

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

AND DOMENICO SERAFINO AS A PERSON INTERESTED IN THE
MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HYDRX
FARMS LTD., CANNOSCIENCE INNOVATIONS INC. AND SCIENTUS
PHARMA INC.

Applicant

REPLY MOTION RECORD

June 3, 2021

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TO: **SERVICE LIST**

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Court File No. CV-21-00659187-00CL

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Applicant

**REPLY AFFIDAVIT OF RICHARD GOLDSTEIN
(sworn June 3, 2021)**

I, RICHARD GOLDSTEIN, of the City of Toronto, in the Province of Ontario, MAKE
OATH AND SAY:

1. I am swearing this affidavit in reply to:
 - (a) the affidavit of Domenico Serafino ("**Serafino**") sworn May 20, 2021 (the "**Serafino Affidavit**");
 - (b) the affidavit of Leo Chamberland ("**Chamberland**") sworn May 20, 2021 (the "**Chamberland Affidavit**"); and,
 - (c) the affidavit of Roula Sotirakos ("**Sotirakos**") sworn May 20, 2021 (the "**Sotirakos Affidavit**"),

all of which have been filed in response to Cobra's motion returnable on June 30, 2021.

2. Capitalized terms herein have the meanings ascribed to them in my affidavit sworn April 23, 2021.
3. As the Serafino Affidavit contains misinformation regarding my involvement in the events leading to these proceedings, I wish to clarify certain facts.
4. The shares of Cobra are held by 2775361 Ontario Inc. ("**277**") and Windsor Private Capital Limited Partnership ("**Windsor**"). 277 holds 90% of the shares of Cobra and Windsor owns 10% of the shares.
5. First Republic Holdings Corporation ("**FRH**"), of which I am the sole director and President, and which is my family holding company, holds 40% of the shares of 277. The remaining 60% of the shares of 277 are held, directly or indirectly, by personal friends of mine, who are arm's length to me and my companies.
6. First Republic Capital Corporation ("**FRC**"), as distinct from FRH, is an investment banking firm and exempt market dealer based in Toronto. I am the President and one of the directors of FRC.
7. I am the CFO, one of the directors, and a shareholder of Canntab Therapeutics Limited ("**Canntab**"). Canntab is a Canadian biopharmaceutical company which manufactures and distributes a number of cannabinoid formulations and terpene blends in hard pill forms for therapeutic applications. Canntab holds a Cannabis Standard Processing and Sales for Medicinal Purposes License, a Cannabis Research License, and an Industrial Hemp License from Health Canada. Canntab shares trade on the Canadian Securities Exchange, on the OTCQB, and on the Frankfurt Stock Exchange. Canntab has no, and has never held any interest directly or indirectly in FRH, 277, Cobra, or HyDRx. Canntab has no, and has never had any, contractual relationship

with HydRx.

8. I first became acquainted with HydRx through my friend, Michael Rothfeld, in July of 2019. He advised me that there was an opportunity to acquire shares in HydRx at a discount to the then current subscription price through Dr. Hance Clarke, a former board member of HydRx. Dr. Clarke held options to acquire shares. A group of investors, in which I was a participant, funded a portion of Dr. Clarke's exercise of options. As a result, I became (and remain) an indirect shareholder of approximately 0.19% of the issued and outstanding shares of HydRx.

9. In the spring of 2020, Phil Hemans ("**Hemans**"), the then COO of HydRx, contacted me to solicit my assistance in raising funds for HydRx. At the time, there was little, if any, capital being raised in the Canadian cannabis sector. The economic climate in the sector was at a low point due to the collapse in valuations in 2019 and the associated wave of insolvencies and consolidations that was underway.

10. Hemans introduced me to Har Grover ("**Grover**"), the then CEO of HydRx. Grover and his brother, Rav Grover, the then CFO of HydRx, were the founders of Cannscience Innovations Inc. ("**Cannscience**"), a biopharmaceutical company that had merged with HydRx.

11. In my discussions with Hemans and Grover, I became familiar with HydRx's manufacturing facility, its equipment, its balance sheet and financial challenges. I also learned that Aphria was looking to sell the Senior Secured Debenture ("**Debenture**"). HydRx had long been in default under the Debenture and had failed to make payment following Aphria's demand.

12. Hemans and Grover advised me that HydRx, although it had raised over \$50 million, had run out of cash and most of its employees had been laid off in March, 2020. Its remaining board members and management were pursuing separate agendas in order to protect their

investments and the investments they had solicited from friends and family in HydRx. HydRx had no business to speak of. It had no, and had never generated any, material revenue. Although Canaccord Genuity had been promoting a potential deal between RISE Life Science Corp. (“**Rise**”) and HydRx since the fall of 2019, it was clear the deal had no chance of success as there was no market for it among investors.

13. Initially, our discussions with HydRx centered on an alternative possible deal that FRC would have been interested in, namely, an M&A transaction involving HydRx, World Class Extractions Inc. (“**WCE**”) and The Hash Corporation, to facilitate the start of actual production of cannabis products in HydRx’s manufacturing facility. However, nothing came of those discussions because Chamberland was not interested in WCE becoming part of a merger. Instead, Chamberland told me that WCE would be interested in buying the Debenture but WCE had only given him the authority to spend \$2.5 million. I indicated that I would be interested in raising the balance required.

14. Chamberland negotiated the acquisition of the Debenture directly with Aphria’s CFO, Carl Merton. Copies of emails they exchanged on July 9 and 10, 2020, together with a draft LOI, are attached as **Exhibit A**. A copy of the signed LOI is attached as **Exhibit B**. The LOI was subject to a definitive agreement being entered into and a due diligence condition in favour of WCE. I was not a director of HydRx at this time.

15. Originally, when Chamberland and I discussed how much to offer for the Debenture, we talked about \$5.5 million. Subsequently, Chamberland told me that he spoke with Serafino, who suggested that it could be purchased for \$5 million.

16. On Monday, July 13, 2020, Chamberland, Rosy Mondin (“**Mondin**”), WCE’s CEO, Lisa

Polonoski, also of WCE at the time, and I, met with Serafino at his home to discuss next steps. We confirmed that WCE had tied up the Debenture, subject to due diligence, and that I would be part of the investor group involved in funding one half of the \$5 million purchase price (the other \$2.5 million to be funded by WCE), if we closed. At no point during the meeting did Serafino suggest that he or anyone associated with him or HydRx preferred to buy the Debenture or to participate in buying it with us. With respect to due diligence, we confirmed that we required access to HydRx's data room. We discussed HydRx's immediate liquidity needs. Serafino told us that he had managed to get three shareholders to put in approximately \$45,000 that day to meet payroll audit requirements but that was the last money that shareholders were going to put in. Serafino also talked about a potential deal that he was working on with Chuck Rifici, a cannabis entrepreneur, to bring in funding.

17. On July 14, 2020, Serafino and I exchanged a number of text messages, copies of which are attached, collectively, as **Exhibit C**. The texts included the following exchange:



Dom Serafino

Chuck reaches out to me today as well. Did u speak with him. I have not returned his call yet.

5:41 p.m.

Me

I have not spoken to Chuck. We need to get access to the dataroom to complete our dd and make a proposal to you and the board

5:49 p.m.



Dom Serafino

Have u asked for access formally?

5:50 p.m.

Me

Yes

5:50 p.m.



Dom Serafino

From Har?

5:50 p.m.



Dom Serafino

Or Phil

5:50 p.m.

Me

I believe Har has to give it to us. We also need to see the terms of the GSA

5:51 p.m.



Dom Serafino

But who is asking them. I believe they know you are the successful bid with Aphria apparently.

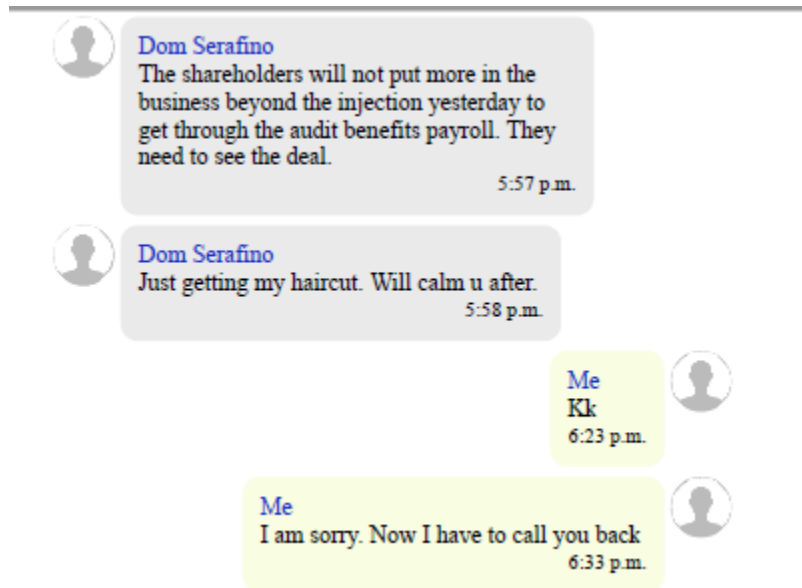
5:56 p.m.

Me

Leo asked

5:56 p.m.





18. Contrary to Serafino’s professed ignorance of Cobra’s transaction with Aphria and my involvement, it is clear from the above texts that Serafino knew on July 14, 2020 that WCE had been the successful bidder and that I had partnered with WCE to acquire the Debenture.

19. Serafino’s statement in the above text exchange that the shareholders would not put in more money, which I regarded as a polite way of saying that he and the shareholders aligned with him would not put in more money, became a mantra of Serafino’s until I had learned that he had applied for an initial stay in proceedings without notice to anyone, including Cobra. At no point prior to being served with Serafino’s application record for a stay under the CCAA did he ever mention that he had \$5 million in credit available to utilize for the benefit of HydRx, or to acquire or participate in the acquisition of any interest in the Debenture.

20. Insofar as Serafino’s evidence regarding the “July Plan” is concerned, the document attached as Exhibit “E” to the Serafino Affidavit was prepared and developed by Chamberland after some brief general discussions between us before he flew from Vancouver to Toronto for the meeting. It was merely for discussion purposes. It contemplated Canntab’s participation

through Canntab's contribution of capital equipment to HydRx's production facility. Although we discussed it in general terms at the meeting on July 13, 2020, nothing definitive was agreed upon at the time, or at any time thereafter.

21. Contrary to paragraph 28 of the Serafino Affidavit, I did not indicate that I intended to treat the discounted amount for which the Debenture was acquired without a "lift" in exchange for fees, warrants, or equity of any sort. We also did not discuss any mandate for FRC to be the "banker" or to raise funds for HydRx during the meeting or at any time thereafter.

22. Although in paragraph 31 of the Serafino Affidavit, Serafino refers to WCE as a "successful operator", in fact, WCE is a cannabis investment holding company rather than an operator.

23. On July 14, 2020 at 7:30 pm, Mondin emailed Hemans to advise that it was the second day of WCE's ten day due diligence period and to request assistance with facilitating WCE's due diligence.

24. On July 15, 2020 at 11:01 am, Mark Fletcher, HydRx's then Senior VP and general counsel, emailed Mondin to advise that HydRx was willing to provide reasonable cooperation in respect of WCE's due diligence efforts but noted it was important that HydRx's management and board be fully informed as to the terms of WCE's proposed acquisition of the Debenture to assess the impact thereof on HydRx and its stockholders.

25. At 11:44 am, Mondin responded that HydRx appeared to be insolvent, that WCE understood HydRx required recapitalization to fulfill its obligations and maintain operations and needed working capital. However, Mondin confirmed that WCE was unable to provide any clear direction as to how these requirements could be structured. A copy of this email is attached as

Exhibit D.

26. Cobra was a shelf company of Chamberland's that he incorporated without my prior involvement on October 21, 2019. Copies of Cobra's original certificate of incorporation and articles of incorporation are attached, collectively, as **Exhibit E**.

27. A copy of the Debenture Security Assignment Agreement dated July 28, 2020 between Aphria, as assignor, and Cobra, as assignee, (the "**DSAA**"), which was the definitive agreement contemplated under the LOI, is attached as **Exhibit F**.

28. When the DSAA was signed, each of WCE and 277 held 50% of the shares of Cobra. A deposit of \$1 million had already been paid in trust by WCE on account of the purchase price when the LOI was signed. A further \$1 million was funded by FRH and advanced by Cobra as a second deposit when the DSAA was signed. The DSAA provided that completion of the purchase of the Debenture was subject to a 60 day due diligence period in favour of Cobra.

29. On July 31, 2020, Mondin wrote to Grover in response to Grover's letter of July 30, 2020, which letter is attached as Exhibit "K" to Serafino's Affidavit. A copy of Mondin's letter is attached as **Exhibit G**. Mondin expressed her and Chamberland's dissatisfaction with a meeting they had with Grover in the latter part of July, 2020. I was not invited to and did not attend the meeting. It was Chamberland, rather than me, who was driving the process. At the end of the letter, Mondin wrote:

We are the holder of a \$11,500,000 secured convertible debenture (in first position) over the assets of HydRx. We are your defacto lenders having stepped into the shoes of Aphria. Currently your debt is in default. All we are entitled to is payment. It is not up to us to provide you with any plan at all. It is up to you as CEO of HydRx to figure out how to proceed with your operations. You did not provide us with any plan. It is not up to us to provide you with any plan at all. Currently your debt is in default.

We understand that the previously proposed transaction with RISE Life Science Corp. and Canaccord did not proceed. Note that we are not preventing you from doing whatever may be necessary to arrange capital. The real question is, do we proceed with enforcement proceedings pursuant to outstanding amounts owing under the Debenture now, or do we provide HydRx with more time.

30. The above letter is totally inconsistent with paragraph 12 of the Chamberland Affidavit in which Chamberland professes that it was never WCE's intention to enforce remedies under the Debenture for the full amount secured. It is also inconsistent with Serafino's evidence regarding my alleged assurances that the "July Plan" would be implemented.

31. Serafino was well aware that the "July Plan" was not going forward. Serafino never took any affirmative steps to implement the "July Plan". He never retained counsel and he never prepared a draft agreement or letter of intent.

32. Attached as **Exhibit H** is a copy of an email thread between August 5 and 7, 2020 between Chamberland and Grover, copied to Serafino. The thread addressed the continuing discussions that were taking place between WCE and HydRx. It is clear from the email thread that nothing definitive was agreed to and that Serafino and Grover, each of whom were directors of HydRx, knew of our intention to close on the Debenture.

33. On August 17, 2020 at 1:50pm, Chamberland emailed Grover and requested, among other things, various due diligence information, including HydRx's minute book, financial statements with bank statements and reconciliations, and a list of payables and receivables. In his email, Chamberland wrote:

We will have more questions but it is imperative that this gets to us ASAP. Time is of the essence gentlemen. Once we close on the Aphria Debenture, we have two options – one is that we proceed with the enforcement, and the other is that we proceed with the proposed transaction to further fund HydRx and proceed with the sale to Rise. I am assuming everyone prefers the second options [*sic*].

34. Contrary to paragraph 12 of the Chamberland Affidavit, Chamberland was clear that enforcement of the Debenture and creditor remedies was one option that WCE was considering.

35. I believe the reference to Rise in the above email related to a potential deal to sell certain microwave extraction technology that had been developed by Cannscience to Rise, although I was not involved in those discussions, as Chamberland was driving the bus at that time.

36. At 2:56pm, Grover responded that HydRx would upload the additional documents requested into a new folder in the data room. He further clarified that access to the data room had been suspended for non-payment of subscription fees and that partial payment of those fees had been made in order to restore access. Attached as **Exhibit I** is a copy of the email thread. I did not access the data room while it was available as I was not involved in due diligence.

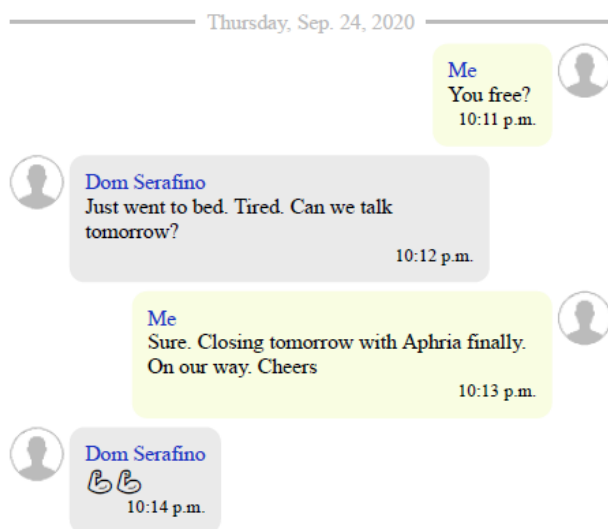
37. Cobra was never able to inspect the minute book which was in the possession of Torys LLP as HydRx was in substantial arrears of payment to Torys. The financial records that were provided were in disarray. No financial statements had been prepared by HydRx's outside accountants since December 31, 2018. It later became apparent that the list of accounts payable and accounts receivable was inaccurate.

38. On September 1, 2020, I had a telephone conference with Serafino and Hemans in which they advised me that although they were supportive of our efforts to close on the Debenture, Grover and his brother were not. In my separate discussions with Serafino, Hemans, and Grover, there was a lot of finger pointing in terms of who was historically responsible for HydRx's predicament.

39. On September 9, 2020, Grover circulated a notice to shareholders of HydRx informing them of his resignation from the board of directors, effective September 6, 2020, and confirming

that Mark Fletcher and Scott White, two other directors, had also resigned, leaving Serafino as the sole director. A copy of the notice is attached as **Exhibit J**.

40. On September 24, 2020, Serafino and I exchanged a number of text messages, copies of which are attached, collectively, as **Exhibit K**. I confirmed that the closing of the acquisition of the Debenture with Aphria was imminent and Serafino confirmed his approval:



41. It is clear from the above text that Serafino's evidence that he first became aware of the date that the Debenture was assigned arose when HydRx received Cobra's demand letter on December 22, 2020 is nonsense.

42. On October 8, 2020, shortly following Cobra's completion of the purchase of the Debenture, we began to confront HydRx's liquidity crisis head on. On that day, the last remaining funds in HydRx's bank account, which Hemans had arranged, had been debited to pay for D&O run-off insurance in connection with the recent resignations from the board. I learned of this from an email I received from Serafino, a copy of which is attached as **Exhibit L**.

43. In the email, Serafino wrote "Guys we need to put money in a separate account for active

payroll, insurance and any other operating expense that keeps the doors open and the licenses intact. This needs to be done ASAP and hopefully Leo you will close out the deal with Har, Rav and Mark.” Although Serafino used the word “we”, he did not offer to contribute any of the money required. The “deal with Har, Rav, and Mark” referred to the severance and unsecured claims those individuals were asserting against HydRx.

44. Chamberland made it clear to me that WCE’s funding was limited to the \$2.5 million that had been paid to acquire its 50% share in the Debenture. The investors in 277, including myself, were also not prepared to deploy further funds. FRC had no involvement in the acquisition of the Debenture, and I had never suggested to HydRx, or Serafino, that FRC would be a source of funding. With the bottom having fallen out of the cannabis investment market, FRC was not doing any cannabis deals.

45. In the absence of funding from WCE, 277, or any offer from Serafino, to preserve the security underlying the Debenture, I arranged for Cobra to borrow \$1 million pursuant to a commitment letter dated October 7, 2020, from Rydan Financial Inc. (“**Rydan**”). A copy of Rydan’s commitment is attached as **Exhibit M**. Pursuant to the commitment, Rydan required and received an assignment of the Debenture.

46. The net proceeds of the Rydan loan were held in Cobra’s account. The funds were administered by me in consultation with Chamberland and Sotirakos. As set out in Exhibit “R” to my affidavit sworn April 23, 2021, a significant portion of the Rydan funds were disbursed to pay HydRx’s arrears of insurance premiums, utilities, payroll, and consulting fees in order to keep the lights on. Notwithstanding the assertions in both the Serafino and Chamberland Affidavits, at no time did WCE provide any capital or funding for HydRx’s operating expenses.

47. During the months of October and November, 2020, while creditors were circling, Chamberland and I explored options to restructure HydRx. On November 2, 2020, Chamberland and I discussed with Serafino the broad outline of a restructuring under the CCAA using a reverse vesting order. We advised him that we had been working with Cassels, Brock & Blackwell LLP, PricewaterhouseCoopers as the proposed monitor, and Goodmans LLP as proposed independent counsel to the monitor. We discussed the possibility of giving some nominal consideration to HydRx's shareholders, without making any commitments to Serafino. Serafino insisted that only shareholders who had actually paid money for their shares should benefit in a plan, whereas former management and staff who had acquired shares as part of their employment should receive nothing. A copy of my contemporaneous handwritten notes from the conversation is attached as **Exhibit N**.

48. After considering Serafino's comments, I became increasingly concerned about the viability of a plan that did not treat shareholders equally. I could also not conceive how it would be possible to offer shareholders consideration without also dealing with unsecured claims, which were in the millions of dollars, including severance claims of \$2 million.

49. In November, 2020, a number of licensing concerns arose that were addressed. Jim Gibner ("**Gibner**"), who was the designated responsible person in charge of HydRx's Health Canada cannabis license, and the responsible person for security under the license, withdrew his consulting services effective November 13, 2020. There were rumblings of Gibner's departure on November 9, 2020, which prompted discussions between Chamberland, Mondin, Sotirakos and I regarding the need for someone to replace Gibner in order to maintain the license. Due to my existing licensing qualifications with Health Canada through Canntab, I was asked, and agreed, to become the alternate responsible person in charge in connection with Hemans'

appointment as the primary responsible person in charge in substitution for Gibner.

50. On November 15, 2020, Gibner emailed Chamberland to confirm that he had withdrawn his consulting services, and would be contacting Health Canada on November 16, 2020. A copy of Gibner's email is attached as **Exhibit O**.

51. HydRx was also offside its regulatory obligation to have at least one director who is security cleared by Health Canada's Cannabis Tracking and Licensing System. Originally, Mondin was selected to be the director of HydRx as Cobra's representative but she was not qualified from a licensing perspective. As Serafino was also not security cleared, I was also asked, and agreed, to become a director of HydRx in order to preserve the license. At no point in the discussions did anyone propose that Thomas Jefferd, Hemans, or Carol-Ann Scott (all of whom were security cleared) be appointed a director instead of me.

52. On November 15 and 16 2020, Sotirakos and I exchanged texts regarding my directorship with HydRx, copies of which are attached, collectively, as **Exhibit P**.

53. In late November, 2020, I learned that without my prior consultation, Chamberland and Serafino had entered into discussions with Trevor Folk ("**Folk**"). Folk is the former CEO of HydRx (and the unnamed individual in the note to HydRx's financial statements quoted in paragraph 39 of my April 23, 2021 affidavit) who misappropriated \$1.6 million from the company for his personal use and was terminated when the misappropriation was discovered. Serafino and Chamberland had negotiated a deal with Folk's company, Teal Valley Health, Inc. ("**Teal Valley**"), pursuant to which, joints would be rolled at HydRx's production facility using Teal Valley's industrial rolling machinery and cannabis originating from Teal Valley. Joints would also be rolled using HydRx's existing inventory of cannabis, which was old, stale, and of low-

grade.

54. I was adamantly opposed to HydRx making any deal with Folk. I did not consider the reputational risk to HydRx associated with bringing back a former senior executive who had misappropriated funds to be acceptable. I was also not prepared to accept the reputational risk to me personally *vis a vis* the other investors in 277.

55. Moreover, the deal with Teal Valley would not generate sufficient revenue to justify the overhead costs associated with commencing production. I was also concerned that HydRx would have little, if any, control over the quality of product that was being rolled. The THC content in HydRx's cannabis was low and its inventory was stale. It was my view that these issues created too great a risk of product recall and consumer dissatisfaction.

56. On November 26, 2020, Chamberland and I exchanged texts in which I complained that I was kept out of what I considered to be a major decision in permitting the 'fox to enter the hen house'. Chamberland asserted that he had kept me informed of his discussions with Folk, which was false:

Thursday, Nov. 26, 2020



Leo Chamberland

Richard - if you have your panties in a knot about making a deal with Trevor then let's discuss. You shouldn't lose your shit on Rosy
6:13 p.m.



Rosy Mondin

Richard - to confirm, \$17,500 covers our costs plus they will be doing the HydRx material - it gets us going.
6:15 p.m.



Leo Chamberland

I am not available at 6:00 pm
6:20 p.m.



Leo Chamberland

If you want a call I am available now or shortly then tied up
6:20 p.m.

Me

Leo: With great respect... I didn't give Rosy Shit first of all. Secondly on at least 3 occasions, I asked you what's the deal with Trevor with no details. Tonight Rosy calls me to add my name for service and if it weren't for that, I would have had 0 involvement or influence on what I consider to be major decision. Not very partner like? Just sayin?
7:12 p.m.



Leo Chamberland

That is not the case
7:13 p.m.



Leo Chamberland

I told you what I was doing all along
7:13 p.m.



Leo Chamberland

I kept you up to date and am happy to review
7:13 p.m.

Copies of the texts are attached, collectively, as **Exhibit Q**.

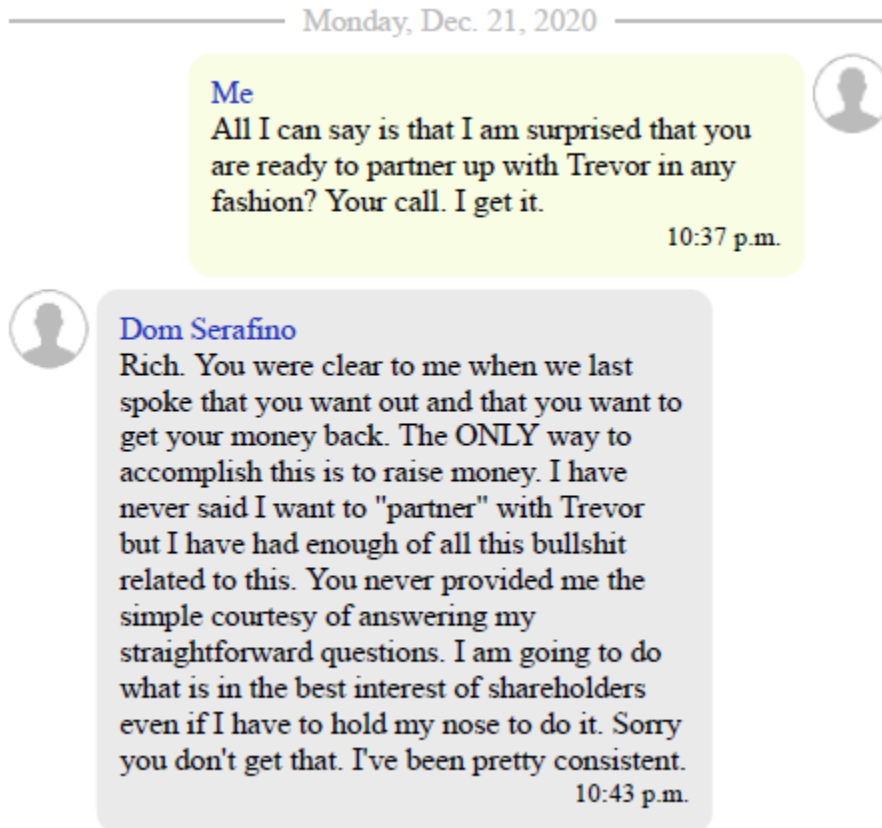
57. After my text exchange with Chamberland, Serafino and I had a call regarding, among

other things, Folk. During my discussion, I was shocked by what I was hearing and totally uncomfortable with Serafino's decision to allow Folk to enter HydRx production facility.

58. To compound the rift between Chamberland and I over Folk, the proceeds of the Rydan loan were almost exhausted and neither WCE nor Serafino were prepared to provide funds to meet HydRx's immediate liquidity needs. Although WCE was not prepared to put in further money, Chamberland was nonetheless opposed to applying to court for the appointment of a receiver under the Debenture because he was concerned for the loss of HydRx's licenses. I did not share that concern based on my experience dealing with Health Canada in relation to licensing and successfully obtaining licenses. HydRx had recently completed a successful licensing audit. It was my view that applying for a new license would be straightforward and ultimately successful. To overcome our differences, Chamberland and I agreed that whoever was able to first buy the other out of its \$2.5 million investment in the Debenture could do so.

59. On December 12, 2020, Serafino and Chamberland exchanged text messages, and Chamberland confirmed that he and Mondin were not interested in moving forward without continuing to maintain HydRx's licenses. Copies of the texts are attached, collectively, as **Exhibit R**.

60. On December 21, 2020, Serafino and I exchanged the following texts on the subject of Folk:



Copies of the text messages are attached, collectively, as **Exhibit S**.

61. Although Serafino acknowledged in the above text that I wanted to sever 277's relationship with WCE, he did not offer to buy 277 out of the Debenture. Nor did he, to the best of my knowledge, call a meeting of the board of directors to discuss it. Indeed, I note that Serafino did not request any meetings of the board of directors of HydRx during the period in which I was a board member.

62. On December 27, 2020, Chamberland and I exchanged further texts in which I confirmed that I had made arrangements for the funding to take out WCE. Copies of the texts are attached, collectively, as **Exhibit T**.

63. As Serafino acknowledges in the Serafino Affidavit, he received a copy of the Windsor

term sheet (the “**Term Sheet**”) dated December 29, 2020 (a copy of which is marked as Exhibit “I” to the Serafino Affidavit), after it was signed. There was no fee payable to Windsor upon acceptance of the Term Sheet. It could have been replaced any time prior to closing on January 15, 2021 at no expense to Cobra, had Serafino offered to do so. He never made any such offer.

64. Pursuant to a commitment dated January 15, 2021, between Windsor, as lender, Cobra, as borrower, and 277 as guarantor, Windsor advanced \$4 million to Cobra on the security of, among other things, an assignment of the Debenture to Windsor. A copy of the January 15, 2021 commitment is attached as **Exhibit U**. Pursuant to the Term Sheet, Windsor required and obtained a 10% shareholding interest in Cobra. Although the Term Sheet contemplated that Windsor would receive a first charge to be registered against HydRx’s manufacturing facility, that was corrected in the commitment and, in fact, Windsor received a transfer of the existing charge in favour of Cobra and no direct security from HydRx as claimed in the Serafino Affidavit.

65. The advance was used to pay out the Rydan loan and WCE’s \$2.5 million contribution to the purchase of the Debenture. Copies of statements of advance in connection with the Windsor loan are attached, collectively, as **Exhibit V**. Cobra received a net amount of \$384,835, a portion of which was used to meet HydRx’s immediate liquidity needs.

66. On January 21, 2021, Serafino and I exchanged text messages in which I confirmed that Rydan had been paid out with the \$4 million funding from Windsor. Copies of the text messages are attached, collectively, as **Exhibit W**.

67. On January 22, 2021, Serafino and I exchanged further text messages in which I confirmed that I was not interested in any deal that involved Folk. Serafino responded by telling me to “never put pride ahead of profit”. Serafino’s statement illustrated a fundamental difference


in our approach to business. Copies of the text messages are attached, collectively, as **Exhibit X**.

68. With respect to paragraph 12 of the Sotirakos Affidavit, I spoke with Maria Simard of CRA's excise duty collections department on March 8, 2021, regarding HydrRx's excise tax arrears. The excise tax license was only required to permit HydrRx to sell cannabis products and at that time, HydrRx was only selling small amounts of cannabis to its patients and generating negligible revenue at a loss. In my view, and based on my discussions with Ms. Simard, until the challenges facing HydrRx with respect to its future were resolved, there was no urgency in arranging payment at that time. A copy of my contemporaneous handwritten notes during the call is attached as **Exhibit Y**.

69. Contrary to paragraph 98 of the Serafino Affidavit, my resignation as director of HydrRx was not a "face saving exercise". Rather, there was an agreement reached regarding my resignation, which was conditional and effective only upon the Court granting a CRO appointment and SISP approval order which included the terms found in paragraph 13 of the Court's order dated April 30, 2021. Under the terms of that order, Serafino's costs in relation to the determination of the Cobra Claim would be paid in the first instance by Serafino, and his entitlement to any indemnification or reimbursement for those costs from HydrRx would be determined at a later date by the Court.

71. In summary, contrary to his affidavit, Serafino was aware of all of the material transactions of which he now complains. Serafino had every opportunity to replace WCE, provide working capital to HydRx, and participate in acquiring the Debenture. He never chose to do so.

SWORN remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me in the City of Toronto on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

JACKY CHEUNG



RICHARD GOLDSTEIN

This is Exhibit "A" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Leo Chamberland <Leo@worldclassextractions.com>
Sent: Friday, July 10, 2020 9:18 AM
To: Carl Merton <Carl.Merton@aphria.com>
Cc: Richard Goldstein <richard@canntab.ca>; anthony@firstrepubliccapital.com; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@cassels.com>; Rosy Mondin <Rosy@worldclassextractions.com>
Subject: RE: [EXTERNAL] RE: Senior Convertible Debenture of HydRx Farms Ltd. (“HFL”) held by Aphria

Good morning Carl

Here is the word version. Can you advise what kind of change we are talking about?



CSE:PUMP

Leo Chamberland

President

Direct: 1.604.868.2540

Suite 308 - 9080 University Crescent

Burnaby, British Columbia

Canada, V5A 0B7



Confidentiality Note: This email may contain confidential/private information. If you received this email in error, please delete and notify sender.

From: Carl Merton <Carl.Merton@aphria.com>
Sent: July 10, 2020 9:14 AM
To: Leo Chamberland <Leo@worldclassextractions.com>
Cc: Richard Goldstein <richard@canntab.ca>; anthony@firstrepubliccapital.com; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@cassels.com>; Rosy Mondin <Rosy@worldclassextractions.com>
Subject: Re: [EXTERNAL] RE: Senior Convertible Debenture of HydRx Farms Ltd. (“HFL”) held by Aphria

Leo

Our legal counsel would like to propose some minor changes to the document. Would you please send me the document in word form and we can provide you our requested changes.

Carl Merton

Chief Financial Officer

Carl.Merton@aphria.com

519-564-6374 | aphriainc.com

[Twitter](#) | [LinkedIn](#)

aphria inc.

On 2020-07-09, 5:05 PM, "Leo Chamberland" <Leo@worldclassextractions.com> wrote:

Mr. Merton

Following our telephone call of earlier today, here is the revised offer which, as you requested, provides an extension for your acceptance until tomorrow at 2:00 pm Vancouver time.

We look forward to the receipt of the accepted offer.

Best regards.



CSE:PUMP

Leo Chamberland

President

Direct: 1.604.868.2540

Suite 308 - 9080 University Crescent

Burnaby, British Columbia

Canada, V5A 0B7



Confidentiality Note: This email may contain confidential/private information. If you received this email in error, please delete and notify sender.

From: Leo Chamberland

Sent: July 9, 2020 12:43 AM

To: Carl.Merton@aphria.com

Cc: Richard Goldstein <richard@canntab.ca>; anthony@firstrepubliccapital.com; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@cassels.com>; Rosy Mondin <Rosy@worldclassextractions.com>

Subject: Senior Convertible Debenture of HydRx Farms Ltd. (“HFL”) held by Aphria

Mr. Merton

My name is Leo Chamberland of World Class Extractions and am presenting for your consideration, an offer to acquire the above mentioned debenture instrument. We are working together with Mr. Richard Goldstein of CannTab. This offer represents a joint effort between the respective companies, being World Class Extractions and CannTab.

If you find the offer acceptable, please execute and return to me, then we will arrange to advance the sum of \$1,000,000 to be held in trust as per described in the attached offer.

Of course if you would like to discuss and review, I remain available. Just send me a note and we can arrange a call.

Best regards



CSE:PUMP

Leo Chamberland

President

Direct: 1.604.868.2540

Suite 308 - 9080 University Crescent

Burnaby, British Columbia

Canada, V5A 0B7



Confidentiality Note: This email may contain confidential/private information. If you received this email in error, please delete and notify sender.

NOTICE OF CONFIDENTIALITY

This e-mail, including all materials contained in or attached to this e-mail, contains proprietary and confidential information solely for the internal use of the intended recipient. If you have received this email in error, please notify me immediately by return e-mail or otherwise and ensure that it is permanently deleted from your systems, and do not print, copy, distribute or read its contents.



July 9, 2020

Aphria Inc.

PO Box 20009 269 Erie Street South
Leamington, Ontario N8H 3C4
Via email: Carl.Merton@aphria.com

Attention: Carl Merton, CFO

Dear Mr. Merton:

This letter of intent (the "**Letter**") sets out the proposed terms upon which World Class Extractions Inc. ("**WCE**") proposes to acquire (the "**Proposed Acquisition**") from Aphria Inc. ("**Aphria**") an 8% Senior Convertible Debenture of HydRx Farms Ltd. ("**HFL**") held by Aphria, in the principal amount of \$11,500,000 and originally due August 14, 2019 (the "**Debenture**").

Consideration for the Proposed Acquisition is \$5,000,000, in cash, payable on Closing (as defined herein).

1. Due Diligence Period

WCE shall have a due diligence period commencing upon the execution of this Letter and expiring on July 21, 2020 (the "**Due Diligence Period**"). During the Due Diligence Period, WCE will have the right to conduct a full due diligence investigation, as more particularly set forth herein. The Due Diligence Period may be extended by mutual agreement of the parties at any time.

Immediately upon the acceptance of this Letter, WCE's directors, officers, employees, agents, legal counsel, accountants and financial advisors (collectively, a party's "**Representatives**") will have full access during normal business hours to all books, records, data and other documents that are in possession of Aphria that are seen reasonably as relevant to the subject matter of the Proposed Acquisition, provided however that such access will not materially interfere with the normal business operations of Aphria. Such access will include such information and documentation relating to HFL as is available to Aphria, contractually or otherwise, in relation to its position as the senior secured creditor of HFL. Aphria agrees to use commercially reasonable efforts to assist WCE in obtaining such additional information and documentation from HFL as may reasonably be requested by WCE. WCE agrees to enter into any confidentiality or non-disclosure agreement as may reasonably be requested by HFL in connection with obtaining access to such information. In the event the parties terminate their discussions for any reason, each of the parties will promptly return all documents and other materials so provided to it and will destroy any documents or materials derived from them.

2. Use and Confidentiality

All of the information, books, records and data to which a party and/or its respective Representatives are given access as set forth above, as well as the terms, conditions and existence of this Letter and all discussions between the parties (the "**Confidential Information**"), will be used by such party solely for the purpose of analyzing the Proposed Acquisition and the parties hereto and will be treated on a confidential basis. Each of the parties covenants to the other that it will not at any time, other than in accordance with the terms of this Letter, disclose the Confidential Information of the other to any person or entity without the prior written approval of the disclosing party, or use any such Confidential Information for any purpose, other than for the specific purpose of evaluating and

negotiating the terms of the Proposed Acquisition, unless specifically pre-approved in writing by the disclosing party, subject to required disclosure to regulatory authorities and as otherwise required by law, by securities regulations or by the policies of any stock exchange which may be applicable. Each party shall maintain the confidential nature of the Confidential Information of the other in its possession by taking commercially reasonable steps to protect the information from unauthorized use, access and disclosure, which shall be no less than those efforts made by the receiving party to protect its own confidential information. The receiving party may disclose Confidential Information of the other only to its Representatives who have a “need-to-know” for the purposes of evaluating and negotiating the Proposed Acquisition. None of the parties will make any public announcement concerning the Proposed Acquisition or related negotiations without the other party’s prior written approval, except as may be required by law, by securities regulations or by the policies of any applicable stock exchange. Where such an announcement is required, the party required to make the announcement will inform the other parties of the contents of the proposed announcement and will make reasonable efforts to obtain the other parties’ approval for the announcement, which approval may not be unreasonably withheld. The parties covenant and agree to keep confidential all of the information including the Confidential Information obtained by it except for such information which:

- (a) prior to the date hereof was already in the possession of the other;
- (b) is generally available to the public;
- (c) is required to be disclosed by a party to any regulatory body having jurisdiction over the parties hereto;
- (d) is required in the reasonable opinion of a party or its counsel to be disclosed to its shareholders, creditors or auditors; or
- (e) is made available to the other party on a non-confidential basis from a source other than a party to this Letter, or their representatives.

3. Standstill and Exclusivity

Subject to the termination provisions contained herein, following acceptance of this Letter, except for activities undertaken in connection with the Proposed Acquisition, Aphria will not, nor will it permit any of its representatives to directly or indirectly solicit, discuss, encourage or accept any offer for the purchase, amendment, conversion, or restructuring of the Debenture, whether as a primary or back-up offer, or take any other action with the intention or reasonably foreseeable effect of leading to a transaction contrary in intent to the Proposed Acquisition.

4. Deposit

WCE agrees to deposit \$1,000,000 into escrow as a good faith deposit against the purchase price for the Proposed Acquisition (the “**Deposit**”). The Deposit shall be held in a law firm trust account and will be returned to WCE in the event that this Letter is terminated. In the event that the Proposed Acquisition is completed (the “**Closing**”), the Deposit will be released to Aphria against the aggregate purchase price for the Debenture.

5. **Proposed Acquisition**

Prior to the expiry of the Due Diligence Period, the parties agree to negotiate in good faith definitive agreement(s) with respect to completion of the Proposed Acquisition (the "**Definitive Agreement**"). The Definitive Agreement shall contain such representations, warranties, covenants and conditions as may reasonably be requested by the parties, and consistent with transaction of similar size and scope. Without limiting the terms and conditions that may be required in the Definitive Agreement, it is anticipated that such terms and conditions will include:

- (a) The termination of the announced transaction between HRF and Rise Life Sciences Corp. on terms acceptable to WCE;
- (b) Confirmation of the good standing of the security interest of Aphria as a first charge over the assets of HRF, and the adequacy of the assets of HRF as security for the Debenture;
- (c) Confirmation of the acceptability to WCE of any extensions, amendments or restructuring of the Debenture, or any security interest granted to Aphria by HRF; and
- (d) The Closing occurring on or before August 15, 2020.

6. **Costs and Expenses**

Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the Proposed Acquisition and all associated transactions, including, without limitation, the costs and expenses of all attorneys, brokers, bankers, agents and finders employed by such party.

7. **Choice of Law**

This Letter shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties agree to attorn to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all disputes arising hereunder.

8. **Execution in Counterpart**

The parties may execute this Letter in two or more counterparts, and may deliver such execution by email or other electronic means, each of which is deemed to be an original and all of which will constitute one agreement, effective as of the date given above.

9. Letter of Intent

Following execution of this Letter the parties will attempt to negotiate the terms of the Proposed Acquisition but, except as set forth herein, intend that no legal rights or obligations between them will come into existence until such time as the Definitive Agreement is entered into. The rights and obligations of the parties under Sections 2, 3, 4 and 6 above shall be binding on the parties and will survive the termination of discussions and/or negotiations for any reason other than the consummation of the Proposed Acquisition.

This Letter will terminate on the earlier of: (a) the expiry of the Due Diligence Period; (b) the entering into of the Definitive Agreement; or (c) such other date as may be mutually agreed to between the parties. Except as otherwise expressly stated in this Letter, upon such termination the provisions of this Letter shall be of no further force or effect and no party shall have any liability to any other party hereunder, except for breaches of this Letter that occurred prior to termination and the return of the Deposit to WCE as contemplated in section 4 above. The Letter will be assignable by WCE.

10. Entire Agreement

This Letter constitutes the entire agreement between the parties as of the date hereof.

If the foregoing accurately sets forth your understanding, please sign and return a copy of this Letter to the attention of Leo Chamberland, President at Leo@worldclassextractions.com. In the event this Letter is not accepted on or before 2:00 p.m. (Vancouver time), on July 10, 2020, the provisions of this Letter will be null and void.

WORLD CLASS EXTRACTIONS INC.

Per: _____
Leo Chamberland, President

AGREED AND ACCEPTED this 10th day of July, 2020.

APHRIA INC.

Per: _____
Carl Merton, CFO

This is Exhibit “B” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG



July 10, 2020

Aphria Inc.

PO Box 20009 269 Erie Street South
Leamington, Ontario N8H 3C4
Via email: Carl.Merton@aphria.com

Attention: Carl Merton, CFO

Dear Mr. Merton:

This letter of intent (the "**Letter**") sets out the proposed terms upon which World Class Extractions Inc. ("**WCE**") proposes to acquire (the "**Proposed Acquisition**") from Aphria Inc. ("**Aphria**") an 8% Senior Convertible Debenture of HydRx Farms Ltd. ("**HFL**") held by Aphria, in the principal amount of \$11,500,000 and originally due August 14, 2019 (the "**Debenture**").

Consideration for the Proposed Acquisition is \$5,000,000, in cash, payable on Closing (as defined herein).

1. Due Diligence Period

WCE shall have a due diligence period commencing upon the execution of this Letter and expiring on July 21, 2020 (the "**Due Diligence Period**"). During the Due Diligence Period, WCE will have the right to conduct a full due diligence investigation with respect to the Debenture, as more particularly set forth herein. The Due Diligence Period may be extended by mutual agreement of the parties at any time.

Immediately upon the acceptance of this Letter, WCE's directors, officers, employees, agents, legal counsel, accountants and financial advisors (collectively, a party's "**Representatives**") will have full access during normal business hours to all books, records, data and other documents that are in possession of Aphria that are relevant to the Proposed Acquisition, provided however that such access will not materially interfere with the normal business operations of Aphria. Such access will include such information and documentation relating to HFL as is available to Aphria, contractually or otherwise, in relation to its position as the senior secured creditor of HFL provided Aphria is not otherwise restricted in sharing such information and documentation. Aphria agrees to use commercially reasonable efforts to assist WCE in obtaining such additional information and documentation from HFL as may reasonably be requested by WCE. WCE agrees to enter into any confidentiality or non-disclosure agreement as may reasonably be requested by HFL in connection with obtaining access to such information. In the event the parties terminate their discussions for any reason, each of the parties will promptly return all documents and other materials so provided to it and will destroy any documents or materials derived from them.

2. Use and Confidentiality

All of the information, books, records and data to which a party and/or its respective Representatives are given access as set forth above, as well as the terms, conditions and existence of this Letter and all discussions between the parties (the "**Confidential Information**"), will be used by such party solely for the purpose of analyzing the Proposed Acquisition and the parties hereto and will be treated on a confidential basis. Each of the parties covenants to the other that it will not at any time, other than in accordance with the terms of this Letter, disclose the Confidential Information of the other to any person or entity, without the prior written approval of the disclosing party, or use any such Confidential Information for any purpose, other than for the specific purpose of evaluating and negotiating the terms of the Proposed Acquisition, unless specifically pre-approved in writing by the disclosing party, subject to required disclosure to regulatory authorities and as otherwise required by law, by securities regulations or by the policies of any stock exchange which may be applicable. Each party shall maintain the confidential nature of the Confidential Information of the other in its possession by taking commercially reasonable steps to protect the information from unauthorized use, access and disclosure, which shall be no less than those efforts made by the receiving party to protect its own confidential information. The receiving party may disclose Confidential Information of the other only to its Representatives who have a "need-to-know" for the purposes of evaluating and negotiating the Proposed Acquisition. None of the parties will make any public announcement concerning the Proposed Acquisition or related negotiations without the other party's prior written approval, except as may be required by law, by securities regulations or by the policies of any applicable stock exchange. Where such an announcement is required, the party required to make the announcement will inform the other parties of the contents of the proposed announcement and will make reasonable efforts to obtain the other parties' prior written approval for the announcement, which approval may not be unreasonably withheld. The parties covenant and agree to keep confidential all of the information including the Confidential Information obtained by it except for such information which:

- (a) prior to the date hereof was already in the possession of the other;
- (b) is generally available to the public;
- (c) is required to be disclosed by a party to any regulatory body having jurisdiction over the parties hereto;
- (d) is required in the reasonable opinion of a party or its counsel to be disclosed to its shareholders, creditors or auditors; or
- (e) is made available to the other party on a non-confidential basis from a source other than a party to this Letter, or their representatives.

3. Standstill and Exclusivity

Until the earlier of (i) entering into a Definitive Agreement, and (ii) July 21, 2020, Aphria will not, nor will it permit any of its representatives to directly or indirectly solicit, discuss, encourage or accept any offer for the purchase, amendment, conversion, or restructuring of the Debenture, whether as a primary or back-up offer, or take any other action with the intention or reasonably foreseeable effect of leading to a transaction contrary in intent to the Proposed Acquisition other than in connection with a transaction that may include all or substantially all of Aphria's assets.

4. Deposit

WCE agrees to deposit \$1,000,000 into escrow with Cassels Brock & Blackwell LLP ("**Cassels**") on the next business day after the signing of this Letter, as a good faith deposit against the purchase price for the Proposed Acquisition. WCE agrees to deposit a further \$1,000,000 into escrow with Cassels on the signing of a Definitive Agreement (as defined below) (collectively, the "**Deposit**"). The Deposit shall be held by Cassels pursuant to an escrow agreement to be entered into by the parties and will be returned to WCE in the event that this Letter is terminated. In the event that the Proposed Acquisition is completed (the "**Closing**"), the Deposit will be released to Aphria against the aggregate purchase price for the Debenture. On execution of the Definitive Agreement, \$1,000,000 of the Deposit shall become non-refundable except as expressly provided in the Definitive Agreement.

5. Proposed Acquisition

Prior to the expiry of the Due Diligence Period, the parties agree to negotiate in good faith definitive agreement(s) with respect to completion of the Proposed Acquisition (the "**Definitive Agreement**"). The Definitive Agreement shall contain such representations, warranties, covenants and conditions as may reasonably be requested by the parties, and consistent with transaction of similar size and scope. Without limiting the terms and conditions that may be required in the Definitive Agreement, it is anticipated that such terms and conditions will include:

- (a) Confirmation of the good standing of the security interest of Aphria as a first charge over the assets of HRF, and the adequacy of the assets of HRF as security for the Debenture;
- (b) Confirmation of the acceptability to WCE of any extensions, amendments or restructuring of the Debenture, or any security interest granted to Aphria by HRF; and
- (c) The Closing occurring on or before the day which is 60 days following execution of the Definitive Agreement.

6. Costs and Expenses

Except as otherwise specifically set forth herein, each party will bear its own expenses in connection with the Proposed Acquisition and all associated transactions, including, without limitation, the costs and expenses of all attorneys, brokers, bankers, agents and finders employed by such party.

7. Choice of Law

This Letter shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the parties agree to attorn to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all disputes arising hereunder.

8. Execution in Counterpart

The parties may execute this Letter in two or more counterparts, and may deliver such execution by email or other electronic means, each of which is deemed to be an original and all of which will constitute one agreement, effective as of the date given above.

9. Letter of Intent

Following execution of this Letter the parties will attempt to negotiate the terms of the Proposed Acquisition but, except as set forth herein, intend that no legal rights or obligations between them will come into existence until such time as the Definitive Agreement is entered into. The rights and obligations of the parties under Sections 2, 3, 4 and 6 above shall be binding on the parties and will survive the termination of discussions and/or negotiations for any reason other than the consummation of the Proposed Acquisition.

This Letter will terminate on the earlier of: (a) the expiry of the Due Diligence Period; (b) the entering into of the Definitive Agreement; or (c) such other date as may be mutually agreed to between the parties. Except as otherwise expressly stated in this Letter, upon such termination the provisions of this Letter shall be of no further force or effect and no party shall have any liability to any other party hereunder, except for breaches of this Letter that occurred prior to termination and the return of the Deposit to WCE as contemplated in section 4 above. The Letter will be assignable by WCE.

10. Entire Agreement

This Letter constitutes the entire agreement between the parties as of the date hereof.

If the foregoing accurately sets forth your understanding, please sign and return a copy of this Letter to the attention of Leo Chamberland, President at Leo@worldclassextractions.com. In the event this Letter is not accepted on or before 5:00 p.m. (Vancouver time), on July 10, 2020, the provisions of this Letter will be null and void.

WORLD CLASS EXTRACTIONS INC.

Per:



Leo Chamberland, President

AGREED AND ACCEPTED this 10th day of July, 2020.

APHRIA INC.

Per:



Carl Merton, CFO

This is Exhibit "C" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Tuesday, Jul. 14, 2020

[Dom Serafino](#)

Rich I am still waiting for what the deal is going to be. We need to have it agreed upon and formally presented to the broader board ASAP.

5:40 p.m.

[Dom Serafino](#)

Details like what rolls into the deal. Which companies? What revenue streams? How much cash in this round and from where (Leo did a decent job detailing that point)

5:41 p.m.

Dom Serafino

Chuck reaches out to me today as well. Did u speak with him. I have not returned his call yet.

5:41 p.m.

Me

I have not spoken to Chuck. We need to get access to the dataroom to complete our dd and make a proposal to you and the board

5:49 p.m.

Dom Serafino

Have u asked for access formally?

5:50 p.m.

Me

Yes

5:50 p.m.

Dom Serafino

From Har?

5:50 p.m.

Dom Serafino

Or Phil

5:50 p.m.

Me

I believe Har has to give it to us. We also need to see the terms of the GSA

5:51 p.m.

Dom Serafino

But who is asking them. I believe they know you are the successful bid with Aphria apparently.

5:56 p.m.

Me

Leo asked

5:56 p.m.

Dom Serafino

The shareholders will not put more in the business beyond the injection yesterday to get through the audit benefits payroll. They need to see the deal.

5:57 p.m.

Dom Serafino

Just getting my haircut. Will calm u after.

5:58 p.m.

Me

Kk

6:23 p.m.

Me

I am sorry. Now I have to call you back

6:33 p.m.

This is Exhibit “D” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Rosy Mondin <Rosy@worldclassextractions.com>

Sent: July 31, 2020 10:56 AM

To: Har Grover <hgrover@scientuspharma.com>; Mark Fletcher <mfletcher@scientuspharma.com>

Cc: Rav Grover <rgrover@scientuspharma.com>; Leo Chamberland <Leo@worldclassextractions.com>; Richard Goldstein <richard@firstrepubliccapital.com>; Anthony Durkacz - First Republic Capital (anthony@firstrepubliccapital.com) <anthony@firstrepubliccapital.com>; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@casselsbrock.com>; Barry Polisuk <BP@friedmans.ca>; Roula J. Sotirakos <Roula@worldclassextractions.com>; Doug McFaul <Doug@worldclassextractions.com>; Phil A. Hemans <phehans@scientuspharma.com>; Lance Williams (lwilliams@cassels.com) <lwilliams@cassels.com>

Subject: RE: CDA and Data-room access

Har:

Please find attached our letter as at today's date.

Rosy Mondin

From: Har Grover <hgrover@scientuspharma.com>

Sent: July 30, 2020 8:25 AM

To: Rosy Mondin <Rosy@worldclassextractions.com>; Mark Fletcher <mfletcher@scientuspharma.com>

Cc: Rav Grover <rgrover@scientuspharma.com>; Leo Chamberland <Leo@worldclassextractions.com>; Richard Goldstein <richard@firstrepubliccapital.com>; Anthony Durkacz - First Republic Capital

(anthony@firstrepubliccapital.com) <anthony@firstrepubliccapital.com>; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@casselsbrock.com>; Barry Polisuk <BP@friedmans.ca>; Roula J. Sotirakos <Roula@worldclassextractions.com>; Doug McFaul <Doug@worldclassextractions.com>; Phil A. Hemans <phemans@scientuspharma.com>

Subject: Re: CDA and Data-room access

Rosy and Leo,

Congratulations on your press release. Please see attached letter. We look forward to engaging with you on discussions about next steps.

Har

Har Grover
Mobile | 416-561-0942

Scientus Pharma Inc.
Toronto | Canada

Please note: This e-mail, contents and any files transmitted herewith are privileged, confidential, may be proprietary, subject to copyright and intended solely for the use of the individual or entity to whom this e-mail is addressed to. Any unauthorized use, copying, review or disclosure is strictly prohibited. Please notify hgrover@scientuspharma.com immediately if you have received this communication in error. Thank you for your assistance and cooperation.

From: Rosy Mondin <Rosy@worldclassextractions.com>
Date: Wednesday, July 15, 2020 at 11:44 AM
To: Mark Fletcher <mfletcher@scientuspharma.com>
Cc: Har Grover <hgrover@scientuspharma.com>, Rav Grover <rgrover@scientuspharma.com>, Leo Chamberland <Leo@worldclassextractions.com>, Richard Goldstein <richard@firstrepubliccapital.com>, "Anthony Durkacz - First Republic Capital (anthony@firstrepubliccapital.com)" <anthony@firstrepubliccapital.com>, "Durno, Jeff" <jdurno@cassels.com>, "David Hansford (dhansford@casselsbrock.com)" <dhansford@casselsbrock.com>, Barry Polisuk <BP@friedmans.ca>, "Roula J. Sotirakos" <Roula@worldclassextractions.com>, Doug McFaul <Doug@worldclassextractions.com>
Subject: RE: CDA and Data-room access

Hi Mark:

Thank you for your email. As I type this email, I received the data room access from Mr. Har Grover. Received, with thanks.

We have made an offer to Aphria with respect to the acquisition of the Debenture held by Aphria, and the offer has been accepted. At the present time, HydrRx appears to be insolvent and unable to meet its obligation as they become due. We understand that HydrRx will require re-capitalization in order to fulfil its obligations and maintain operations and obviously needs working capital. At this early stage, we are unable to provide any clear direction as to how this could be structured as we have not had the benefit of examining HydrRx financial position and what obligations it has. We need to understand and have a clear picture of HydrRx's assets and all underlying liabilities. Once we have had the opportunity to complete our due diligence review, we will be able to present a plan to move forward.

We look forward to meeting with your team and chatting further.

Best,
Rosy Mondin

From: Mark Fletcher <mfletcher@scientuspharma.com>
Sent: July 15, 2020 11:01 AM
To: Rosy Mondin <Rosy@worldclassextractions.com>
Cc: Har Grover <hgrover@scientuspharma.com>; Rav Grover <rgrover@scientuspharma.com>
Subject: FW: CDA and Data-room access
Importance: High

Ms. Mondin,

I have asked Phil Hemans to provide a countersigned copy of the Confidential Disclosure Agreement.

Rav Grover, the HydRx EVP & CFO, will make arrangements for WCE access to the data room under the auspices of the CDA. It is a comprehensive and detailed data room and we expect that the bulk of your due diligence inquiries can be satisfied therein. Please let us know if there is any additional information you require.

While HydRx is prepared to provide reasonable cooperation in respect of your due diligence efforts, I note that HydRx executive management and its Board of Directors were unaware of the Aphria – WCE discussions until late in the day on Monday (July 13). Please advise as to the terms of the Proposed Acquisition (as that term is defined in the letter HydRx received from WCE's legal counsel yesterday). Although HydRx is not privy to the Proposed Acquisition, it is important that HydRx management and its Board be fully informed so as to effectively assess the impact of the Proposed Acquisition on the Company and its stockholders.

We will look forward to further discussions with WCE in due course.

Thank you and regards,
Mark Fletcher



Mark A. Fletcher
Senior Vice-President & General Counsel
mfletcher@scientuspharma.com
416-843-6535

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Begin forwarded message:

From: Rosy Mondin <Rosy@worldclassextractions.com>
Date: July 14, 2020 at 7:30:57 PM EDT
To: "pahemans@gmail.com" <pahemans@gmail.com>
Cc: Leo Chamberland <leo@worldclassextractions.com>, Richard Goldstein <richard@firstrepubliccapital.com>, "Anthony Durkacz - First Republic Capital (anthony@firstrepubliccapital.com)" <anthony@firstrepubliccapital.com>, "Durno, Jeff" <jdurno@cassels.com>, "David Hansford (dhansford@casselsbrock.com)" <dhansford@casselsbrock.com>
Subject: CDA and Data-room access

Hi Phil –

(resending as I received a bounce-back)

Thank you providing a tour of the Scientus facility. We were certainly impressed – it's definitely 'world-class'. As discussed, please find attached the signed CDA, and initialed on each page.

Today is the second day of our 10-day due diligence period: we anticipate receiving the Aphria documents tomorrow, and attached is the due diligence checklist so that we can initiate access to the Scientus data room – we have a team ready to go to undertake the review. Please let me know when the documents / dropbox is ready for access and I'll put you in touch with our document controller, Roula Soutirakos.

We are very much looking forward to meeting your senior management team and board so that we can present and review the opportunities before us. We can move to organize this meeting once we have had a chance to review the documents and understand the elements of the deal.

Kind regards,
 Rosy



WORLD-CLASS
 Extractions
 CSE:PUMP

Rosy Mondin, LL.B
CEO & Director
 Direct: [+1.604.346.8118](tel:+16043468118)
 Suite 308 - 9080 University Crescent, Burnaby, BC V5A 0B7
 Suite 3403 - 628 Fleet Street, Toronto, ON M5A 1A8





Confidentiality Note: This email may contain confidential/private information. If you received this email in error, please delete and notify sender.

This is Exhibit "E" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Request ID: 023732826
Demande n°:
Transaction ID: 073423404
Transaction n°:
Category ID: CT
Catégorie:

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced: 2019/10/21
Document produit le:
Time Report Produced: 15:22:37
Imprimé à:

Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

COBRA VENTURES INC.

Ontario Corporation No.

Numéro matricule de la personne morale en
Ontario

002722575

is a corporation incorporated,
under the laws of the Province of Ontario.

est une société constituée aux termes
des lois de la province de l'Ontario.

These articles of incorporation
are effective on

Les présents statuts constitutifs
entrent en vigueur le

OCTOBER 21 OCTOBRE, 2019



Director/Directeur
Business Corporations Act/Loi sur les sociétés par actions

Request ID / Demande n°

23732826

Ontario Corporation Number
Numéro de la compagnie en Ontario

2722575

FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

/

LOI SUR LES SOCIÉTÉS PAR ACTIONS

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*
COBRA VENTURES INC.

2. The address of the registered office is: *Adresse du siège social:*

40 KING STREET WEST Suite 2100

(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit édifice à bureau, numéro du bureau)

TORONTO
CANADA
(Name of Municipality or Post Office)
(Nom de la municipalité ou du bureau de poste)

ONTARIO
M5H 3C2
(Postal Code/Code postal)

3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*
Minimum 1 Maximum 10

4. The first director(s) is/are:

Premier(s) administrateur(s):

First name, initials and surname
Prénom, initiales et nom de famille

Resident Canadian State Yes or No
Résident Canadien Oui/Non

Address for service, giving Street & No.
or R.R. No., Municipality and Postal Code

Domicile élu, y compris la rue et le numéro, le numéro de la R.R., ou le nom de la municipalité et le code postal

* LEO
CHAMBERLAND

YES

9080 UNIVERSITY CRESCENT Suite 308

BURNABY BRITISH COLUMBIA
CANADA V5A 0B7

Request ID / Demande n°

Ontario Corporation Number
Numéro de la compagnie en Ontario

23732826

2722575

5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

None

6. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

The Corporation is authorized to issue an unlimited number of common shares.

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Numéro de la compagnie en Ontario

23732826

2722575

7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

Not applicable.

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2722575

8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:

L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

No share of the Corporation may be transferred unless its transfer complies with the restriction on the transfer of securities set out in paragraph 9 hereof.

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2722575

9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

Without in any way restricting the powers conferred upon the Corporation or its board of directors by the Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, the board of directors may from time to time, without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, re-issue, sell or pledge debt obligations of the Corporation;
- (c) subject to the provisions of the Business Corporations Act, as now enacted or as the same may from time to time be amended, re-enacted or replaced, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

The board of directors may from time to time delegate to a director, a committee of directors or an officer of the Corporation any or all of the powers conferred on the board as set out above, to such extent and in such manner as the board shall determine at the time of such delegation.

No securities of the Corporation, other than non-convertible debt securities, shall be transferred without either:

- (a) the approval of the directors of the Corporation expressed by a resolution passed at a meeting of the board of directors or by a resolution in writing signed by all of the directors entitled to vote on that resolution at a meeting of directors; or
- (b) the approval of the holders of shares of the Corporation carrying at least a majority of the votes entitled to be cast at a meeting of shareholders, expressed by a resolution passed at a meeting of the holders of such shares or by an instrument or instruments in writing signed by the holders of a majority of such shares.

Request ID / Demande n°

23732826

Ontario Corporation Number
Numéro de la compagnie en Ontario2722575

10. The names and addresses of the incorporators are

*Nom et adresse des fondateurs*First name, initials and last name
or corporate name*Prénom, initiale et nom de
famille ou dénomination sociale*Full address for service or address of registered office or of principal place of business
giving street & No. or R.R. No., municipality and postal code*Domicile élu, adresse du siège social au adresse de l'établissement principal, y compris
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal*

* LEO CHAMBERLAND

9080 UNIVERSITY CRESCENT Suite 308

BURNABY BRITISH COLUMBIA
CANADA V5A 0E7

Form 2
Business
Corporations
Act

Formule 2
Loi sur les
sociétés par
actions

**CONSENT TO ACT AS A FIRST DIRECTOR
CONSENTMENT DU PREMIER ADMINISTRATEUR**

I, / Je soussigné(e), Leo Chamberland

(First name, middle names and surname)
(Prénom, autres Prénoms et nom de famille)

address for service
domicile élu


9080 University Crescent, Suite 308, Burnaby, British Columbia, V5A 0B7, Canada

(Street & No. or R.R. No., Municipality, Province, Country & Postal Code)
(Rue et numéro, ou numéro de la R.R., nom de la municipalité, province, pays et code postal)

hereby consent to act as a first director of
accepte par la présente de devenir premier administrateur de

COBRA VENTURES INC.

(Name of Corporation)
(Dénomination sociale de la société)


(Signature of the Consenting Person)
(Signature de l'acceptant)

Leo Chamberland

This is Exhibit "F" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

**DEBENTURE AND SECURITY
ASSIGNMENT AGREEMENT**

THIS AGREEMENT made the 28th day of July, 2020

BETWEEN:

APHRIA INC., a corporation formed under the *Business Corporations Act* (Ontario)
(the “**Assignor**”)

AND:

COBRA VENTURES INC., a corporation formed under the *Business Corporations Act* (Ontario)
(the “**Assignee**”)

WHEREAS:

- A. The Assignor holds a convertible debenture of HydRx Farms Ltd. (the “**Borrower**”) in the principal amount of Cdn\$11,500,000, dated as of August 14, 2017 and amended as of August 14, 2019 and further amended by a support agreement made with effect as of November 14, 2019 (as so amended, and as further amended, supplemented, amended and restated, replaced or otherwise modified from time to time, the “**Debenture**”);
- B. Pursuant to the Debenture, the Borrower granted a security interest to the Assignor in all of the Borrower’s present and after-acquired property, undertaking, assets and rights, including, without limitation, all present and after-acquired personal property of the Borrower;
- C. The Debenture is registered on title to certain real property of the Borrower legally described as Lot 13 on Plan 871 of the Town of Whitby, Ontario, being the whole of PIN 26488-0029 (LT) (the “**Property**”) pursuant to a Charge/Mortgage registered August 15, 2017 as Instrument No. DR1626830 in the principal amount of Cdn\$11,500,000 (the “**Charge**”), as amended by an agreement amending the Charge executed by the Borrower in favour of the Assignor dated effective August 14, 2019 and registered November 20, 2019 as Instrument No. DR1848498 against the Property (as so amended, and as further amended, supplemented, amended and restated, replaced or otherwise modified from time to time, the “**Security**” and, collectively with the Debenture and all other agreements, documents, certificates, and instruments executed and delivered in connection with the Debenture and the Security (including, without limitation, any agreement pursuant to which the Debenture was issued), the “**Debenture Documents**”);

- D. The Assignor agrees to assign the Debenture Documents to the Assignee in consideration of payment of the price of Cdn\$5,000,000, inclusive of all Taxes (as defined herein) (the “**Purchase Price**”);
- E. The Assignor and World Class Extractions Inc. (“**WCE**”) entered into a letter of intent dated July 10, 2020 and an escrow agreement dated July 13, 2020 (the “**Escrow Agreement**”) pursuant to which WCE deposited a refundable deposit of Cdn\$1,000,000 (the “**First Deposit**”) into escrow with Cassels Brock & Blackwell LLP (“**Cassels**”) as a good faith deposit against the Purchase Price for the Debenture Documents; and
- F. WCE and the Assignee have entered into an assignment agreement assigning all rights and obligations of WCE under the letter of intent and Escrow Agreement to the Assignee.

THEREFORE, this Agreement witness that for good and valuable consideration, and in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

1. *Deposits.* Upon the execution of this Agreement, the Assignee agrees to deposit a further Cdn\$1,000,000 into escrow with Cassels pursuant to the Escrow Agreement as, except as set forth herein, a non-refundable deposit against the Purchase Price (the “**Second Deposit**”). On Closing (as defined herein), the First Deposit and the Second Deposit will be released to Assignor pursuant to the Escrow Agreement and credited against the aggregate Purchase Price. If the Closing does not occur, for any reason, the First Deposit shall be returned to the Assignee pursuant to the Escrow Agreement. The Second Deposit shall be non-refundable to the Assignee and payable to the Assignor, except in the event the purchase of the Debenture Documents contemplated herein (the “**Closing**”) does not occur due to the following circumstances: (a) the representations and warranties of the Assignor in Section 3 of this Agreement are no longer true as at the Closing Date; or (b) the closing conditions set out in Section 5 of this Agreement are not met at the Closing Date or such other date as may be mutually agreed to in writing by the parties (each, an “**Assignor Default**”). If the Closing does not occur due to an Assignor Default, the Second Deposit shall also be returned to the Assignee pursuant to the Escrow Agreement.
2. *Debt Assignment.* Effective on the Closing Date, the Assignor hereby sells, transfers and assigns the right, title and interest in, and all of the benefits of the Assignor in the Debenture Documents, including without limitation all debts and obligations of the Borrower outstanding thereunder (the “**Indebtedness**”), to the Assignee in consideration of the Purchase Price. On the Closing Date, the Assignee shall pay the Purchase Price by:
 - a. directing Cassels to pay the Deposit and the Second Deposit to Assignor by wire payment; and
 - b. paying the balance of the Purchase Price, being Cdn\$3,000,000, by wire payment,with such payments being made in accordance with the instructions set out in Schedule “A” hereto.

3. *Representations and Warranties of the Assignor.* The Assignor represents and warrants to the Assignee as follows:
- a. the Assignor is the sole legal and beneficial owner of the Debenture Documents with the legal right to convey the same, and there has been no prior assignment, release, discharge or conveyance thereof, and on the Closing Date there will be no liens, security interests or other encumbrances on the Debenture Documents;
 - b. the Indebtedness under the Debenture is Cdn\$11,500,000 plus accrued and unpaid interest and charges, and there are no agreements or any other understandings to reduce the size of the Debenture for consideration or otherwise, and no agreements to forbear from taking any action under the Debenture Documents;
 - c. no consent, waiver, approval or notice is required as a condition to the execution, delivery or performance of this Agreement by the Assignor;
 - d. the Borrower has not disputed the Assignor's rights to repayment of the Debenture or the amount of the Debenture in any manner whatsoever and no payments have been received by the Assignor in respect of amounts owing under the Debenture;
 - e. the Assignor has not sold, assigned, charged, hypothecated, encumbered or otherwise transferred, encumbered or disposed of the Debenture Documents (or any part thereof), or any rights therein or thereto, to any other person or party, other than as disclosed in the Personal Property Registry of Ontario;
 - f. the Assignor is not in breach of any of the material terms of the Debenture Documents, other than as disclosed to the Assignee in writing;
 - g. the Assignor shall not, at any time after executing this Agreement, accept payment in any form, for any amounts owing under the Debenture or any other Debenture Documents, or any part of it, or do any act by which the Assignee may be prevented from enforcing or dealing with payments or otherwise in relation to the Debenture or any other Debenture Documents. In the event that the Assignor receives any payment from the Borrower pursuant to the Debenture or any other of the Debenture Documents, such funds shall be held in trust for and shall be delivered to the Assignee by the Assignor, or as otherwise directed at Closing;
 - h. this Agreement constitutes a legal, valid and binding obligation of the Assignor enforceable against them in accordance with its terms;
 - i. the Assignor has due and sufficient power, capacity, right and authority to enter into this Agreement on the terms and conditions herein set forth and to perform and observe covenants and obligations hereunder;
 - j. each of the execution, delivery and performance of this Agreement: (i) is within the powers of the Assignor under its charter documents and has been duly authorized by all necessary corporate action; (ii) does not violate any term or

provision of its charter documents; (iii) will not result in a breach of or default under any agreement to which the Assignor is a party; and (iv) this Agreement is enforceable against the Assignor in accordance with its terms, subject to laws of general application limiting the rights and remedies of creditors and general principles of equity;

- k. all federal, provincial, local and foreign income, profits, franchise, sales, transfer, value-added, use, occupancy, excise and other taxes and assessments (including interest and penalties) (collectively, the “**Taxes**”) that are or may become payable by or due from the Assignor, including, without limitation, employee source deductions, goods and services taxes and retail sales taxes, have been fully paid as of the date hereof and there are no arrears as of the date hereof. The Assignor has withheld from each payment made by it the amount of all Taxes and other deductions required to be withheld therefrom and has paid the same to the proper taxing or other authority;
 - l. the Assignor is not a non-resident within the meaning of the *Income Tax Act* (Canada); and
 - m. the Debenture Documents constitute all of the agreements and documents issued by the Borrower in favour of the Assignor and there are no other agreements or documents between the Assignor and any other party which modify or amend in any way the agreements set out therein.
4. The Assignee covenants and acknowledges to and in favour of the Assignor, as follows:
- a. the assignment of the Debenture Documents is and shall be without recourse to the Assignor, except for recourse arising directly from a breach of any representation or warranty or obligation of the Assignor contained herein; and
 - b. the Debenture Documents are sold, transferred and assigned on an “as is, where is” basis and, other than as set forth in this Agreement, there are no warranties, representations, terms or conditions whatsoever, whether expressed, implied, statutory or otherwise, made to the Assignee by the Assignor or its officers, directors, employees or agents, or otherwise forming part of this Agreement, and without limitation to the generality of the foregoing, there is no expressed, implied, statutory or otherwise, warranty, representation, term or condition with respect to:
 - (i) the validity, enforceability, priority or perfection of the security interests created in favour of the Assignor pursuant to any Debenture Document;
 - (ii) the liability of the Borrower or any other party to pay to the Assignor any amount except for the Obligations (as defined in the Debenture);
 - (iii) due registration of any financing or other statements in any offices of public record with respect to any security interest in favour of the Assignor;

- (iv) the requirement for any consent from any other party other than the Borrower to make the assignment herein effective with respect to the Debenture Documents or any part thereof; and
 - (v) any defaults, or lack thereof, of any terms and conditions relating to the Debenture Documents or any part thereof
5. *Closing.* The completion of the assignment of the Debenture Documents and other transactions contemplated herein shall be completed on the date determined by the Assignee, after all of the closing conditions listed in 5(a) through (f) are complete, such time not to exceed 60 days from the signing of this Agreement (the “**Closing Date**”) at such place as Assignee may determine. For the purpose of this Section 5, “delivery” shall mean delivery of documents by the Assignor to the Assignee. Closing shall be subject to the following closing conditions for the sole benefit of Assignee, all of which may be waived by Assignee in its sole discretion:
- a. delivery of a transfer of charge effecting the transfer of the Security from the Assignor to the Assignee (the “**Transfer of Charge**”);
 - b. delivery of an authorization and direction, executed by the Assignor and addressed to the Assignee, its counsel, and/or any other person or party that the Assignee may designate (the “**Registering Party**”), authorizing the Registering Party to, *inter alia*, register the Transfer of Charge electronically against the Property;
 - c. delivery of a no interest letter, estoppel letter or any other similar form of acknowledgement and confirmation whereby a secured creditor confirms that its security interest in a debtor's assets is limited to specific collateral and that it will not rely on its prior registration under the applicable personal property security legislation to perfect a security interest in any other assets of the debtor, each in a form acceptable to the Assignee in its sole discretion (any of the foregoing, an “**Estoppel Letter**”) executed by Windsor Family Credit Union Limited (“**WFCUL**”) with respect to the registration filed under the PPSA, naming the Assignor as debtor and WFCUL as secured party, as file no. 718810749;
 - d. delivery of an Estoppel Letter executed by Bank of Montreal (“**BMO**”) with respect to the registration filed under the PPSA, naming the Assignor as debtor and BMO as secured party, as file no. 757988442;
 - e. the warranties and representations of Assignor as set forth in this Agreement shall be true and correct in every material aspect on the Closing Date as if such warranties and representations had been made by the Assignor on the Closing Date; and
 - f. there shall not have occurred prior to the Closing Date, any material change to the status of the Debenture Documents.

6. *Trust, Power of Attorney.* To the extent that the sale, transfer and assignment of any of the Assignor's right, title, benefit, and/or interest in and to the Debenture Documents pursuant to this Agreement requires the consent, approval or waiver of the Borrower or any other party in order to be effective, and/or otherwise constitutes a breach of any provision of any Debenture Document (any and all such rights, titles, benefits, and/or interests in and to the Debenture Documents, collectively, the "**Contractual Rights**"), the Assignor acknowledges and declares that, from and after the Closing Date, it shall:
- a. stand possessed of such Contractual Rights;
 - b. hold such Contractual Rights in trust for the benefit of the Assignee;
 - c. provide the Assignee with the benefits of such Contractual Rights;
 - d. exercise and enforce such Contractual Rights solely and exclusively for the benefit of the Assignee and at the direction of Assignee (or any other person or party that the Assignee may designate); and
 - e. immediately upon the consent, approval, or waiver of the Borrower being obtained, and/or the circumstances otherwise causing the sale, transfer, and assignment of the Contractual Rights to constitute a breach of any provision of the Debenture Documents ceasing to exist, take all such further actions and execute and deliver all such further instruments as are necessary or desirable in the opinion of the Assignee (in its sole and absolute discretion) to effect the sale, transfer and assignment of the Contractual Rights to the Assignee.

For certainty, the Assignor acknowledges and agrees that, from and after the Closing Date, the Assignor shall not own any beneficial estate, right, title or interest in or to the Contractual Rights, and any and all beneficial estate, right, title or interest in or to the Contractual Rights shall be owned exclusively by the Assignee.

Without limiting the generality of the foregoing, from and after the Closing Date, the Assignor hereby constitutes and appoints the Assignee, and any officer, employee, or agent of the Assignee, to be the Assignor's true and lawful attorney in accordance with applicable legislation, with full power of substitution and full authority in the place and stead of the Assignor and in the name of the Assignor or otherwise, from time to time in the Assignee's discretion, to take any action and to execute any instrument which the Assignee may deem necessary or advisable in connection with any exercise or enforcement of the Contractual Rights (including, without limitation, the enforcement of any security interests granted pursuant to the Debenture Documents), but the Assignee shall not be obligated to and shall have no liability to the Assignor or any third party for failure to do so or take action. This appointment, being coupled with an interest, shall be irrevocable. The Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof.

7. *Dealing with Borrower.* Prior to the Closing Date occurring, the Assignor acknowledges that the Assignee will be in discussions with Borrower regarding its business and potential restructuring options. If the Borrower enters a restructuring proceeding pursuant to the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act*

(Canada) prior to the Closing Date, the Assignor will consent to the Assignee providing interim financing to the Borrower, including without limitation, consenting to a court-ordered charge ranking in priority to the Debenture Documents to secure such interim financing.

8. *Indemnity.* Assignor hereby agrees to indemnify Assignee against any loss, cost or damage incurred by it on account of the inaccuracy of any of the foregoing representations and warranties, and on demand by Assignee to take such actions as may be necessary in order to remove any lien on or security interest in the Debenture Documents, including, without limitation, any lien or security interest granted by Assignor encumbering the Debenture Documents as a result of the non-payment by Assignor of any amount due any taxing authority or other third party.
9. *Taxes.* Assignor acknowledges that the Purchase Price is inclusive of any and all Taxes exigible in connection with or arising from the sales, transfers and/or assignments under this Agreement and that Assignor shall pay any and all such applicable Taxes payable upon or in connection with the sale, transfer and assignment of the Debenture Documents and shall forever indemnify and save harmless Assignee against and from all losses, costs, damages, expenses or other liabilities (including legal expenses on a solicitor and client basis) which Assignee may sustain, incur or be or become liable for by reason of arising from the failure of Assignor to pay the Taxes exigible in connection with or arising from the sales, transfers and/or assignments under this Agreement.
10. *Amendments.* Assignor hereby authorizes Assignee (and any agent or representative of Assignee) to file any amendment to any existing financing statements, continuation statements, mortgages (or similar documents required by any laws of any applicable jurisdiction) relating to all or any part of the collateral securing the Debenture Documents and filed by Assignor without the signature of Assignor (to the extent such signature is required under the laws of any applicable jurisdiction).
11. *Conveyance.* Assignor agrees, upon the request of the Assignee, to take such action, and to execute and deliver to Assignee such other and further instruments of assignment and conveyance as may be necessary or desirable in the opinion of the Assignee in order to give effect to the transactions contemplated by this Agreement, including, without limitation, to more fully effect the assignment of the Debenture Documents and to establish, preserve, protect and perfect security interests in favour of Assignee on the collateral securing the indebtedness, liability and other obligations under the Debenture Documents.
12. *Entire Agreement, etc.* This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. The parties shall execute and deliver any documents and other instruments and perform any acts and other things as may be necessary to carry out the intent of this Agreement. Any amendments hereto shall be in writing and signed by the parties hereto.
13. *Severability and Limitation.* The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of the remaining provisions hereof. The courts shall have the power to modify this Agreement to limit the application of any offensive

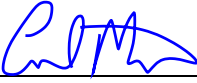
provision to the maximum extent permitted by law and otherwise consistent with the intent of the parties herein.

14. *Assignment and Enurement.* The Assignor may not assign this Agreement or any rights herein or hereto without the prior written consent of Assignee. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.
15. *Governing Law.* This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
16. *Counterparts and Delivery.* This Agreement may be executed and delivered in two or more counterparts and by facsimile. Each such counterpart and facsimile shall be deemed an original and together shall form one and the same instrument, bearing the date set forth on the face page hereof notwithstanding the date of execution.
17. *Time of the Essence.* Time is of the essence of this Agreement.

[Signature page follows.]

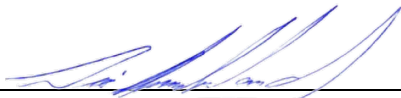
IN WITNESS WHEREOF, the parties have executed this Agreement this 28 day of July, 2020.

APHRIA INC.

By: 
Name: Carl Merton
Title: CFO

Accepted:

COBRA VENTURES INC.

By: 
Name: Leo Chamberland
Title: President

**SCHEDULE “A”
Wire Instructions**

BMO Wire Transfer Template

Please give this information to the sending party for Canadian Funds to be wired to your Canadian Account.

Bank Name & Address:

BMO Bank of Montreal
297 Erie Street South
Leamington, Ontario N8H 3C7

Beneficiary Name & Address:

Aphria Inc.
265 Talbot St West
Leamington, ON
Canada, N8H 4H3

Beneficiary Account Information:

Transit # 03442
Account # 1997-655
Routing #CC000103442
Swift Code: BOFMCAM2

This is Exhibit "G" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG



WORLD-CLASS
Extractions

Rosy Mondin
1.604.346 8118
Rosy@worldclassextractions.com
CSE: PUMP OTC: WCEXF FRA: WCF

****URGENT****

July 31, 2020

Via email hgrover@scientuspharma.com

Mr. Har Grover

Chief Executive Officer
HydRx Farms Ltd. o/a Scientus Pharma
1130 Champlain Court
Whitby, Ontario, Canada L1N 6K9

Dear Mr. Grover:

Re: WCE Acquisition of HydRx Debenture from Aphria

We are in receipt of your letter dated July 30, 2020.

On July 21, 2020 at 2pm, you attended our office wherein we engaged in a 1.25-hour discussion with you regarding the potential business that could be achieved at the HydRx facility.

For background and context, via email to Leo Chamberland dated July 19, 2020 (prior to our meeting), you had asked: *"if I should have other members of my senior team attend if you want to dive down into specific areas."* On July 20, 2020, Leo replied: *"I would say whomever can assist in providing a good picture as to what the company's plans are to move forward. I would expect to talk numbers as well."* However, this did not occur. You came alone, and unprepared for our meeting. In fact, during our meeting when we asked about your going-forward plans, your response was for us to review an outdated forecast in the data room, to which you subsequently rescinded our access. In addition, Mr. Chamberland specifically asked what your plan would be if you were to receive \$7M – you were unable to provide a response at all. All you were interested in telling us was the value in your medical products, and the value in your R&D. With all due respect, those propositions have all failed to date. As such, we do not have any proper or pertinent information in which to assess the viability of HydRx and whether a further investment is warranted.

During our meeting Leo and I did not decline to discuss your potential go-forward intentions. In fact, we provided you with various options as to how the facility could be utilize by working with HydRx. We advised that, in our opinion, there is enough square footage for not only HydRx to operate, but for ourselves and Canntab as well. We advised that we would be interested in product development for the recreational and medical markets. We advised that we have the ability to make product immediately. We advised that we have the ability to toll process and white label (ie. bring in contracts). We further advised that with some modifications, areas could be 'leased' to other parties (revenue) to allow for the making of products. We provided plenty of options and ideas of how we could assist and work together.



We are the holder of a \$11,500,000 secured convertible debenture (in first position) over the assets of Hydrx. We are your defacto lenders having stepped into the shoes of Aphria. Currently your debt is in default. All we are entitled to is payment. It is not up to us to provide you with any plan at all. It is up to you as CEO of Hydrx to figure out how to proceed with your operations. You did not provide us with any plan. It is not up to us to provide you with any plan at all. Currently your debt is in default.

We understand that the previously proposed transaction with RISE Life Science Corp. and Canaccord did not proceed. Note that we are not preventing you from doing whatever may be necessary to arrange capital. The real question is, do we proceed with enforcement proceedings pursuant to outstanding amounts owing under the Debenture now, or do we provide Hydrx with more time.

Hydrx's capital requirements are the responsibility of Hydrx, not those of the holder of the Debenture. We are the lender, Hydrx is the borrower and is currently in default of its obligations. We are not preventing you from doing whatever is necessary to organize Hydrx's business from moving forward. Hydrx operations are your responsibility. All we are entitled to is payment. During our meeting of July 21, 2020, we did state that our intentions were to acquire the instrument – nothing more, nothing less. This is what is taking place.

We acquired a debenture – we are not your operational partner.

Regards,

World Class Extractions Inc.

Per:

Rosy Mondin
Chief Executive Officer

This is Exhibit “H” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Richard Goldstein <richard@canntab.ca>
Sent: Friday, August 7, 2020 3:09 PM
To: Leo Chamberland <Leo@worldclassextractions.com>; Rosy Mondin <Rosy@worldclassextractions.com>
Subject: Re: follow up

Let's discuss at your convenience.

Thanks

Get [Outlook for Android](#)

From: Leo Chamberland <Leo@worldclassextractions.com>

Sent: Friday, August 7, 2020 2:46:16 PM

To: Har Grover <hgrover@scientuspharma.com>

Cc: anthony@firstrepubliccapital.com <anthony@firstrepubliccapital.com>; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@cassels.com>; Williams, Lance <lwilliams@cassels.com>; Richard Goldstein <richard@canntab.ca>; Rosy Mondin <Rosy@worldclassextractions.com>; Domenic Serafino <djamm@bell.net>

Subject: RE: follow up

Har, thank you for taking the time to have a call today.

Discussion points and clarifications for you in [Blue](#). Proposed is as follows, subject to working more details out and board approvals on our side.

1. Extend the "Aphria note" for 12 months. Face value of \$11.5 mm or \$5 mm (please confirm)? Interest rate and other terms to be negotiated.
[The note will remain as it is - \\$11.5 million plus accrued interest and continue to accrue interest for a further term of 12 months ending August 31, 2021. However, I need to have a provision that the extension will be subject to successful arrangement of the debt and claims referred to in section 5 below. The conversion term will need to be amended.](#)
2. Additional injection of \$5 mm working capital in the form of a line of credit. Oversight terms on approval of draw downs to be negotiated. Interest and other terms to be negotiated.
[Interest – 12% and specific terms to be agreed upon. This would be increased to accommodate the acquisition of additional equipment mentioned in section 6 below. We would have the option to convert the amount advanced on the credit facility to a form of equity once the company is stable – at our option.](#)
3. Access to data for completion of due diligence
[To be clear, we need access to all data, information, claims, shareholder list, potential claims, etc... including minute book, banking records, financial...](#)
4. Two board seats
[Yes](#)
5. Negotiate together with third parties to clean up payables, claims etc. Over the next 30 days?
[This does not need to be done in the next 30 days, we anticipate it will take longer than that to negotiate this out being it is summer and we still have Covid-19. That being said, we will tie the extension of the note in 1. above conditional on the successful clean up of payables, claims etc.](#)
6. Once the balance sheet is cleaned up, negotiate the addition of new production lines, immediately utilizing 15,000 sq ft of cultivation space in our facility.
[We will be looking to bring in additional equipment, which the company will acquire from Soma Labs and Canntab. In such instance, we would provide additional capital under the credit facility to do so. This equipment will range between \\$6 to \\$8 million. We will need to negotiate the operation of this additional equipment.](#)
7. We need access to bring in investors for tours – this is a must.

No doubt there will be issues to deal with that I am not aware of yet. If we want to have a successful outcome, we need full cooperation of senior management and directors of the company.



Leo Chamberland

President

Direct (BC): 1.604.868.2540

Direct (TO): 1.416.433.3541

Suite 308 - 9080 University Crescent, Burnaby, BC, Canada, V5A 0B7



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From: Har Grover <hgrover@scientuspharma.com>
Sent: August 7, 2020 10:26 AM
To: Leo Chamberland <Leo@worldclassextractions.com>
Subject: Re: follow up

Thank you for the productive call. My understanding of your proposal is as follows:

1. Extend the "Aphria note" for 12 months. Face value of \$11.5 mm or \$5 mm (please confirm)? Interest rate and other terms to be negotiated.
2. Additional injection of \$5 mm working capital in the form of a line of credit. Oversight terms on approval of draw downs to be negotiated. Interest and other terms to be negotiated.
3. Access to data for completion of due diligence
4. Two board seats
5. Negotiate together with third parties to clean up payables, claims etc. Over the next 30 days?
6. Once the balance sheet is cleaned up, negotiate the addition of new production lines, immediately utilizing 15,000 sq ft of cultivation space in our facility.

Har Grover
 Mobile | 416-561-0942

Scientus Pharma Inc.
 Toronto | Canada

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From: Leo Chamberland <Leo@worldclassextractions.com>
Date: Thursday, August 6, 2020 at 2:08 PM
To: Har Grover <hgrover@scientuspharma.com>
Cc: Mark Fletcher <mfletcher@scientuspharma.com>, Domenic Serafino <djamm@bell.net>, phillip hemans <pahemans@gmail.com>, Rosy Mondin <Rosy@worldclassextractions.com>, Richard Goldstein

<richard@canntab.ca>

Subject: RE: follow up

One on one call Har. Just provide me your number and I will call you at that time.



Leo Chamberland

President

Direct (BC): 1.604.868.2540

Direct (TO): 1.416.433.3541

Suite 308 - 9080 University Crescent, Burnaby, BC, Canada, V5A 0B7



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From: Har Grover <hgrover@scientuspharma.com>

Sent: August 6, 2020 7:02 AM

To: Leo Chamberland <Leo@worldclassextractions.com>

Cc: Mark Fletcher <mfletcher@scientuspharma.com>; Domenic Serafino <djamm@bell.net>; phillip hemans <pahemans@gmail.com>; Rosy Mondin <Rosy@worldclassextractions.com>; Richard Goldstein <richard@canntab.ca>

Subject: Re: follow up

That time works. Will it be a one-on-one call in which case do I call you at your BC number. Or do you want me to set up a conference call line?

Har Grover
Mobile | 416-561-0942

Scientus Pharma Inc.
Toronto | Canada

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From: Leo Chamberland <Leo@worldclassextractions.com>

Date: Thursday, August 6, 2020 at 9:44 AM

To: Har Grover <hgrover@scientuspharma.com>

Cc: Mark Fletcher <mfletcher@scientuspharma.com>, Domenic Serafino <djamm@bell.net>, phillip hemans <pahemans@gmail.com>, Rosy Mondin <Rosy@worldclassextractions.com>, Richard Goldstein <richard@canntab.ca>

Subject: Re: follow up

Friday works - I am in BC so we are three hours apart. I am good from 9:00am my time. How would 1:00pm work for you - 10:00am my time.

Leo Chamberland
President

World-Class Extractions
+1-604-868-2540

On Aug 5, 2020, at 19:43, Har Grover <hgrover@scientuspharma.com> wrote:

Friday is probably best as I am in Whitby most of tomorrow. Are you on Vancouver or Toronto time? Let me know what time suits you and who else will be on the call.

Har Grover
Mobile | 416-561-0942

Scientus Pharma Inc.
Toronto | Canada

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From: Leo Chamberland <Leo@worldclassextractions.com>
Date: Wednesday, August 5, 2020 at 7:16 PM
To: Har Grover <hgrover@scientuspharma.com>, Mark Fletcher <mfletcher@scientuspharma.com>, 'Domenic Serafino' <djamm@bell.net>, phillip hemans <pahemans@gmail.com>
Cc: Rosy Mondin <Rosy@worldclassextractions.com>, Richard Goldstein <richard@canntab.ca>
Subject: follow up

Mr. Grover

There are many rumours floating around. Some make you look bad and some are targeting us. Since we last met with you, it should have become obvious that we are proceeding with the acquisition of the Aphria instrument.

I think it may be a good idea to have a call to discuss how we can move forward. Would you be available for a call over the next day or two?

<[image001.png](#)> Leo Chamberland
President
 Direct (BC): 1.604.868.2540
 Direct (TO): 1.416.433.3541
 Suite 308 - 9080 University Crescent, Burnaby, BC, Canada, V5A 0B7
 <[image003.png](#)>
 <[image004.png](#)>
 <[image005.png](#)>
 <[image006.png](#)>

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This is Exhibit "I" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Har Grover <hgrover@scientuspharma.com>

Sent: Monday, August 17, 2020 2:56 PM

To: Leo Chamberland <Leo@worldclassextractions.com>; Mark Fletcher <mfletcher@scientuspharma.com>; Rav Grover <rgrover@scientuspharma.com>

Cc: phillip hemans <pahemans@gmail.com>; Domenic Serafino <djamm@bell.net>; Richard Goldstein <richard@canntab.ca>; anthony@firstrepubliccapital.com; Durno, Jeff <jdurno@cassels.com>; Hansford, David <dhansford@cassels.com>; Williams, Lance <lwilliams@cassels.com>; Roula J. Sotirakos <Roula@worldclassextractions.com>; Rosy Mondin <Rosy@worldclassextractions.com>; Zara Kanji <Zara@worldclassextractions.com>

Subject: Re: info needed to complete DD

Hi Leo,

We will start uploading additional documents as requested, into a new folder in the data room that your team has access to from before. I know there was a comment about us rescinding access to the data room. That was a slip caused by the data room provider for non-payment of the subscription fees. The data room was shut down for a period of 5 days. We did not rescind your access. We have made partial payment of those fees and the data room is active.

Har

Har Grover
Mobile | 416-561-0942

Scientus Pharma Inc.
Toronto | Canada

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From: Leo Chamberland <Leo@worldclassextractions.com>

Date: Monday, August 17, 2020 at 1:50 PM

To: Har Grover <hgrover@scientuspharma.com>, Mark Fletcher <mfletcher@scientuspharma.com>, Rav Grover <rgrover@scientuspharma.com>

Cc: Phillip Hemans <pahemans@gmail.com>, Domenic Serafino <djamm@bell.net>, Richard Goldstein <richard@canntab.ca>, "anthony@firstrepubliccapital.com" <anthony@firstrepubliccapital.com>, "Durno, Jeff" <jdurno@cassels.com>, "Hansford, David" <dhansford@cassels.com>, "Williams, Lance" <lwilliams@cassels.com>, "Roula J. Sotirakos" <Roula@worldclassextractions.com>, Rosy Mondin <Rosy@worldclassextractions.com>, Zara Kanji <Zara@worldclassextractions.com>

Subject: info needed to complete DD

Gentlemen

In order for us to proceed with any funding, we need to complete some Due Diligence. To this effect, we have appointed Roula Satirakos to gather and collect all information. Please provide the information requested below.

Currently missing is:

1. the minute book with all resolutions,
2. financials with bank statements and reconciliations – we need 2019 financials and year-to-date for 2020,
3. list of all accounts payables and accounts receivable,
4. list of all claims,
5. list of contracts and obligations as well as any agreements with any subsidiaries, and
6. any other pertinent items that may have a financial impact on the company.

We will have more questions but it is imperative that this gets to us ASAP. Time is of the essence gentlemen. Once we close on the Aphria Debenture, we have two options – one is that we proceed with the enforcement, and the other is that we proceed with the proposed transaction to further fund Hydrx and proceed with the sale to Rise. I am assuming everyone prefers the second options.



WORLD-CLASS
Extractions

CSE:PUMP

Leo Chamberland

President

Direct (BC): 1.604.868.2540

Direct (TO): 1.416.433.3541

Suite 308 - 9080 University Crescent, Burnaby, BC, Canada, V5A 0B7



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This is Exhibit "J" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Richard Goldstein
Sent: Thursday, September 10, 2020 9:46 PM
To: Roula J. Sotirakos <Roula@worldclassextractions.com>; Leo Chamberland <Leo@worldclassextractions.com>; Rosy Mondin <Rosy@worldclassextractions.com>
Subject: RE: Shareholder Update September 9, 2020

Saw this yesterday. Thanks

From: Roula J. Sotirakos <Roula@worldclassextractions.com>
Sent: September 9, 2020 1:31 PM
To: Leo Chamberland <Leo@worldclassextractions.com>; Richard Goldstein <richard@canntab.ca>; Rosy Mondin <Rosy@worldclassextractions.com>
Subject: FW: Shareholder Update September 9, 2020
Importance: High

F.Y.I.

Please see below email to Shareholders from Har Grover.

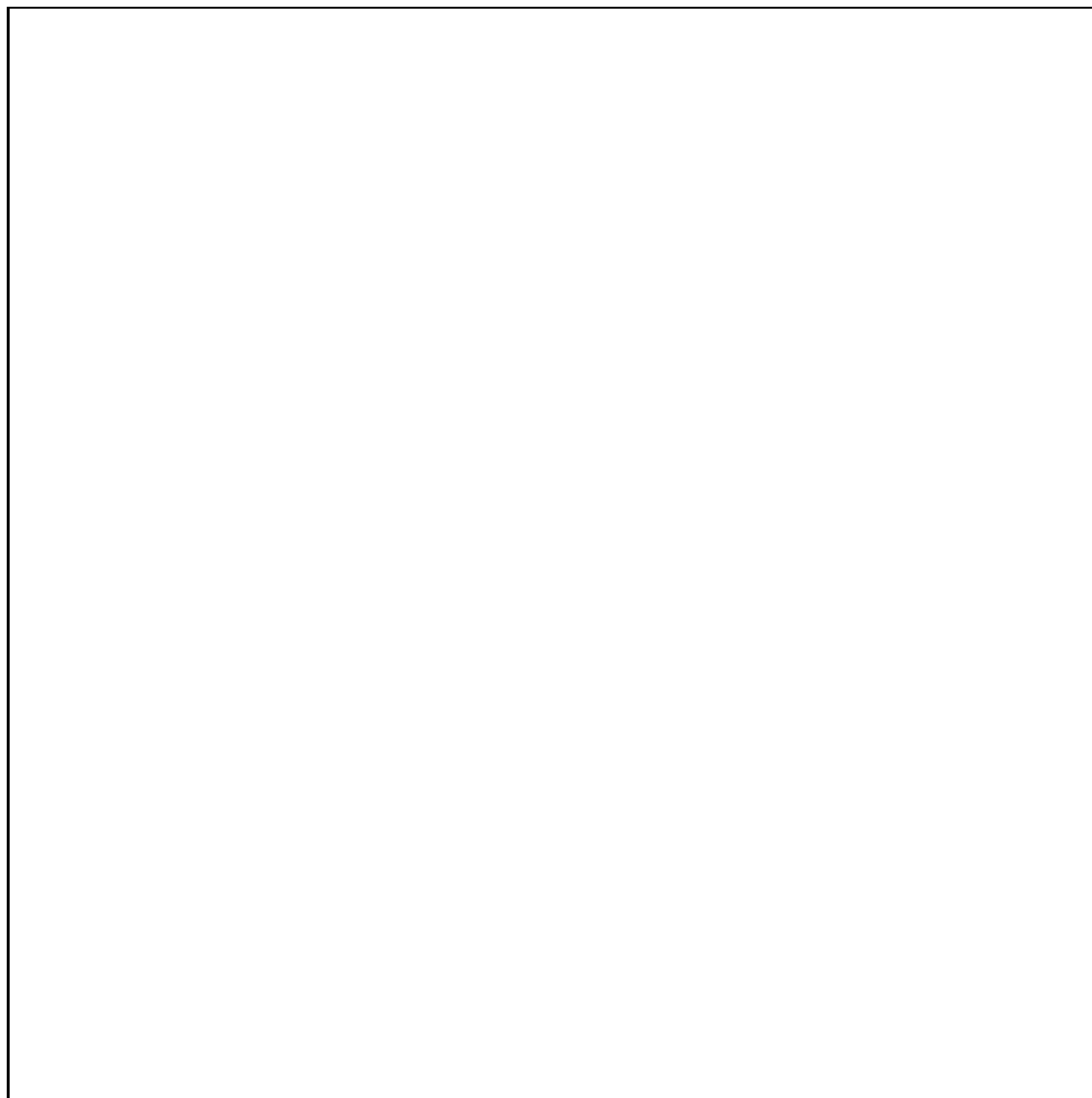
Begin forwarded message:

From: Har Grover <hgrover@scientuspharma.com>

Date: September 9, 2020 at 12:43:10 PM EDT

Subject: Shareholder Update September 9, 2020

Reply-To: Har Grover <hgrover@scientuspharma.com>



Dear Fellow Shareholders,

I am writing to inform you of my decision to resign from the Company's Board of Directors effective September 6, 2020, and am communicating with you now in my role as a co-founder and substantial shareholder.

We have all been frustrated by the Company's difficulty in securing sufficient working capital to fund the Company's growth. We have aggressively pursued opportunities of all types – equity, debt, distressed debt, and strategic M&A. The overhang created from the debenture held by Aphria presented a major obstacle and was exacerbated by the downturn in the sector and further by the pandemic circumstances. Our Company's cash position was challenging entering into this period, and as a result, we have struggled like all companies across the sector.

There are some good news stories.

The Company is generating revenues and has proven out its business model. Let me convey one anecdote in this regard. Due to our temporary staffing layoffs, I have been spending a lot of time personally dealing with customer service issues, interacting with our patients and the clinics we have been working with to market our products to the medical community. (Although I was furloughed in March alongside most of our staff, I continued in my capacity as a co-founder and shareholder to participate in the management of the operational and financing aspects).

As you can imagine, my customer service interactions were conducted under difficult circumstances. Despite the challenges faced by the Company, and the ease with which patients can order their product from other sources, the majority of people I spoke to wanted to continue to order products from us. The feedback has been very encouraging and our patient base, while small at this time, appears to be waiting patiently for us to come out of our present

challenges and be a strong supplier to them. They recognize the superiority of our Medisenol products compared to other available products. Our clinic partners remain supportive of us, continuing to refer their patients to us, and some have even stepped up to take on some of the customer service functions to assist us in tangible ways.

We have executed a significant wholesale transaction of finished goods. The Company went through an annual inspection by Health Canada July 20-29 and remains compliant. All our licenses remain valid.

Unfortunately, our financial situation remains problematic. At this early stage of product commercialization, we are generating sufficient revenues to keep only a skeleton staff on hand and “keep the lights on”. We are not in a position to significantly advance the business plan.

World Class Extractions (WCE) and RISE Life Sciences (RISE) remain “at the table” and have signalled continuing efforts to structure a financing transaction that would address the Aphria debenture and provide additional working capital to fund the Company going forward. By virtue of a previously announced deal to acquire the debenture, WCE effectively controls the pace and process for the financing transaction as a whole.

At this time, we do not know the full status of WCE’s transaction to acquire the Aphria debenture, nor do we have any information to pass on to you regarding any other transaction they might propose to the Company and/or its shareholders.

In the meantime, the Company is in stasis. This situation has also led to the resignation of two other directors: Mark Fletcher and Scott White. The Board at present consists of the sole independent director, Domenic Serafino. Further changes are anticipated.

As additional material information becomes available to me, I will endeavour, in my role as a shareholder, to promptly inform you of developments.

Regards,

Har Grover

Har Grover

Mobile | 416-561-0942

Scientus Pharma Inc.

Toronto | Canada

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When used herein, "Scientus" means HydRx Farms Ltd. and includes reference to its affiliates, as applicable. This message contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned", "intend", "plan", "predict" or similar expressions suggesting future outcomes, the results of which are uncertain. In particular, this message contains forward-looking statements including, but not limited to, those relating to the implementation of operations, licensing, production, sales and revenue generation, medical cannabinoid market size and trends, average monthly prescription value, penetration rate, the timing and next steps in Scientus' business commercialization plan, employee and sales force growth, future trials, product launches and business opportunities, business strategies and competitive advantages. The forward-looking statements are based on Scientus' current views, key expectations and assumptions regarding future events, plans and objectives, including expectations regarding the conversion of the convertible securities of Scientus, projected sales and valuations, use of proceeds, obtaining EU-GMP certification, expectations regarding patents, anticipated financial performance, maintaining necessary licences to conduct Scientus' business, the ability to adequately outfit its production facility, prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, that there will be no adverse regulatory or political developments with respect to medical marijuana production, sales or consumption and the ability to obtain financing on acceptable terms, all of which are subject to change based on market conditions and potential timing delays. Although management of Scientus considers these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements.

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▪

This is Exhibit “K” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Thursday, Sep. 24, 2020

Me
You free?
10:11 p.m.

Dom Serafino
Just went to bed. Tired. Can we talk
tomorrow?
10:12 p.m.

Me
Sure. Closing tomorrow with Aphria finally.
On our way. Cheers
10:13 p.m.

Dom Serafino
👉👉
10:14 p.m.

This is Exhibit "L" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

From: Dom Serafino <dom@venusconcept.com>
Sent: Thursday, October 8, 2020 11:17 AM
To: Phil A. Hemans <phemans@scientuspharma.com>
Cc: Leo Chamberland <Leo@worldclassextractions.com>; Rosy Mondin <Rosy@worldclassextractions.com>; Richard Goldstein <richard@canntab.ca>
Subject: Re: Payroll - URGENT

Guys we need to put money in a separate account for active payroll, insurance and any other operating expense that keeps the doors open and the licenses intact. This needs to be done ASAP and hopefully Leo you will close out the deal with Har, Rav and Mark

Sent from my iPhone

On Oct 8, 2020, at 10:38 AM, Phil A. Hemans <phemans@scientuspharma.com> wrote:

[EXTERNAL EMAIL] This email originated from an email address that is outside the organization

Hi Leo,

We need to communicate with Jim somehow as he is frustrated beyond the norm with these guys and facing a potentially major family health issue right now.

He is simply looking to be paid for his work ... Please suggest a course of action or communication to address this.

Best regards,

Phillip Hemans CPA, CA
Executive Vice President & COO

Direct [+1 416 414. 8114](tel:+14164148114)

Main [+1 844 493.7922](tel:+18444937922)



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Begin forwarded message:

From: Dom Serafino <dom@venusconcept.com>
Date: October 8, 2020 at 10:34:15 AM EDT
To: "Phil A. Hemans" <pheedans@scientuspharma.com>
Subject: Re: Payroll - URGENT

I know.

Sent from my iPhone

On Oct 8, 2020, at 10:31 AM, Phil A. Hemans
<pheedans@scientuspharma.com> wrote:

[EXTERNAL EMAIL] This email originated from an email address that is
outside the organization

More of the same.

They just used all the remaining funds I brought in for D&O run off....

Best regards,

Phillip Hemans CPA, CA
Executive Vice President & COO

Direct [+1 416 414. 8114](tel:+14164148114)

Main [+1 844 493.7922](tel:+18444937922)



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Begin forwarded message:

From: Rav Grover <rgrover@scientuspharma.com>
Date: October 8, 2020 at 9:30:55 AM EDT
To: "Phil A. Hemans" <phemans@scientuspharma.com>
Cc: Har Grover <hgrover@scientuspharma.com>, Mark Fletcher <mfletcher@scientuspharma.com>
Subject: Payroll - URGENT

Hi Phil,

As you know, Jim is very much perturbed in getting his pay even one day after the pay period. We both know that he is being unnecessarily difficult as previously he was being paid well after the pay period was over. I have to submit payroll before tomorrow to get it processed for the 15th.

As you also know, we do not have the funds in the account to pay the Oct 15 payroll. How do you suggest this be handled?

Rav

This is Exhibit “M” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

COMMITMENT LETTER

October 7, 2020

Delivered by Email

PRIVATE AND CONFIDENTIAL

Cobra Ventures Inc.
Suite 2200, 885 West Georgia Street
Vancouver, BC V6L 3E8

**Attn.: Leo Chamberland, President
Richard Goldstein, Vice President**

Dear Sirs:

Rydan Financial Inc. is pleased to offer the loan described in this Commitment Letter (the “**Loan**”) subject to the terms and conditions set forth below and in the schedules attached hereto (collectively, the “**Commitment Letter**”). Unless otherwise indicated, all amounts are expressed in Canadian currency.

PARTIES AND USE OF FUNDS

Borrower:	Cobra Ventures Inc. (the “ Borrower ”).
Lender:	Rydan Financial Inc. (hereinafter called “ Rydan ”)
Corporate Guarantors:	World Class Extractions Inc. and 2775361 Ontario Inc.
Loan Amount:	\$1,000,000.00

LOAN TERMS

Loan Amount:	\$1,000,000 to be advanced in a single tranche on closing.
Interest Rate:	8% per annum (the “ Interest Rate ”) payable monthly from the Funding Date to the Maturity Date.
Lender Fee:	2% of Loan Amount
Term:	One (1) year from the last day of the month in which funding occurs (the end of such period being the “ Maturity Date ”).
Payment Date:	Unless otherwise specified all payments are to be made on the last day of each month.

- Interest Reserve:** There shall be a three (3) months interest reserve to be deducted from the loan advance on Closing.
- Terms of Repayment:** The Loan shall be interest only for the term of the Loan. The principal amount of the Loan shall be repaid on the Maturity Date.
- Prepayment Rights:** The Loan shall be fully open to repayment at any time in whole but not in part, on 30 days' notice, but without bonus or penalty, subject to payment of a minimum of three (3) months interest to be paid from the interest reserve
- Legal and Other Fees:** The Borrower will be responsible for all legal costs, fees and out of pocket expenses plus taxes and disbursements incurred by the Lender relating to the Loan.

SECURITY AND CONDITIONS PRECEDENT TO ADVANCE

- Security:** The Borrower and the Corporate Guarantors shall provide to Rydan (or cause to be provided to Rydan) the following guarantees, security, charges and assignments (collectively, the "Security") each in form and substance satisfactory and registered with such priority as is deemed appropriate by Rydan and its legal counsel and the Borrower's counsel:
1. Unlimited joint and several Corporate Guarantee of each of World Class Extractions Inc. and 2775361 Ontario Inc.
 2. General Security Agreement from the Borrower;
 3. Assignment of Debenture issued by Hydrx Farms Ltd. in favour of Aphria Ltd. and subsequently assigned to Cobra Ventures Inc. and all collateral security held therefore;
 4. Assignment and Postponement of all loans made by the Corporate Guarantors to Cobra and security held by the Corporate Guarantors in connection therewith; and
 5. Such additional security, priority agreements and other documents as Rydan or its counsel shall reasonably require.
- Corporate Liability Insurance:** Satisfactory insurance naming the Lender as first loss payee to be provided.

Conditions Precedent:

The following conditions precedent shall be completed and/or fulfilled to the satisfaction of Rydan in its sole discretion prior to the advance of the Loan:

1. Satisfactory completion by Rydan of all due diligence required by Rydan in respect of the Debenture and the Security, such due diligence to include, without limitation:
 - (a) Complete legal due diligence, including without limitation:
 - (i) Approval by Rydan and its counsel of Debenture and of the assignment of the Debenture to Cobra; review and approval of all security registered held as security for the Debenture;
 - (b) Such other matters as Rydan or its counsel acting reasonably shall require.
2. Execution, delivery and (where applicable) registration of all necessary legal documentation including, without limitation, the Security and delivery of such legal opinions as may be required by Rydan and its legal counsel and as are customary in connection with a financing similar to the Loan including with respect to such matters as the enforceability of this Commitment Letter and the Security as well as title to the Debenture and the ranking of the Debenture as a first charge and security interest on the real and personal property of Hydrx.

For greater certainty, in the event that one or more of the above conditions are not satisfied prior to October 21, 2020, then Rydan may in its sole and absolute discretion terminate its commitment to advance the Loan Amount as set forth in this Commitment Letter.

GENERAL CONDITIONS**Acceptance:**

If the terms and conditions of the Commitment Letter are acceptable, please return an executed copy to Rydan's office; otherwise this Commitment Letter will expire.

Entire Agreement / Paramountcy:

This Commitment Letter and the Security constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior negotiations, undertakings, representations and understandings, written or oral, between Rydan and the Borrower. To the extent that any provision of the Security is inconsistent with or in conflict with the provisions of this Commitment Letter, the provisions of this Commitment

Letter shall govern and the inclusion of any term in any of the Security that is not set out in this Commitment Letter shall not be an inconsistency.

Successors and Assigns:

This Commitment Letter shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns. The Borrower shall not, without Rydan's prior written consent (in Rydan's sole discretion), assign any interest or obligation under the Commitment Letter or any of the Security to any other person, firm, corporation or other entity whatsoever.

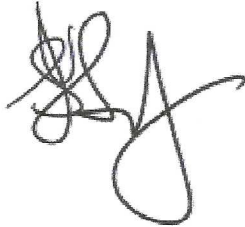
Governing Law:

This Commitment Letter shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Acceptance:

This Commitment Letter is open for acceptance until 5:00 PM on October 8, 2020 after which if not accepted, the same shall be deemed withdrawn and of no further force and effect.

Yours truly,
RYDAN FINANCIAL INC.



Per:

Stanley Schwartz, President

ACCEPTANCE AND AGREEMENT

The undersigned hereby confirms agreement to and acceptance of the terms and conditions outlined in the Commitment Letter (including without limitation, the additional terms and conditions set forth in the Schedules attached thereto) as of this 7th day of October, 2020.

COBRA VENTURES INC.Per: _____
Leo Chamberland, PresidentPer: _____
Richard Goldstein, Vice President

We have authority to bind the corporation.

WORLD CLASS EXTRACTIONS INC.Per: 

Name: _____

Title: _____

I have authority to bind the corporation.

2775361 ONTARIO INC.Per: _____
Richard Goldstein, President

I have authority to bind the corporation.

Schedule A

Additional Terms and Conditions

1. **Interest**
 - (a) **Calculation** - Interest is calculated monthly in arrears on the principal outstanding amount of the Loan commencing on the Funding Date and continuing both before and after maturity, default and judgment.
 - (b) **Interest on Arrears** – Arrears of interest and any other amounts not paid when due bear interest at the Interest Rate and are calculated and paid in the same way as interest accruing on the principal amount of the Loan.
2. **Costs and Expenses** – The Borrower shall pay all costs and expenses (including without limitation reasonable legal fees and disbursements) incurred by or on behalf of Rydan in respect of the Loan, including without limitation the preparation, negotiation, execution and delivery (and registration where relevant) of the Commitment Letter and the Security (collectively, the “**Loan Documents**”) and in connection with the enforcement and preservation of Rydan’s rights and remedies hereunder and thereunder, due diligence and similar fees and all other fees and disbursements of Rydan in connection herewith, whether or not any funds are advanced under the Commitment Letter. If Rydan has paid any expense for which pursuant to the provisions of the Commitment Letter or any of the other Loan Documents, Rydan is entitled to reimbursement from the Borrower, such expense shall be payable by the Borrower within thirty (30) days following demand for payment being provided by Rydan to the Borrower and in the event that the Borrower does not pay such amount to Rydan within such thirty (30) day period, interest shall accrue on such expense owing by the Borrower to Rydan at the Interest Rate.
3. **Counterparts and Facsimile Signature** – The Commitment Letter and any amendment, modification or supplement may be executed in any number of counterparts and by original signature, facsimile signature, PDF electronic transmission or any other electronic means of communication acceptable to Rydan, each of which is deemed to be an original and all of which taken together shall constitute one and the same instrument.
4. **Disbursement** – Once all conditions precedent to the advance of the Loan shall be completed and/or fulfilled to the satisfaction of Rydan in its sole discretion, the Loan will be disbursed to Rydan's solicitors for disbursement to the Borrower or as the Borrower may direct in writing. Rydan may withhold disbursement or any non-disbursed balance of the Loan, if any, if, in Rydan's opinion, a material adverse change has occurred. For the purposes of this Commitment Letter, a “**Material Adverse Change**” means a material adverse change to (i) the business, property, condition (financial or otherwise) or results of operations of the Borrower, the Corporate Guarantors or any of them, (ii) the ability of the Borrower, the Corporate Guarantors or any of them to perform their obligations under the Commitment Letter and the other Loan Documents, or (iii) the validity or enforceability of the Commitment Letter or any of the other Loan Documents or the rights or remedies of Rydan hereunder or thereunder. Neither the execution nor delivery of the Commitment Letter nor the advance of funds binds Rydan to make any advance or further advance of the Loan.
5. **Defaults** – Any of the following events constitutes an event of default (each an “**Event of Default**”):

- a breach by the Borrower or the Corporate Guarantors of any of the terms of this Commitment Letter, any of the Security or any other agreement between the Borrower or the Corporate Guarantors and Rydan, provided that if such Event of Default is capable of being cured, the Borrower or the Corporate Guarantors, as applicable, shall have a period of fifteen (15) days following receipt of notice from Rydan to cure such Event of Default; or
- a failure by the Borrower to make any payment to Rydan when due whether such payment arises under this Commitment Letter, any of the Security or any other agreement between the Borrower and Rydan. Notwithstanding the foregoing, the Borrower shall have a period of five (5) days following receipt of notice from Rydan to cure such Event of Default; or
- If the Debenture or the assignment thereof to Cobra becomes invalid or unenforceable for any reason whatsoever or the Security becomes invalid or unenforceable; or
- any representation or warranty made by the Borrower or the Corporate Guarantors to Rydan whether contained in the Loan Documents or otherwise is untrue or ceases to be true in any material respect; or
- the Borrower or the Corporate Guarantors becomes bankrupt or insolvent or commits an act of bankruptcy, or institutes any proceeding or takes any corporate action or executes any agreement or notice of intention to authorize its participation in or the commencement of any proceeding, or any proceeding is commenced against the Borrower or the Corporate Guarantors:
 - (i) seeking to adjudicate it a bankrupt or insolvent, which is not challenged and defended by the Borrower or the Corporate Guarantors, as applicable;
 - (ii) seeking liquidation, dissolution, winding up, restructuring, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies Creditors Arrangement Act* or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation or organization); or
 - (iii) seeking appointment of a receiver, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, including the Project or any part thereof;

Provided the Borrower or the Corporate Guarantors, as applicable, is contesting in good faith by legitimate and appropriate proceedings to the satisfaction of Rydan in its sole and absolute discretion, the Borrower or the Corporate Guarantors, as applicable, shall have a period of thirty (30) days following any of the aforesaid events instituted by a person other than the Borrower or the Corporate Guarantors, as applicable, to obtain a court order vacating, terminating or discharging any order or appointment of a receiver, liquidator, trustee, agent, custodian or other similar official for it or for any part of its properties and assets, any declaration of bankruptcy of the Borrower, as applicable, and if the Borrower or the Corporate Guarantors, as applicable, obtains such court order this

event of default as relates to such third person instituted event shall be deemed to have been cured nunc pro tunc; or

- a receiver, trustee, custodian or other similar official is appointed in respect of the Borrower or the Corporate Guarantors or for any part of its respective property and assets including without limitation the Project; or
 - any person holding a security interest, charge, lien, hypothec or other encumbrance in respect of any of the property and assets of the Borrower takes possession of all or any part of such property and assets, or a distress, execution or other similar process is levied against all or any material part of the property and assets of the Borrower including, without limitation, the Project; or
 - the Borrower or the Corporate Guarantors ceases or threatens to cease to carry on all or a substantial part of its business; or
 - the Borrower or the Corporate Guarantors challenges the validity or enforceability of any of the Loan Documents or any of the Loan Documents shall cease to be in full force and effect; or
 - any judgment or award is made against the Borrower in excess of \$100,000 in respect of which there is not an appeal or proceeding for review being diligently pursued in good faith and in respect of which adequate provision has been made on the books of the Borrower.
 - there is a Change of Control of the Borrower. For the purposes of this Commitment Letter a “**Change of Control**” means the acquisition in any manner of the voting shares in a corporation representing more the 50% of the total issued and outstanding shares in such corporation (or such lesser amount as may be required to obtain effective voting control of such Corporation) by any person other than the current shareholder of the Borrower. Transfers between the existing beneficial owners are permitted without effect to this clause.
6. **Remedies** – Upon the occurrence of an Event of Default, in addition to any other rights and remedies available pursuant to any Loan Document, the Loan (together with all accrued and unpaid interest, costs and other amounts payable to Rydan) will, at the option of Rydan become immediately due and payable and the Security will become enforceable, and Rydan may, personally or by agent, at such time or times as Rydan in its discretion may determine, do any one or more of the following:
- (a) exercise all of the rights and remedies granted to secured parties under the *Personal Property Security Act* (Ontario) (“PPSA”) and any other applicable statute, or otherwise available to Rydan at law or in equity;
 - (b) demand possession of any or all of the property and assets of the Borrower subject to the security interests, charges, hypothecs, liens and encumbrances arising pursuant to the Security (all such property and assets being collectively, the “**Collateral**”) including the Project;
 - (c) seize, collect, receive, enforce or otherwise deal with any Collateral in such manner, on such terms and conditions and at such times as Rydan deems advisable;

- (d) prepare the Collateral for sale, lease, assignment or other disposition, realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of (or concur in its sale, lease, assignment or other disposition) and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of Rydan or elsewhere, on such terms and conditions as Rydan may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery. Rydan may make any sale, lease, assignment or other disposition of the Collateral in the name of and on behalf of the Borrower or otherwise;
- (e) apply to a court of competent jurisdiction for the sale or foreclosure of any or all of the Collateral;
- (f) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain and dispose of such property and assets without any further accountability to the Borrower or any other person with respect to such holding, retention or disposition, except as required by applicable law. In any such sale to Rydan, Rydan may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any liabilities, obligations and indebtedness then due and payable to Rydan as a credit against the purchase price;
- (g) appoint by instrument in writing one or more receivers of the Borrower or any or all of the Collateral with such rights, powers and authority (including any or all of the rights, powers and authority of Rydan under this Commitment Letter and any of the Security) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such receiver from time to time. To the extent permitted by applicable law, any receiver appointed by Rydan will (for purposes relating to responsibility for the receiver's acts or omissions) be considered to be the agent of the Borrower and not of Rydan; provided that without restricting the generality of the foregoing, the Borrower irrevocably authorizes Rydan to give instructions to the receiver relating to the performance of its duties. Rydan may from time to time fix the receiver's remuneration and the Borrower shall reimburse Rydan for the amount of such remuneration. Rydan shall not be liable to the Borrower or any other person for appointing or not appointing a receiver or in connection with the receiver's acts or omissions; or
- (h) apply to a court of competent jurisdiction for the appointment of a receiver for the Borrower or of any or all of the Collateral.

Rydan may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable law or as required pursuant to the Loan Documents) to or on the Borrower, the Corporate Guarantors or any other person, and the Borrower for itself hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable law. None of the above rights or remedies will be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time.

7. **Notices** - Rydan may give the Borrower or the Corporate Guarantors written notice in person or by a letter sent by facsimile, by registered mail or PDF electronic transmission to the address of the Borrower set forth on the first page of the Commitment Letter or such other address as the Borrower advises Rydan of in writing.
8. **Confidentiality** - Prior to the Funding Date, the Borrower and the Corporate Guarantors may not disclose the existence or any details of this Commitment Letter or the transactions contemplated by it to any party other than their employees and advisors who have a need to know and who have agreed to maintain such information in confidence
9. **Representations and Warranties** - To induce Rydan to make the Loan, the Borrower and the Corporate Guarantors, jointly and severally, represent and warrant to Rydan as follows:
 - (a) the Borrower is a corporation duly organized and validly existing under its jurisdiction of formation, has full corporate power and authority to own its property and conduct its business as presently owned and conducted;
 - (b) the Borrower has full corporate power and authority to enter into and perform its obligations under each of the Loan Documents to which it is a party and has full corporate power and authority to own and operate its property and assets including without limitation the Collateral and to carry on its business as now conducted and as presently proposed to be conducted;
 - (c) the Corporate Guarantors are corporations duly organized and validly existing under their jurisdiction of formation, have full power and authority to own their property and conduct their business as presently owned and conducted;
 - (d) the Corporate Guarantors have full power and authority to enter into and perform their obligations under each of the Loan Documents to which they are a party and have full power and authority to own and operate their property and assets including without limitation the Collateral and to carry on their business as now conducted and as presently proposed to be conducted;
 - (e) the execution and delivery by the each of the Borrower and the Corporate Guarantors of each of the Loan Documents to which it is a party, the performance by each of the Borrower and the Corporate Guarantors of its obligations thereunder and hereunder and compliance with the provisions thereof and hereof do not and will not conflict with or result in a breach (whether with notice or lapse of time or both) of (i) any of the terms, conditions or provisions of its charter documents, by-laws or any law applicable to it or to any of the Collateral, (ii) any agreement or instrument to which it is a party or by which any of the Collateral is bound or affected, (iii) any writ, judgment, injunction, determination or award applicable to it, or by which any of its properties or assets including any of the Collateral is bound or affected;
 - (f) the execution and delivery by each of the Borrower and the Corporate Guarantors of each of the Loan Documents to which it is a party, the performance by each of the Borrower and the Corporate Guarantors of their obligations thereunder and hereunder and compliance with the provisions thereof and hereof do not constitute a default under, or permit the termination of, or cause any material right to be adversely affected under any agreement, arrangement, instrument or understanding to which it is a party or by which any of its properties or assets including any of the Collateral is bound or affected; and

- (g) this Commitment Letter and the other Loan Documents to which it is a party have each been duly executed and delivered by each of the Borrower and the Corporate Guarantors, and constitute legal, valid and binding obligations enforceable against them in accordance with its respective terms (except as such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors rights and the judgment exercisable by the courts in granting orders of specific performance and other equitable remedies).

This is Exhibit “N” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Conversation @ Dom Serafino + Leo Chamberland. Nov. 2/20

re: those forward @ reverse vesting order (RVO)

Went through the RVO team

Disrupted normal offer to shareholders; Revert pro-rata to what they owned.

ONLY TO
S/H WHO HAVE
+ CAN DEMONSTRATE
WHAT THEY PAID
FOR.

Aug 24 to reactivate those shares.
don't know ratio; clearest way to give them
something.

followed by a bigger raise for anyone wanting
to invest real \$ more.

Ran spoke to Dom about Excise Tax Audit due to Δ in a
filing.

Brought Alex back. He prepared Excise tax; He's comptroller +
Uncle to Quick books consultant.

ex. - \$133,000 o/s to Hydro
agreed to \$25,000 last week in a "good faith deposit"
against a go forward.

another \$22,000 required + pmt. plan

Dom Serafino (cont'd.)

NOV. 2/20

Protecting Heinz + Rob $\$30,000 + \$15,000$ audit money.
 \swarrow "Secretariat Forensic"

$\$45,000$

⊗ Special review of particular monies owed.

⊗ Told Leo Dom by Leo that "we would take care of these"

→ Dom understands the need for "radio silence"

↑ Create a high degree of good faith @ the share holders.

This is Exhibit "O" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

----- Original message -----

From: Leo Chamberland <Leo@worldclassextractions.com>

Date: 2020-11-16 12:41 p.m. (GMT-05:00)

To: Jim Gibner <jgibner@rogers.com>

Cc: Richard Goldstein <richard@firstrepubliccapital.com>, Rosy Mondin <Rosy@rosymondin.com>

Subject: RE: J. Gibner Withdrawal of Consulting Services - Friday Nov 13 2020

Hello Jim

I took a few days off and didn't have my phone on – it does happen from time to time when working 16 hour days and needing a break.

FYI - I have no legal department suggesting anything about talking with you. Not the case at all. That being said, as we reviewed, Richard Goldstein is the person you should be sending this notice to. He is a director of the company and is the one that is security cleared. I am including him on this reply along with Rosy Mondin and Dom Serafino, the other two directors of the company.

Richard – attached is Jim latest invoice for his consulting services.

I understand things are not proceeding the way you see they should be and there are some conflicts with certain individuals working on this file. Such is life.



Leo Chamberland

President

Direct (BC): 1.604.868.2540

Suite 308 - 9080 University Crescent, Burnaby, BC, Canada, V5A 0B7



Confidentiality Note: This email may contain confidential/private information. If you received this email in error, please delete and notify sender.

From: Jim Gibner <jgibner@rogers.com>

Sent: November 15, 2020 12:21 PM

To: Leo Chamberland <Leo@worldclassextractions.com>

Subject: J. Gibner Withdrawal of Consulting Services - Friday Nov 13 2020

Leo:

As per my two voicemails, I have withdrawn my consulting services with Cobra Ventures effective Friday November 13, 2020. I can only assume you have been advised by your legal department not to speak with me.

As per my voicemails:

1) I will be contacting Health Canada on Monday, November 16, 2020. As the Responsible Person and License Holder it is my responsibility to update Health Canada as to the current Hydrx situation.

2) There is an outstanding Invoice # 002 for \$ 6,458.33 owed. This invoice was due November 13, 2020. Please have this invoice paid by Monday November 16, 2020 9am. See attached invoice which was sent to Richard Goldstein on Thursday November 12, 2020 and again on Friday November 13, 2020.

Regards,

Jim

Cell: 905-718-0891

This is Exhibit "P" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

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JACKY CHEUNG

Sunday, Nov. 15, 2020

Me

My security clearance # is: SEC-1197U21NDT-2018

11:05 a.m.

Me

Thats SEC- i 197. It's a capital i, not a lower case L

11:06 a.m.

Roula Sotirakos



11:40 a.m.

Roula Sotirakos

My thoughts exactly B4 we make any pmts to him. I would make that a non- negotiable. Rtn of all keys, assets etc. A must! If we pay him before we get our stuff back he will never return them. We could go further: He has been at home for days. I'd asked for his deliverables and a breakdown of work done. That's when he went to Leo to complain. Jim's been used to doing no work. Staying home and getting paid while answering to noone. And of course stealing assets and lying to everyone. Skip had told me that during time he was at Whitby ..Jim was not showing up claiming he'd put his back out or isolating for covid or grieving etc. He got paid full hours for staying at home... approved purportedly by Phil If anything, this guy owes us money!!

1:02 p.m.

Me

Your messages are not going to the group

1:19 p.m.



Roula Sotirakos

Leo Please send me a copy of the Director's Resolution I'd like to attach it to my redraft email to Trina, our counsel Please make sure the date of the resolution reflects earlier than today of Jim's email. As verbal approval was reached on Thursday, I believe. ===== Text from me to Leo ===== I'll figure out group texting soon.

5:15 p.m.



Roula Sotirakos

Hi Richard Please let me know Sara Mays CTLs and SEC this evening so that I can redraft the email to provide to Trina first thing tomorrow out of the gate. 7am

6:24 p.m.

Me

Will do
6:32 p.m.



Roula Sotirakos

Hi Richard Any updates on o/s info?
8:42 p.m.

Me

Not yet
8:46 p.m.



Roula Sotirakos

What is the new ETA? As the Director's Resolution needs to be signed and submitted and be at their doorstep when they open shop at 7am I'll be calling it a night soon.

8:49 p.m.

Monday, Nov. 16, 2020



Roula Sotirakos

Good morning Richard Please sign the Director's Resolution pdf emailed to you. High priority. Thx

8:14 a.m.



Roula Sotirakos

Hi Dom I've received Richards and Rosy's signature, just require yours on the Resolution. Email needs to go out immediately as Jim has threatened to contact HC this morning. Many thanks

8:58 a.m.

Me

I'll call you back.
10:03 a.m.



Roula Sotirakos

Leo I didn't approve nor was privy to any auto debiting for First Insurance. Never went through me. It was Phil that handled.

2:35 p.m.

Me

I'll call you back.

2:36 p.m.

Roula Sotirakos

Hi Leo / Richard Tom Jefferd called today asking for direction on his new working arrangement. He needs to dial into his expected duties and obligations from us. He wanted to know if he needs to be at the facility everyday as Head of Security. From a regulatory and compliance perspective those are the expectations of both positions for RP and Head of Security; and hence why Jim demanded to be brought back as full time when he was layed off in March or he would cancel the licences Said this can be addressed tomorrow with him as today was crazy busy.

3:33 p.m.

Me

Ok. Thanks

3:42 p.m.

This is Exhibit “Q” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Thursday, Nov. 26, 2020

Leo Chamberland

Richard - if you have your panties in a knot about making a deal with Trevor then let's discuss. You shouldn't lose your shit on Rosy
6:13 p.m.

Rosy Mondin

Richard - to confirm, \$17,500 covers our costs plus they will be doing the HydRx material - it gets us going.

6:15 p.m.

Leo Chamberland

I am not available at 6:00 pm
6:20 p.m.

Leo Chamberland

If you want a call I am available now or shortly then tied up

6:20 p.m.

Me

Leo: With great respect... I didn't give Rosy Shit first of all. Secondly on at least 3 occasions, I asked you what's the deal with Trevor with no details. Tonight Rosy calls me to add my name for service and if it weren't for that, I would have had 0 involvement or influence on what I consider to be major decision. Not very partner like? Just sayin?

7:12 p.m.



Leo Chamberland

That is not the case
7:13 p.m.

Leo Chamberland

I told you what I was doing all along
7:13 p.m.

Leo Chamberland

I kept you up to date and am happy to review
7:13 p.m.

Me

I am available whenever you are after 9 pm
est. Thanks

7:14 p.m.

Leo Chamberland

You weee informed and had input

7:14 p.m.

Leo Chamberland

Happy to review

7:14 p.m.

Leo Chamberland

I am not today

7:14 p.m.

Leo Chamberland

Let's have a call tomorrow morning g

7:15 p.m.

Me

Sure. Thanks

7:23 p.m.

This is Exhibit "R" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Saturday, Dec. 12, 2020

Dom Serafino

Leo Where did u leave this with him
10:43 a.m.

Dom Serafino

Hi Dom. Let me know if you want to discuss settling the Zidane claim this weekend or next week.

10:43 a.m.

Dom Serafino

From Casper
10:43 a.m.



Leo Chamberland

Hi Dom - we were at a pint where we have differing view on how to proceed meaning between Rosy and I with wanting to maintain licenses and Richard having the view to bankrupt it.

11:40 a.m.



Leo Chamberland

We need to resolve this impasse if we are to proceed.

11:41 a.m.



Leo Chamberland

Rosy and I are not interested sticking it out if we just crunch it.

11:43 a.m.



Leo Chamberland

I will for sure follow up and get back to you

11:43 a.m.

Dom Serafino

Ty Leo. Whatever you decide I am sure it will be the right decision given all the potential current and future issues.

1:29 p.m.

This is Exhibit "S" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Monday, Dec. 21, 2020

Me

All I can say is that I am surprised that you are ready to partner up with Trevor in any fashion? Your call. I get it.

10:37 p.m.

Dom Serafino

Rich. You were clear to me when we last spoke that you want out and that you want to get your money back. The ONLY way to accomplish this is to raise money. I have never said I want to "partner" with Trevor but I have had enough of all this bullshit related to this. You never provided me the simple courtesy of answering my straightforward questions. I am going to do what is in the best interest of shareholders even if I have to hold my nose to do it. Sorry you don't get that. I've been pretty consistent.

10:43 p.m.

Me

I understand. I wasn't able to concretely answer your questions nor am I able to answer today? Either is Leo and Rosy as they are looking any other way of preference shareholders over unsecured creditors? As such whether it's CCAA or Receivership the shareholders will be unable to receive anything until either process is completed? The Receivership will get the shareholders to a quicker resolution in my opinion? Thanks

10:54 p.m.

This is Exhibit "T" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Sunday, Dec. 27, 2020

Leo Chamberland

Hello Richard. Barry sent a note stating you have lined up funding to take us out from Cobra. As you know, I am also working on money. How confident are you to making this happen? If so by when realistically? In our call with Anthony, we did say that if you could take us out we would accept. If you are not lined up, I will push our funding ahead. You have first crack at it (as we agreed during our call with Anthony). I would prefer we didn't battle and just get on with it. I would appreciate a simple communication if we could.

1:33 p.m.

Me

Hi Leo. Thank you for your message. I appreciate it. I don't want to battle with you either. I have made arrangements for the necessary funds. I will provide you with confirmation on Tuesday or latest Wednesday. It will be a short closing and a 100% cash deal.

2:23 p.m.

Leo Chamberland

If you can provide proof of funds held somehow pending closing, then I will not object to you pushing through for crunching it. Fair?

2:27 p.m.

Leo Chamberland

And I will cooperate to make this happen in a timely fashion.

2:28 p.m.

Me

Thanks Leo. Enjoy the rest of the holiday.
Talk Tuesday

2:40 p.m.

Leo Chamberland

Ok

2:41 p.m.

This is Exhibit “U” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

COMMITMENT LETTER

THIS COMMITMENT LETTER made as of the 15th day of January, 2021.

A M O N G:

WINDSOR PRIVATE CAPITAL LIMITED PARTNERSHIP
(hereinafter referred to as the “**Lender**”)

OF THE FIRST PART

-and-

COBRA VENTURES INC.
(hereinafter referred to as the “**Borrower**”)

OF THE SECOND PART

-and-

2775361 ONTARIO INC.
(hereinafter referred to as the “**Guarantor**”)

OF THE THIRD PART

WHEREAS the Lender and the Borrower have agreed that, upon and subject to the terms and conditions contained herein, the Lender will advance by way of a loan to the Borrower, and the Borrower will borrow from the Lender, the principal sum of **FOUR MILLION (\$4,000,000.00) DOLLARS**.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 - INTERPRETATION

1.1 **Definitions.** In this Commitment Letter, unless the context otherwise requires, the following words and phrases shall have the meanings set out below, respectively:

- (a) “**Advance Date**” has the meaning ascribed thereto in Section 2.1;
- (b) “**Business Day**” means a day other than a Saturday, Sunday or public holiday and on which banks are open for business in Toronto, Ontario;
- (c) “**Guarantor**” means 2775361 Ontario Inc.;
- (d) “**Lands**” means collectively those lands located in the Town of Whitby, municipally known as 1130 Champlain Court, Whitby, ON, as are more particularly described as Lot 13, Plan 871, in the Town of Whitby, in the Regional Municipality of Durham;
- (e) “**Loan**” has the meaning ascribed thereto in Section 2.1;

- (f) “**Maturity Date**” means that date which is twelve (12) months from the Advance Date, provided the Loan shall be open for repayment without penalty or bonus upon receipt of thirty (30) days prior written notice; and
- (g) “**Party**” means a party to this Commitment Letter and any reference to a Party includes its successors and permitted assigns and “**Parties**” means every Party.
- (h) “**Security Documents**” mean all documents referred to in Section 2.5;

1.2 **Headings.** The division of this Commitment Letter into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Commitment Letter.

1.3 **Number and Gender.** In this Commitment Letter words importing the singular number only shall include the plural and vice versa, words importing a specific gender shall include the other genders, and references to persons shall include individuals, partnerships, trusts, associations, unincorporated organizations and corporations.

1.4 **Currency.** All dollar amounts referred to in this Commitment Letter are in CDN funds.

1.5 **Schedules.** Any and all schedules (and any other supplementary schedules or exhibits referred to therein) are incorporated by reference in this Commitment Letter and are deemed to form a part hereof:

ARTICLE 2 - LOAN

2.1 **Loan.** Subject to the terms contained herein, the Lender hereby agrees that the Loan shall be made pursuant to a one advance totalling **FOUR MILLION (\$4,000,000.00) DOLLARS**, the advance shall be made, subject to satisfaction of the loan documentation and requirements set out herein, on or before January 15, 2021 (the “**Advance Date**”), subject to deduction of the Lender’s placement fee in the amount of two (2) percent, together with legal fees incurred in the preparation of the Security Documents and completion of the Loan (with the net proceeds being referred to as the “**Net Advance**”). The Borrower irrevocably authorizes and directs the Lender to deduct such fees from the gross advance.

2.2 **Payment of Principal and Interest.** The Loan (or the amount thereof outstanding from time to time and any overdue interest) shall bear interest at the rate of ten (10%) percent per annum, calculated monthly not in advance, from the date of the advance thereof after as well as before maturity, default and judgment to and until the date of payment in full. The outstanding principal amount of the Loan, together with all accrued interest, shall become due and be paid in full on or before the Maturity Date (with the period of time between the Advance Date and the Maturity Date, or any other earlier date on which the Loan is repaid in fully in accordance with Section 2.3, being referred to as the “**Term**”). The Borrower shall make interest only payments on the 15th day of each and every month of the Term commencing on the 15th day of the first month from the Advance Date, and shall provide to the Lender twelve (12) post-dated cheques on or before the Advance Date on account of each interest payment. All payments by the Borrower contemplated hereunder shall be made in CDN currency.

2.3 **Prepayment Privilege.** When not in default hereunder, the Borrower shall have the right to prepay, at any time or times, the whole or any part of the balance of the Loan outstanding, together with interest accrued thereon to the date of such prepayment, without notice, penalty or bonus on a minimum of thirty (30) days prior written notice.

2.4 **Evidence of Indebtedness.** The Lender shall maintain accounts and records to evidence the indebtedness of the Borrower to the Lender hereunder and such accounts constitute, in the absence of manifest error, prima facie evidence of such indebtedness.

2.5 **Security Documents.** Payment of the Loan (including interest thereon as provided herein) shall be secured as follows:

- (a) A promissory note in the amount of FOUR MILLION (\$4,000,000.00) DOLLARS, together with interest and costs as per the terms set out in Section 2.1.
- (b) A first assignment of an existing Debenture registered as Instrument No. DR1626830 in the amount of ELEVEN MILLION FIVE HUNDRED THOUSAND (\$11,500,000.00) DOLLARS (the “**Debenture**”).
- (c) A good and valid Transfer of Charge of an existing first ranking Charge registered against title to the Lands in the amount of ELEVEN MILLION, FIVE HUNDRED THOUSAND (\$11,500,000.00) DOLLARS.
- (d) A guarantee and postponement of claim from the Guarantor of the debts of the Borrower, to be registered under the PPSA (the “**Guarantee**”).
- (e) A postponement of any shareholder loans from shareholders of the Borrower in favour of the Lender.
- (f) An undertaking and covenant from the Borrower not to increase any security or credit facility permitted hereunder ranking in priority to the Lender without the consent of the Lender, which may unreasonably withheld.
- (g) A notice and direction to Hydrx Farms Inc.
- (h) An assignment of fire insurance and general liability insurance on the Lands, together with evidence that the Lender has been designated as loss payee and additional insured in the priority set out in Paragraph 2.5(c).

The Security Documents shall be registered in all places required to protect the charges, and security interest contained therein, subject to any agreement provided above to hold same in escrow.

2.6 **Confirmation and Opinions.** For the purpose of this Commitment Letter, the Lender shall be entitled to the following opinions from counsel for the Borrower on account of the Security and the Lands:

- (a) An opinion as to the corporate authority of the Borrower to deliver the Security Documents, together with confirmation as to its due authorization, execution and delivery in a form satisfactory to counsel for the Lender acting reasonably.
- (b) An opinion from a solicitor acting on behalf of the Borrower that the Borrower has good and marketable title to the Lands subject only to the encumbrances set out on registered title.
- (c) The production of satisfactory evidence that all realty taxes on account on the Lands are in good standing as at the Advance Date.

- (d) The production of satisfactory evidence from a solicitor in good standing in the Province of Ontario that it has ascertained the identity of any individual executing documentation on behalf of the Guarantor.
- (e) A title insurance policy in an amount equal to the principal sum advanced satisfactory to the Lender in its sole discretion.

ARTICLE 3 – DEFAULT AND ACCELERATION

3.1 **Events of Default.** Each of the following events shall constitute an “Event of Default” under this Commitment Letter:

- (a) the failure by the Borrower to make any payment required hereunder, and such failure shall continue for a period of fifteen (15) days from the date on which any such payment becomes due;
- (b) the filing of an application or petition or the passing of a resolution for the winding-up or dissolution of the Borrower or Guarantor, or the granting or issuing of an order for the winding-up or dissolution of the Borrower or Guarantor;
- (c) an execution, sequestration or any other process of any court or other tribunal becoming enforceable against any material part of the property of the Borrower or a distress or analogous process being taken or issued against or levied upon any material part of the property of the Borrower, except where the same is being diligently contested by the Borrower by appropriate proceedings;
- (d) the appointment of a receiver, receiver and manager, agent, liquidator or other similar administrator of, or the taking by a secured party or any other encumbrancer of possession of, all the property and assets of the Borrower or any material part thereof;
- (e) any proceedings which relate or extend to the Borrower being commenced under the *Companies Creditors Arrangement Act* or any other legislation of the Province of Ontario, any other province or territory in Canada, the Parliament of Canada or any other country, state or jurisdiction, which legislation deals with companies' creditors arrangements or other creditors' arrangements;
- (f) the Borrower being declared bankrupt by a court of competent jurisdiction, filing a voluntary assignment in bankruptcy, making a proposal under the *Bankruptcy and Insolvency Act* or otherwise, or taking any action in respect of the settlement of any claims of its creditors whether under the provisions of the *Bankruptcy and Insolvency Act* or otherwise, or any person(s) taking any proceedings which may result in the Borrower being declared bankrupt;
- (g) if any representation, warranty or covenant made by the Borrower in this Commitment Letter or in any Security Documents or otherwise in writing in connection herewith or therewith shall be breached in any material way or shall prove to be untrue in any material respect;
- (h) if any material adverse change occurs in the financial position of the Borrower or in the Borrower's ability to meet its obligations to the Lender as they become due;

following the date of sending, or if mailed by registered mail as aforesaid, on the third Business Day following the date of the mailing if postal service and deliveries are then operating.

4.3 **Proper Law.** This Agreement shall be construed in accordance with and governed in all respects by the laws of the Province of Ontario.

4.4 **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, legal personal representatives and successors, but may only be assigned with the prior written consent of the other party.

4.5 **Counterparts.** This Agreement may be executed in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same Commitment Letter.

4.6 **Independent Legal Advice.** The Lender acknowledges having been advised to obtain independent legal advice with respect to this Commitment Letter and acknowledges that it has obtained such advice or has waived the right to such advice and further acknowledges that it understands its rights and obligations under this Commitment Letter and is signing this Commitment Letter voluntarily.

4.7 **Conflict.** In the event of any conflict or other inconsistency between the terms of this Commitment Letter and the terms of any other agreement, document, certificate, or covenant, including without limitation, any of the Security Documents, unless otherwise specifically provided in such other agreement, document, certificate or covenant, the terms of this Commitment Letter shall govern the rights and obligations of the affected Parties which are Parties hereto.

4.8 **Administration Fees.** The Borrower agrees to pay to the Lender its administration and/or servicing fees (together with HST thereon) for the following matters, in the amounts herein set forth:

- (a) missed payment fee (payable for each missed or late instalment and for processing each "NSF" cheque or other returned payment) – Five Hundred (\$500.00) Dollars. Provided that if any cheque is returned NSF, any replacement cheque must be certified. If such replacement cheque is not certified, the Lender shall be entitled to have it certified, and to add all the costs of certification (including courier charges to and from the Borrower's bank) to the Borrower's Liabilities;
- (b) the Lender shall be entitled to charge a fee in the amount of Two Hundred and Fifty Dollars (\$250.00), plus HST for the preparation of any mortgage statement requested by the Borrower during the term of the Loan; and
- (c) the Lender shall be entitled to a discharge fee of \$350.00 per discharge on account of any discharge to be registered of all or portion of its security.

4.9 **Survival of Terms.** All covenants, agreements, representations and warranties made herein, or in the Schedules hereto, shall survive the execution and delivery to the Lender of the Security Documents and the making of the Loan.

4.10 **Severability.** If any provision of this Commitment Letter or of any Security Documents shall be held invalid or unenforceable such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Commitment Letter or of the Security Documents in any jurisdiction.

4.11 **Entire Agreement.** This Commitment Letter and the Security Documents contain all the terms and conditions in connection with the Loan, and no other agreements, undertakings, representations, written or

oral, respecting the Loan shall be deemed to exist or bind any Party hereto. In the event of any conflict between the terms hereof and those contained in any of the Security Documents, the terms hereof shall prevail and supersede those contained in such Security Documents.

ARTICLE V REPRESENTATIONS AND WARRANTIES AND COVENANTS

5.01 **Representations, Warranties and Covenants.** To induce the Lender to execute and perform this Commitment Letter, the Borrower makes the following representations and warranties to and covenants with the Lender, which shall survive the execution and delivery of this Commitment Letter and the Security Documents that:

- (a) this Commitment Letter and the Security Documents have been or will be executed and delivered by the Parties thereto at the times and in the manner herein provided and will be in full force and effect until the Loan is repaid in full and constitute or will constitute, when delivered to the Lender, valid, legally binding and enforceable obligations of the Parties thereto;
- (b) to the extent any party comprising the Borrower is a corporation, that such corporation is duly qualified and it has the corporate authority to carry on its business and is a subsisting corporation under the laws of the Province of Ontario, and that there are no third party consents or authorizations required to authorize the execution and delivery of the Security Documents;
- (c) there are no actions, suits or proceedings pending or, to the knowledge of the Borrower threatened, at law or in equity or before any governmental authority, which involve a reasonable possibility of any material adverse change in the financial condition of the Borrower and the Borrower is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any governmental authority;
- (d) the Borrower shall have not committed any act of bankruptcy or insolvency or made any general assignment for the benefit of their creditors;
- (d) there have been no prior pledges, assignments, charges, dispositions or encumbrances of any kind whether directly or indirectly, except for any mortgage in priority as permitted hereunder of the Borrower's ownership interest and/or the cash flow arising therefrom and there will be no further encumbrances without the consent of the Lender, which consent may be unreasonably withheld;
- (e) the Borrower has the power to enter into, execute, deliver and perform this Commitment Letter and the Security Documents and is duly authorized to borrow the monies herein contemplated;
- (f) to the extent any party comprising the Borrower is a corporation that the borrowing of money by the Borrower, the entering into and performance of this Commitment Letter, the Security Documents and any other agreement collateral hereto or thereto by the Borrower, and the issue of the Security Documents to which it is a Party to be given hereunder does not conflict, and will not conflict with, and does not result, and will not result with the passage of time or otherwise, in a breach or violation of, or constitute a default under, its constating documents, including, without limitation, its articles of incorporation or by-laws or any of the covenants of the provisions contained in any agreement to which it is a Party, or by which it or its assets are subject and all necessary steps and proceedings have been

taken, and all consents have been obtained to authorize the entering into, delivery and performance of this Commitment Letter and to create and authorize the issuance, delivery and performance of the Security Documents;

- (g) The registered owner has good and marketable legal title to the Lands and good title to the personal properties owned by it, free and clear of encumbrances or security interests except as disclosed by registered title and no Person has any agreement or right to acquire such properties out of the ordinary course of its business;
- (h) as at the date hereof, there are no judgments or executions filed or pending against the Borrower;
- (i) the Borrower has duly and timely filed all tax returns required to be filed by it, and it has paid all taxes which are due and payable, and has paid all assessments and reassessments, and all other taxes, penalties, interest and fines claimed against it which are due or payable by it on or before the date due and payable other than those: (i) in respect of which liability based on such returns is being contested in good faith and by appropriate proceedings where adequate reserves have been established in accordance with GAAP; and (ii) the effect of such proceedings is to stay any lien, charge or seizure of property. Adequate provision and installment payments have been made for taxes payable for the current period for which returns are not yet required to be filed. Except as disclosed in writing to the Lender, as at the date hereof there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return, or payment of any taxes, or deficiency;
- (j) the Borrower is not aware of any environmental problem or potential problem which materially adversely affects the Lands;
- (k) No third party consents or approvals are required to grant the security contemplated hereunder.

5.02 **Survival of Representations, Warranties and Covenants.** The covenants, agreements, representations and warranties set forth in this Commitment Letter, and in any certificate or other document delivered hereunder, shall continue in full force and effect until repayment in full of all of the Borrower's Liabilities, notwithstanding any investigation made by the Lender or its solicitors, or any other representative of the Lender, or the making of the Loan hereunder.

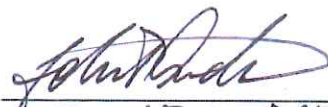
The Remainder of the Page is Blank

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties hereto have duly executed this Commitment Letter as of the date first written above.

Lender

WINDSOR PRIVATE CAPITAL INC., in its capacity as General Partner for and on behalf of the Partners of WINDSOR PRIVATE CAPITAL LIMITED PARTNERSHIP

Per: 
Name: JOHN P. CONDACI
Title: Partner

Per: _____
Name:
Title:

I/WE have authority to bind the Limited Partnership.

Borrower

COBRA VENTURES INC.

Per: _____
Name: Richard Goldstein
Title: Vice-President

I have authority to bind the Corporation.

Guarantor

2775361 ONTARIO INC.

Per: _____
Name: Richard Goldstein
Title: President

I have authority to bind the Corporation.

IN WITNESS WHEREOF the parties hereto have duly executed this Commitment Letter as of the date first written above.

Lender

**WINDSOR PRIVATE CAPITAL INC., in its
capacity as General Partner for and on behalf
of the Partners of WINDSOR PRIVATE
CAPITAL LIMITED PARTNERSHIP**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/WE have authority to bind the Limited
Partnership.

Borrower

COBRA VENTURES INC.


Per: _____
Name: Richard Goldstein
Title: Vice-President

I have authority to bind the Corporation.

Guarantor

2775361 ONTARIO INC.


Per: _____
Name: Richard Goldstein
Title: President

I have authority to bind the Corporation.

This is Exhibit “V” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

STATEMENT OF MORTGAGE ADVANCE

as of January 19, 2021

Windsor Private Capital Limited Partnership loan to Cobra Ventures Inc.

Our File# 201206

Harris Sheaffer LLP advance to Friedman Law Firm, in trust \$3,901,000.00

Less:

Rydan Financial Inc. re payout (\$1,001,165.00)

Cassels Brock & Blackwell LLP, in trust re share purchaser (\$2,500,000.00)

Holdback by Friedmans Law re legal fees and disbursements (\$15,000.00)

Net Advance to

Cobra Ventures Inc.**\$384,835.00**

E.&O.E

HST#84024 9981 RT0001

STATEMENT OF ADVANCE

TO: Cobra Ventures Inc.

AND TO: Friedman Law Professional Corporation, its Solicitors herein

RE: Windsor Private Capital Inc. in its capacity as General Partner for and on behalf of the Partners of Windsor Private Capital Limited Partnership or one of its affiliates (the "**Lender**") credit facilities and \$4,000,000 loan to Cobra Ventures Inc. (the "**Borrower**") secured, *inter alia*, by a Promissory Note and Transfer of Charge/Debenture against the lands municipally known as 1130 Champlain Court, Whitby, Ontario (the "**Property**"), guaranteed by 2775361 Ontario Inc. (the "**Guarantor**") pursuant to a commitment letter dated January 15th, 2021, as may be amended from time to time (the "**Commitment**")
ADVANCE DATE: January 18, 2021

	<u>DEBITS</u>	<u>CREDITS</u>
GROSS LOAN AMOUNT:		\$4,000,000.00
LESS LENDER DEDUCTIONS:		
Lender Placement Fee	80,000.00	
NET ADVANCE FROM LENDER		\$3,920,000.00
Less Holdback for Title Insurance Premium	\$3,240.00	
Less Holdback legal fees and disbursements:		
Fees	\$13,000.00	
HST on Fees	\$1,690.00	
Estimated Disbursements and HST	\$1,070.00	
	\$15,760.00	
NET ADVANCE TO BORROWER:	\$3,901,000.00	
TOTALS	\$3,920,000.00	\$3,920,000.00

E. & O.E.

This is Exhibit “W” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Thursday, Jan. 21, 2021

Dom Serafino

Hey rich. Thanks for the call last night.
Appreciate it. Rich can you clarify the status
of Rydan Financials \$1 million position.
Does it sit ahead of the Aphria note. Ty.
2:05 p.m.

Me

No. Ryden is now paid out and Windsor sits
first with their \$4mm charge and Cobra is
behind them

2:27 p.m.

Dom Serafino

Awesome. Ok ty.
2:28 p.m.

Me

Yes sir!
2:30 p.m.

Dom Serafino

Last question fir today because I want to be
clear minded on all this and not be surprised.
Is there a valid lease document signed by
Rosy I think for Trevor/Teal Valley. Is there
term on it?

2:37 p.m.

Dom Serafino

The reason I bring it up is that Rick (the guy
I mentioned last night) called me today. First
time I have ever spoken with the guy.

2:38 p.m.

Dom Serafino

He still wants to sit down with you and he to
discuss his thoughts and potential
participation

2:38 p.m.

Dom Serafino

Meant sit with u and me.
2:39 p.m.

Me

I have no idea !
2:49 p.m.

Me

About any signed lease
2:49 p.m.



Dom Serafino

Apparently there is a signed lease with Trevor. Don't lose your shit.

2:51 p.m.

Me

Unbelievable. Not a valid contract. She had no authority to enter into that? All gets flushed with the receivership??

2:52 p.m.



Dom Serafino

I have no idea. I never saw it.

2:53 p.m.



Dom Serafino

There a lot of issues that did not get board sign off in all of this. Just gets better and better.

2:53 p.m.



Dom Serafino

We should talk to this Rick guy.

2:54 p.m.



Dom Serafino

Before he reaches out to others in the investor group.

2:54 p.m.



Dom Serafino

Not sure he will but nothing surprises me anymore with this.

2:54 p.m.

Me

How do we do that?

3:05 p.m.



Dom Serafino

I will coordinate if you like.

3:05 p.m.

Me

Sure. Many thanks

4:22 p.m.



Dom Serafino

Rich I think we can get Rick to come in and make this process so much easier with less risk and costs. I think we could convince Rick to come in and we can then go creditor by creditor and negotiate settlements to keep the company liquid. We would solve a lot of issues by doing this. This would not include the Grover's as they will get zero other than the shares they bought given the mountain of impropriety evidence Roula holds on these guys. Thoughts.

4:27 p.m.

Me

This is a discussion not just a text. But your convenience please

5:11 p.m.

Dom Serafino

100%

5:11 p.m.

Dom Serafino

Can we talk tomorrow. I'm exhausted

7:07 p.m.

Me

Kool. Late day please. Thanks

8:23 p.m.

Dom Serafino



8:23 p.m.

This is Exhibit "X" referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Friday, Jan. 22, 2021

Dom Serafino

Can we speak at noon. Trevor sent out a invite. Rick is very interested in bringing his \$6 million to the table and take the approach of avoiding the bankruptcy and go creditor by creditor and negotiate a settlement with each so we avoid all the potential nonsense associated with going down rabbit.

11:01 a.m.

Dom Serafino

Hole

11:09 a.m.

Me

I am not available unfortunately. It's our Annual meeting and a full slate of other business. Next week please?

11:38 a.m.



Dom Serafino

Ok. I understand. Any time on the weekend maybe?

11:39 a.m.

Me

Sure. Call you this evening

11:40 a.m.



Dom Serafino

Don't want to kill your brain cells on a weekend

11:40 a.m.



Dom Serafino

But important enough

11:40 a.m.

Me

Understood. I think we should discuss what this group is thinking in advance. I am not interested in a deal that involves Trevor?

11:45 a.m.



Dom Serafino

Buddy. Please I'm telling you. Never put pride ahead of profit. I know your feelings about Trevor. I get it. That said I will show you the recent text messages he has sent me and while I am always cautious there is something here that can be doable. I'm doing the call at noon to learn more. Let's not collectively step in dog shit here. The bankruptcy process will not be easy to defend regardless of what u and I think ESPECIALLY since you and Leo had a falling out and have now set the price with the shotgun payment. I know u and I disagree on this point but a judge is obligated to look at everything. I know I am being "captain obvious" with that statement. Btw. Har Grover just called me and he has a potential proposal to make as well. I will share with u tonight.

11:57 a.m.



Dom Serafino

Consider what happened in the Greenleaf case.

12:12 p.m.

Me

Thanks

12:20 p.m.



This is Exhibit “Y” referred to in the Affidavit of Richard Goldstein sworn remotely by Richard Goldstein at the City of Toronto, in the Province of Ontario, before me on June 3, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Jacky Cheung

Commissioner for Taking Affidavits (or as may be)

JACKY CHEUNG

Conversation @ Maria (CRA)

1:30 pm March 8/21

CRA - Excise Duty Dept.

Collections dept

Maria ~~de~~ Simard

direct line! 1 888 498-~~665~~ 5571

email address → not allowed externally

Call back no later March 31, 2021

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND DOMENICO SERAFINO AS A PERSON INTERESTED IN THE MATTER OF A PLAN OF COMPRMISE OR
ARRANGEMENT OF HYDRX FARMS LTD., CANNSCIENCE INNOVATIONS INC. AND SCIENTUS PHARMA
INC. (the "Applicant")

Court File No.: CV-21-00659187-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF RICHARD GOLDSTEIN
(Sworn June 3, 2021)**

DICKINSON WRIGHT LLP

199 Bay Street, Suite 2200
Toronto, Ontario, M5L 1G4

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Tel: 416 646 6878
JCheung@dickinson-wright.com

Lawyers for Cobra Ventures Inc.

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

AND DOMENICO SERAFINO AS A PERSON INTERESTED IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HYDRX FARMS LTD., CANNSCIENCE INNOVATIONS INC. AND SCIENTUS PHARMA
INC. (the "Applicant")

Court File No. CV-21-00659187-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

REPLY MOTION RECORD

DICKINSON WRIGHT LLP

Barristers & Solicitors
199 Bay Street
Suite 2200, Box 447
Commerce Court Postal Station
Toronto, ON M5L 1G4

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Lawyers for Cobra Ventures Inc.