferred Claims and includes Employee Creditors;
- (rr) "**Proof of Claim**" will mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;
- (ss) "**Property**" means all of the Debtors' current and future assets, undertakings and property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof;
- (tt) "**Proposal**" means this proposal together with any amendments or additions thereto;
- (uu) "**Proposal Date**" means the date of the filing of the Proposal with the Official Receiver;

- (vv) **"Proposal Proceeds"** has the meaning ascribed in Section 5.1;
- (ww) **"Proposal Trustee"** means KSV Restructuring Inc, in its capacity as the proposal trustee of the Debtors, or its duly appointed successor or successors;
- (xx) **"Proven Claim"** of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the BIA;
- (yy) **"Restructuring Claims"** mean claims arising as a result of the restructuring including the claims of terminated employees for severance and termination and claims arising as a result of the Debtor's repudiation or disclaimer of a contract after the Filing Date pursuant to **section 65.11** of the BIA;
- (zz) **"Secured Claim"** means the amount of the Secured Creditor's Claim, as determined under Article 3;
- (aaa) **"Secured Creditor"** means Connect First Credit Union;
- (bbb) **"Secured Loans"** means all the secured loans between CFCU and the Debtors, including the overdraft lending agreement dated August 17, 2021 as account number 120012990737 and the loans advanced pursuant to the commitment letter dated December 18, 2020 as loan numbers 955012704336 and 723111520729;
- (ccc) **"Source Deduction Creditors"** means Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the time of the Filing Date and are of a kind that could be subject to a demand under:
 - (i) **subsection 224(1.2)** of the *Income Tax Act*;
 - (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to **subsection 224(1.2)** of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to **subsection 224(1.2)** of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum;
 - (A) has been withheld or deducted by a Person from a payment to another Person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (B) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in **subsection 3(1)** of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (ddd) **"Unaffected Creditors"** means the Interim Lenders;

- (eee) **“Unsecured Claim”** means the amount of an Unsecured Creditor’s Claim, as determined under Article 3, and includes any Preferred Claim, Convenience Claim, D&O Claim, Assessed Unsecured Claim and Restructuring Claim;
- (fff) **“Unsecured Creditors”** means Creditors with Unsecured Claims;
- (ggg) **“Voting Letter”** will mean the voting letter required by **section 51(1)** of the BIA to be mailed to each known Creditor prior to the Unsecured Creditors’ Meeting.

1.2 Articles of Reference

The terms “hereof”, “hereunder”, “herein” and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection, clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

1.5 Time

All times expressed herein are local times in Calgary, Alberta, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time will be deemed to be 5:00 p.m. local time in Calgary, Alberta, Canada.

1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

ARTICLE 2

PURPOSE AND EFFECT OF PROPOSAL

2.1 Purpose

The purpose of this Proposal is to effect a proposal concerning the obligations of the Debtors in order to enable the business of the Debtors to continue, in the expectation that all stakeholders of the Debtors including their Affected Creditors will derive a greater benefit from their continued operations than would result from the discontinuance of their operations and the forced liquidation of the Debtors. This Proposal will also provide for a full and final satisfaction of all Unsecured Claims in exchange for a cash payment as described in this Proposal.

This Proposal applies to all Affected Creditors.

This Proposal does not apply to the Unaffected Creditors, including any amounts advanced pursuant to the Interim Loan Facility (as defined in the Order).

For the purpose of voting on the Proposal, the Secured Creditor will comprise a single class of creditors (the CFCU Secured Creditor Class) for the amount of security as valued by the Proposal Trustee under Article 3 hereof.

Unsecured Creditors of the Debtors shall be comprised of – and vote in – two separate classes of Unsecured Creditors, as identified under article 4.5 hereof.

The Proposal to the CFCU Secured Creditor Class is pursuant to the Amending Agreement to be negotiated with the Secured Creditor.

The Proposal requires that the Debtors and the Secured Creditors execute the Amending Agreement, pursuant to which CFCU and the Debtors shall agree to amend the Secured Loans to, amongst other things, revise the value owing pursuant to the Secured Loans and the repayment terms of the Secured Loans in accordance with this Proposal and the Amending Agreement

2.2 Effect of Proposal

This Proposal will be binding on the Debtors and the Affected Creditors, and effective on the Implementation Date, all Unsecured Claims shall be discharged and the Debtors shall thereon be released from all Unsecured Claims, other than the obligation to make payment in the manner and to the extent described in this Proposal.

2.3 Secured Creditors

The Claim of the Secured Creditor will be valued in accordance with Article 3.4 hereof. Other than the value of the security, all agreements between the Secured Creditor and the Debtors shall otherwise remain in effect and be unchanged unless otherwise agreed between the Secured Creditor and the Debtors.

2.4 Administrative Fees and Expenses

The Administrative Fees and Expenses will be paid in full by the Debtors from operational revenue, and the Administrative Charge acts as security for such fees and expenses, in accordance with the terms of the July 24, 2023 Order.

2.5 Preferred Creditors

The Proven Claims of the Preferred Creditors (excluding the Employee Claims) of the Debtors will be paid in full in priority to the Proven Claims of other Unsecured Creditors in accordance with the BIA and the Proposal.

2.6 Employee Creditors

The Proven Claims of the Employee Creditors, if any, will be satisfied or paid as provided by Article 6.

2.7 Unsecured Creditors

The Proven Claims of the Unsecured Creditors of the Debtors will be satisfied or paid as provided by Article 6.

2.8 Post-Filing Claims

Post-Filing Claims will be paid in full by the Debtors in the ordinary course of business and on regular trade terms, or as may otherwise be arranged with the holders of such Post-Filing Claims.

ARTICLE 3

PROCEDURE FOR VALIDATION AND VALUATION OF CLAIMS

3.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under this Proposal, each Affected Creditor must file a Proof of Claim with the Proposal Trustee as required by the BIA. Unsecured Creditors who have filed a Proof of Claim will receive a distribution in accordance with Article 6 based on their Proven Claims and filed elections.

3.2 Allowance of Claims

Upon receipt of a completed Proof of Claim, the Proposal Trustee will examine the Proof of Claim and will, in consultation with the Debtors, allow, disallow or revise each Proof of Claim in accordance with the provisions of the BIA.

3.3 Procedure for the Valuation of Unsecured Claims

The procedure for (a) determining and valuing Claims of the Unsecured Creditors that are contingent or unliquidated; and (b) disallowing and resolving disputes with respect to Claims, will be as set forth in **Section 135** of the BIA.

The Proposal Trustee reserves the right to seek the assistance of the Court in valuing the claim of any Unsecured Creditor, if required, to ascertain the result of any vote on this Proposal or the amount payable or to be distributed to such Creditor under this Proposal, as the case may be.

3.4 Procedure for Valuation of Secured Claims

CFCU is the only Secured Creditor of the Debtors. CFCU may file with the Proposal Trustee a proof of secured claim in the prescribed form in accordance with Article 3 hereof and may vote in accordance with Article 4.6 hereof and section 50.1(2)-(3) of the BIA.

For the purpose of this Proposal, pursuant to section 50.1(2) of the BIA the Proposal Trustee has assessed CFCU's Claim with the following proposed assessed value (the "**Assessed Value**"):

- a) Assessed Secured Claim of \$15,290,968; and
- b) Assessed Unsecured Claim of the CFCU Proven Claim less the Assessed Secured Claim amount.

Whether or not CFCU files a Proof of Claim, and unless CFCU contests the Assessed Value pursuant to section 50.1 of the BIA, the Assessed Unsecured Claim shall be deemed to be correctly assessed by the Proposal Trustee, a separate creditor class related to CFCU's Assessed Unsecured Claim shall be established pursuant to Article 4.5 hereof, and CFCU may vote in favour of or against the Proposal as an Unsecured Creditor based upon its Assessed Unsecured Claim.

ARTICLE 4

MEETING OF CREDITORS

4.1 Creditors' Meeting

On the Creditors' Meeting Date, the Proposal Trustee will hold a Creditors' Meeting in order for the Creditors to consider and vote upon the Proposal.

4.2 Time and Place of Meeting

The Creditors Meeting will be held on the Creditors' Meeting Date. Due to location of the Proposal Trustee and the Unsecured Creditors, the Creditors Meeting will be held virtually, on such terms and parameters as the Proposal Trustee considers appropriate, with video and teleconference access for any Creditors who wish to virtually attend. The Proposal Trustee may engage a third-party service provider to virtually host the Creditors Meeting. The Proposal Trustee shall make available to all known Creditors the necessary connection, dial-in and other information about the Creditors Meeting. Unless otherwise ordered by the Court, the Creditors' Meeting will be held at a time to be established by the Official Receiver, or the nominee thereof, and confirmed in the notice of Creditors' Meeting to be mailed to Creditors pursuant to the BIA.

4.3 Conduct of Meetings

The Official Receiver or the nominee thereof, will preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only Persons entitled to attend the Creditors' Meeting are those Persons, including the holders of proxies, entitled to vote at the Creditors' Meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtors, together with such representatives of the Proposal Trustee as the Proposal Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other Person may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Creditors.

4.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with sections 52 and/or 106 of the BIA.

4.5 Classes of Creditors

For the purposes of considering, voting on and receiving distributions under this Proposal, the Creditors shall constitute a single secured creditor class comprised of the Secured Creditor, which is the CFCU Secured Creditor Class, and two (2) unsecured creditor classes as follows:

- a) the CFCU Unsecured Creditor Class; and
- b) the General Unsecured Creditor Class.

4.6 Voting by Creditors

Persons virtually in attendance at the Creditors Meeting by video or teleconference who are eligible to vote shall cast their vote in the manner prescribed by the Proposal Trustee. All votes will be recorded and tabulated by the Proposal Trustee, who may seek the assistance of the Court with respect to any dispute arising from or out of the tabulation of votes. Any Proof of Claim in respect of a Claim of an Unsecured Creditor that is not a Proven Claim as at the Creditors' Meeting Date will be marked as objected to in accordance with **section 108(3)** of the BIA.

4.7 Approval by Creditors

In order that the Proposal be binding on the Secured Creditors of the Debtors in accordance with the BIA, it must first be accepted by the both the Secured Creditors and each class of Unsecured Creditors of the Debtors by a majority in number of the Creditors with Proven Claims who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, which represent two-thirds in value of the Proven Claims of the Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

In order that the Proposal be binding on the Unsecured Creditors of the Debtors in accordance with the BIA, it must first be accepted by each class of Unsecured Creditors of the Debtors by a majority in number of the Creditors with Proven Claims who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, which represent two-thirds in value of the Proven Claims of the Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

Voting Letters as provided for in the BIA submitted to the Proposal Trustee prior to the Creditors' Meeting must indicate whether the Creditor wishes to cast its vote in favour of or against the Proposal.

4.8 Appointment of Inspectors

At the Meeting of Creditors, the Creditors may appoint up to five (5) Inspectors whose powers will be limited to: (a) advising the Proposal Trustee concerning any dispute which may arise as to the validity or valuation of Claims; and (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them. Any decision, direction or act of the Inspectors may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it deems just. The authority and term of office of the Inspectors will terminate upon the discharge of the Proposal Trustee.

ARTICLE 5

FUNDING OF PROPOSAL

5.1 Funding of the Proposal

Conditional only on Article 7.4, the Debtors shall make the following Proposal payments (the "**Proposal Proceeds**"):

- (a) Not later than 6 months following the Implementation Date, pay or cause to pay the amount payable to satisfy the Claims of the Source Deduction Creditors, the Claims of the

Employee Creditors, Preferred Claims and Convenience Claims to the Proposal Trustee;
and

- (b) Not later than 6 months following the Implementation Date, pay or cause to pay \$1,040,000 less the amounts paid in Article 5.1 (a) to the Proposal Trustee;

for distribution to the Source Deduction Creditors, Employee Creditors, Preferred Creditors, Convenience Creditors, and Unsecured Creditors of the Debtors with Proven Claims in accordance with Article 6.

5.2 Division of Proposal Proceeds

The Proposal Proceeds shall be divided into two separate categories as follows:

- (a) proceeds for all amounts payable to the CFCU Unsecured Creditor Class in the total amount of \$25,000 (the "**CFCU Unsecured Proceeds**"); and
- (b) proceeds for all amounts payable to the General Unsecured Creditor Class in the total amount of \$1,015,000 (the "**General Unsecured Proceeds**").

5.3 Holding of Proposal Proceeds

The Proposal Proceeds will be held by the Proposal Trustee for distribution to the Unsecured Creditors of the Debtors in accordance with **Section 6.5**.

ARTICLE 6

DISTRIBUTION

6.1 Payment of Administrative Fees and Expenses

The unpaid Administrative Fees and Expenses up to and including the making of the Approval Order will be paid in full by the Debtors on or before the Business Date that is ten (10) Business Days after the Approval Order is made. The Debtors will continue to pay any professional fees and disbursements to be incurred subsequent to the making of the Approval Order. Any amount of the retainer paid to the Proposal Trustee that is unused will be returned to the Debtors. The Proposal Trustee is authorized to pay Administrative Fees and Expenses prior to final taxation of its accounts.

6.2 Payment of Employee Creditors

The Claims, if any, of the Employee Creditors with Proven Claims will be paid or satisfied immediately after the making of the Approval Order in the ordinary course using proceeds from the General Unsecured Proceeds as required under section 60(1.3) of the BIA.

6.3 Payment of Source Deduction Creditors

Unless His Majesty agrees otherwise, the Proven Claims, if any, of the Source Deduction Creditors will be paid within six (6) months after the making of the Approval Order using the Proposal Proceeds.

6.4 Requirement to File Proofs of Claim

On or before the Implementation Date, the Proposal Trustee will deliver notice pursuant to **section 149(1)** of the BIA requiring that any of the Debtors' Unsecured Creditors that have not filed a Proof of Claim to file a Proof of Claim within thirty (30) days ("**Claims Deadline**").

6.5 Distribution to Unsecured Creditors

Following the Claim Deadline, the determination of Proven Claims, and in any event, not sooner than the payment of the Proposal Proceeds to the Proposal Trustee, the Proposal Proceeds will be distributed by the Proposal Trustee to the General Unsecured Creditor Class as follows:

- (a) First, to each Preferred Creditor of the Debtors in respect of its Proven Claim in the priority established by the BIA, payable from the General Unsecured Proceeds;
- (b) Second, to each Unsecured Creditor that has elected to file its Unsecured Claim as a Convenience Claim its proof of claim form, the following amounts:
 - (i) 100% of the Unsecured Claims to a maximum amount of \$20,000.00 per Unsecured Creditor (collectively, the "**Convenience Claims**") payable from the General Unsecured Proceeds; and
- (c) Third, to each Unsecured Creditor that has elected not to file its Unsecured Claim as a Convenience Claim, payable on a pro-rata basis from amounts remaining in the General Unsecured Proceeds; and
- (d) CFCU as the only Creditor in the CFCU Unsecured Creditor Class will receive the CFCU Unsecured Proceeds of \$25,000.00.

6.6 Levy

Payments to each Creditor in respect of Proven Claims will be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA and the Proposal Trustee will remit the amount of such levy to the Office of the Superintendent of Bankruptcy contemporaneous with the distributions to Unsecured Creditors.

6.7 Discharge of Proposal Trustee

Upon the payment and distribution by the Proposal Trustee of the amounts contemplated in this **Article 6**, the Proposal Trustee will have discharged its duties as Proposal Trustee and the Proposal Trustee will be entitled to apply for its discharge as Proposal Trustee. For greater certainty, the Proposal Trustee will not be responsible or liable for any obligations of the Debtors and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

ARTICLE 7

MISCELLANEOUS

7.1 Compromise Effective for all Purposes

The provisions of this Proposal will be binding upon each Creditor, their heirs, executors, administrators, successors and assigns, for all purposes.

7.2 Modification of Proposal

The Debtors may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal. After the Creditors Meeting (and both prior to and subsequent to the issuance of the Approval Order) and subject to the consent of the Proposal Trustee, the Debtors may at any time and from time to time vary, amend, modify or supplement the Proposal if the Court determines that such variation,

amendment, modification or supplement is of a minor, immaterial or technical nature or would not be materially prejudicial to the interest of any of the Creditors under the Proposal and is necessary in order to give effect to the substance of the Proposal or the Approval Order.

7.3 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Secured Creditor and Unsecured Creditor will be deemed:

- (a) to have executed and delivered to the Debtors all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtors in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Creditor and the Debtors that has occurred on or prior to the Implementation Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Creditor and the Debtors as at the Implementation Date (other than those entered into by the Debtors on, or with effect from, the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal will take precedence and priority and the provisions of such agreement or other arrangement will be amended accordingly;
- (d) to have released the Debtors, the Proposal Trustee and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with the matters herein; and
- (e) to have released the Directors of the Debtors of all D&O Claims, and any claims pursuant to section 50(13) of the BIA;

provided that nothing herein will release the Debtors of their obligation to make the payments contemplated in this Proposal or to comply with any of their obligations thereunder.

7.4 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtors will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) The acceptance of the Proposal by the Unsecured Creditors of the Debtors in accordance with Article 4.6 hereof;
- (b) The CRA shall confirm in writing that notwithstanding the Proposal, the CRA Cannabis License shall remain in effect up to and including April 14, 2024, at which time it will be subject to renewal in the ordinary course (the "**CRA License Renewal Condition**"), which License Renewal Condition may be unilaterally waived by the Debtors upon written notice to the CRA. Following April 14, 2024, the CRA Cannabis License will be subject to renewal

in the ordinary course without consideration of the Proposal or any CRA Unsecured Claims that are compromised pursuant to the Proposal for the purposes of determining whether OGEN has sufficient financial resources or whether it is in the public interest to revoke or not renew the CRA Cannabis License at such time;

- (c) Health Canada shall confirm in writing that notwithstanding the Proposal, the Health Canada Cannabis License shall remain in good standing and in full effect up to and including April 14, 2024, at which time it will be subject to renewal in the ordinary course (the "**Health Canada License Renewal Condition**"), which Health Canada License Renewal Condition may be unilaterally waived by the Debtors upon written notice to Health Canada. Following April 14, 2024, the Health Canada Cannabis License will be subject to renewal in the ordinary course without consideration of the Proposal or any Health Canada Unsecured Claims that are compromised pursuant to the Proposal for the purposes of determining whether OGEN has sufficient financial resources or whether it is in the public interest to revoke or not renew the Health Canada Cannabis License at such time;
- (d) The execution of the Amending Agreement between CFCU and the Debtors on or before September 30, 2023; and
- (e) The making of an Approval Order in respect of the Debtors and the expiry of all appeal periods, provided that the Debtors may agree to waive the expiry of the appeal period in respect of the Approval Order.

7.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date:

- (a) The treatment of all Claims under the Proposal will be final and binding on the Debtors and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns); and
- (b) The Proposal will constitute: (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtors of or in respect of said Claims;

provided that nothing herein will release the Debtors of their obligation to make the payments contemplated in this Proposal or to comply with any of their obligations thereunder.

7.6 Conduct of Debtors' Business

Subject to any Order made by the Court, the Debtors will remain in possession and control of their property and assets at all times, both before and after implementation of this Proposal.

ARTICLE 8

AVOIDANCE OF TRANSACTION

8.1 Avoidance Proceedings

Sections 95 to 101 of the BIA will not apply in respect of the Debtors or this Proposal.

ARTICLE 9

GENERAL

9.1 Notices

Any notices or communication to be made or given hereunder will be in writing and will refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail, telecopier or by email addressed to the respective parties as follows:

- (a) if to the Debtors

Ogen Holdings Ltd. and Ogen Ltd.
c/o Bennett Jones LLP
Attention Michael W. Selnes
4500 855 2nd Street SW
Calgary, Alberta
T2G 0K2
selnesm@bennettjones.com

- (b) if to an Unsecured Creditor, to the address, telecopier number or email address for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no Proof of Claim has been filed, to such other address, telecopier number or email address at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted;

- (c) if to the Secured Creditor to the address, telecopier number or email address for such Unsecured Creditor specified in the Proof of Claim filed by the Secured Creditor or, if no Proof of Claim has been filed, to such other address, telecopier number or email address at which the notifying party may reasonably believe that the Secured Creditor may be contacted; and

- (d) if to the Proposal Trustee:

KSV Restructuring Inc.
Attention: Jason Knight / Nisan Thurairatnam
220 Bay St. Suite 1300
Toronto, ON
M5J 2W4
jknight@ksvadvisory.com / nthurairatnam@ksvadvisory.com

or to such other address, telecopier number or email address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, by telecopier or email and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by email or telecopier or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in to case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

9.2 Notice of Presentation of Approval Application

Each of the Creditors and the Official Receiver (as defined by and appointed under the BIA) are hereby given notice that, after acceptance of this Proposal by the Creditors in accordance with the relevant provisions of the BIA, the Debtors will present an application to the Court seeking the Approval Order at such date and time that may be fixed following the Creditors' Meeting.

9.3 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Filing Date.

9.4 Applicable Law

This Proposal will be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and will be treated in all respects as an Alberta contract.

9.5 Non Severability

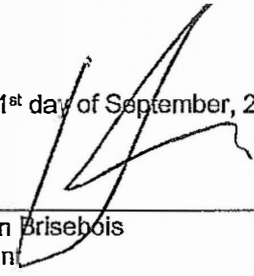
It is intended that all provisions of this Proposal will be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions will be void and of no force or effect.

9.6 Deeming Provisions

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

DATED at the City of Calgary, in the Province of Alberta, this 1st day of September, 2023.

Per: 
Name: Darren Brisebois
Title: President

I have authority to bind the corporation.

Per: _____
Name: Allan Morrison
Title: Director

I have authority to bind the corporation.

Per: 
Name: Gary Edwards
Title: Director

I have authority to bind the corporation.

DATED at the City of Calgary, in the Province of Alberta, this 1st day of September, 2023.

Per: _____

Name: Darren Brisebois

Title: President

I have authority to bind the corporation.

Per: _____

Name: Allan Morrison

Title: Director

I have authority to bind the corporation.

Per: _____

Name: Gary Edwards

Title: Director

I have authority to bind the corporation.