

No. S-228344
Vancouver Registry

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

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, C. 57, AS AMENDED AND THE *BUSINESS*
CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF FLOWER
ONE HOLDINGS INC., FO LABOUR MANAGEMENT LTD. AND FLOWER ONE CORP.

PETITIONERS

PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

NOVEMBER 22, 2022

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PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

This is the plan of compromise, arrangement and reorganization of the Petitioners, made pursuant to the *Companies' Creditors Arrangement Act*.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In the Plan, unless otherwise stated or the context otherwise requires:

“**Administration Charge**” means the charge provided for at paragraph 30 of the ARIO, securing the fees and disbursements of the Monitor, counsel to the Monitor and counsel to the Petitioners.

“**Administrative Reserve**” means a Cash reserve held by the Monitor and approved by the Court pursuant to the Sanction and Vesting Order, in the amount of US \$300 thousand to be deposited by the Petitioners into the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs.

“**Administrative Reserve Account**” means a segregated interest-bearing account established by Monitor to hold the Administrative Reserve.

“**Administrative Reserve Costs**” means all costs and other amounts related to, incurred and payable in connection with (i) implementing the Plan, including, for greater certainty, any amounts payable in respect of Unaffected Claims; (ii) Crown Priority Claims; (iii) winding-down the CCAA Proceedings; (iv) any dissolution or bankruptcy of any one or more of the Petitioners, including retainers to any proposed trustee in bankruptcy; and (v) professional fees and disbursements of the Monitor and counsel to the Monitor (which shall be subject to Court approval in accordance with the ARIO) and professional fees and disbursements of counsel to the Petitioners.

“**Affected Creditors**” means, collectively, all General Unsecured Creditors, Public Noteholder Claimants and Private Noteholder Claimants.

“**ARIO**” means the Amended and Restated Initial Order granted by the Court in the CCAA Proceedings on October 25, 2022.

“**Available Funds**” means all Cash of the Petitioners as at the Effective Date, including all Cash that is received by the Petitioners in connection with the closing of the Canadian Restructuring Transaction.

“**Broadridge Search**” means the search conducted by Broadridge Financial Solutions Inc. of the CDS, which shall identify: (a) all Public Noteholders (or their applicable brokers) that hold Public Debentures through the CDS; and (b) the value of each such Public Noteholder’s Claim.

“**Broadridge Search Date**” means November 16, 2022.

“**Business**” means the ordinary and going concern business of the Petitioners and the Operating Subsidiaries.

“**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia.

“**Canadian Restructuring Agreement**” means an agreement among each of the Petitioners, the Plan Sponsor and CN Corp that is in form and substance satisfactory to the parties thereto and pursuant to which, among other things: (i) CN Corp acquires the Litigation Claims of each of the Petitioners in exchange for (a) CN Corp agreeing to subordinate all Intercompany Advance Claims and all other Intercompany Claims in favour of the Proven Claims of all Affected Creditors, (b) CN Corp making a payment to the Petitioners in an amount that is sufficient to fully fund the Unsecured Creditor Cash Pool, which amount is estimated to be approximately US \$2 million, (c) CN Corp agreeing to issue the Private Debenture Notes to the Private Noteholder Claimants, and (d) the Plan Sponsor agreeing to subordinate the entirety of its Plan Sponsor Term Loan Claim in favour of the Proven Claims of all Affected Creditors; and (ii) CN Corp acquires the CN Corp Shares from FO Corp, for cancellation, for an aggregate total purchase price of US \$1.

“**Canadian Restructuring Transaction**” means, collectively, the transactions contemplated by the Canadian Restructuring Agreement.

“**Cash**” means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents.

“**Cash Distribution**” has the meaning set forth in article 4.4 hereof.

“**CCAA**” means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

“**CCAA Charges**” means, collectively, the Administration Charge, the D&O Charge and the Intercompany Advance Charge.

“**CCAA Proceedings**” means the proceedings commenced by the Petitioners under the CCAA on the Filing Date in the Supreme Court of British Columbia, with Action No. S-228344, Vancouver Registry.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Claim**” means: (i) any Pre-Filing Claim, (ii) any Director/Officer Claim, (iii) any Restructuring Claim, or (iv) any Intercompany Claim, but does not include an Unaffected Claim.

“**Claims Process**” means the process established by the Claims Process Order for determining the validity and quantum of Claims, including for voting and distribution purposes under the Plan.

“**Claims Process Order**” means the Order made on October 25, 2022 establishing the Claims Process, as such Order may be amended and supplemented from time to time.

“**Class**” means, collectively, the General Unsecured Creditors, Public Noteholder Claimants and Private Noteholder Claimants, which shall comprise a single class for the purposes of consideration and voting upon the Resolution.

“**CN Corp**” means Cana Nevada Corp., a corporation existing under the laws of the State of Nevada.

“**CN Corp Shares**” means any and all shares in the capital of the CN Corp issued and outstanding which are held by FO Corp, including all classes thereof.

“**Conditions Precedent**” means those conditions precedent to the implementation of the Plan as set forth in article 5.3 hereof.

“**Court**” means the Supreme Court of British Columbia.

“**Crown Priority Claims**” means those amounts as described in article 4.10 hereof.

“**D&O Charge**” means the charge in favour of the Directors and Officers provided for at paragraph 20 of the ARIO.

“**Director/Officer Claim**” means any right or claim of any Person against one or more of the Directors or Officers that relates to a Pre-Filing Claim or a Restructuring Claim, howsoever arising, for which any of the Directors or Officers are by statute or otherwise by law liable to pay in their capacity as Directors or Officers or in any other capacity.

“**Directors**” means, collectively, all of the directors of each of the Petitioners as at the Filing Date.

“**Effective Date**” means the Business Day on which all of the Conditions Precedent to the implementation of the Plan have been fulfilled and the Plan has become effective, as evidenced by the Monitor’s Plan Implementation Certificate to be filed with the Court.

“**Effective Time**” means 5:00 p.m. (Vancouver time) on the Effective Date.

“**Existing Flower One Securities**” all of the shares of Flower One, together with all legal, equitable, contractual or other rights (whether actual, vested, contingent, exercisable, exchangeable or convertible and whether or not granted to or previously asserted by any person) to acquire shares of Flower One, including, without limitation, any options, warrants, ungranted equity compensation securities or other similar instruments or rights to acquire shares of Flower One.

“**Existing Flower One Securities-holders**” means those Persons holding a legal or beneficial interest in any Existing Flower One Securities.

“**Filing Date**” means October 17, 2022.

“**Final Distribution Date**” means such date following Initial Distribution Date and the final determination of all Unresolved Claims, that is determined by the Monitor, in consultation with the Petitioners or as otherwise ordered by the Court.

“**Flower One**” means Flower One Holdings Inc., a corporation existing under the British Columbia *Business Corporations Act*.

“**Flower One Entities**” means, collectively, the Petitioners and the Operating Subsidiaries.

“**FO Corp**” means Flower One Corp., a corporation existing under the under the Ontario *Business Corporations Act*.

“**General Unsecured Creditors**” means all Persons holding a Proven Claim, other than the Public Noteholder Claimants and the Private Noteholder Claimants.

“**Initial Distribution Date**” means a date agreed to by Petitioners and the Monitor which shall be as soon as reasonably practicable following the Effective Date and in no event later than fourteen (14) calendar days following the Effective Date.

“**Intercompany Advance**” means any funds advanced by any of the Operating Subsidiaries to any of the Petitioners or payments made by the Operating Subsidiaries on behalf of any of the Petitioners, in each case in order to finance the continuation of their business, the preservation of their property and/or the administration of the CCAA Proceedings.

“**Intercompany Advance Charge**” means the charge provided for at paragraph 31 of the ARIO, securing the obligations of the Petitioners to the Operating Subsidiaries in respect of any Intercompany Advances, as set forth in the ARIO.

“**Intercompany Advance Claim**” means any claim of any one of the Operating Subsidiaries arising in respect of an Intercompany Advance.

“**Intercompany Claim**” means any right or claim of any Operating Subsidiary against any of the Petitioners.

“**Litigation Claims**” means, collectively, all claims, actions, causes of action, counterclaims, suits, damages of whatever nature that any of the Petitioners may be entitled to assert against any Person, including any and all claims in respect of statutory or other liabilities of directors and officers, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising.

“**March 2019 Indenture**” means the indenture dated as of March 28, 2019 among the Petitioner, Flower One and the Public Debenture Trustee as amended by a supplemental indenture dated as of April 19, 2021 among the Petitioner, Flower One and the Public Debenture Trustee.

“**Meeting**” means the meeting of Affected Creditors that will occur pursuant to the Meeting Order.

“**Meeting Date**” means the date of the Meeting as set out in the Meeting Order.

“**Meeting Order**” means the Order, establishing the Class for the purposes of the Plan and for voting purposes, and directing the calling and holding of the Meeting, as such Order may be amended and supplemented from time to time.

“**Monitor**” means PricewaterhouseCoopers Inc., in its capacity as the Court-appointed monitor of the Petitioners.

“**Monitor’s Plan Implementation Certificate**” means a certificate to be filed by the Monitor in the CCAA Proceedings confirming that the Canadian Restructuring Transaction has been completed and that the Plan has been implemented in accordance with its terms.

“**New CN Corp Shares**” has the meaning set forth in article 2.1(i) hereof.

“**Notice of Transfer or Assignment**” means a written notice of transfer or assignment of a Claim, together with satisfactory evidence of such transfer or assignment.

“**November 2019 Indenture**” means the indenture dated as of November 15, 2019 among the Petitioner, Flower One and the Public Debenture Trustee as amended by a supplemental indenture dated as of April 19, 2021 among the Petitioner, Flower One and the Public Debenture Trustee.

“**Officers**” means, collectively, all of the officers of each of the Petitioners as at the Filing Date.

“**Operating Subsidiaries**” means, collectively: CN Corp, CN Labor Management Inc., CN Licenseco I, Inc., CN Licenseco III, Inc., CN Landco LLC, CN Landco II LLC, CN Landco III LLC, North Las Vegas Equipment Co., Inc., North Las Vegas Equipment Co. III, Inc. and North Las Vegas Services, Inc.

“**Order**” means an order of the Court made in the CCAA Proceedings.

“**Person**” means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status.

“**Petitioners**” means, collectively, Flower One, FO Corp and FO Labour Management Ltd.

“**Plan**” means this plan of compromise and arrangement filed by the Petitioners pursuant to the CCAA, as may be further amended, varied or supplemented hereafter in accordance with the terms hereof.

“**Plan Sponsor**” means Mr. Harry Ayvazian.

“**Plan Sponsor Term Loan Claim**” means the claim of the Plan Sponsor as against Flower One pursuant to the loan agreement dated as of March 4, 2020, as amended from time to time and for greater certainty, does not include any claims that the Plan Sponsor may have against the Operating Subsidiaries.

“**Plan Transactions**” means those transaction to be implemented and completed as described in article 6.2 hereof.

“**Post-Filing Claim**” mean any indebtedness, liability or obligation of any Petitioner of any kind that arises after the Filing Date, provided that Post-Filing Claims shall not (i) include any Restructuring Claims, or (ii) the accrual of interest on any unsecured indebtedness, liability or obligation of such Petitioner.

“**Pre-Filing Claim**” means any right or claim of any Person that may be asserted or made in whole or in part against any Petitioner whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on an event, fact, act or omission

which occurred in whole or in part prior to the Filing Date, at law or in equity, including by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against any Petitioner or its property or assets, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable in bankruptcy had any Petitioner become bankrupt on the Filing Date, and for greater certainty, includes Tax Claims; provided, however, that "Pre-Filing Claim" shall not include an Unaffected Claim.

"Private Debenture" means each unsecured convertible debenture issued by Flower One pursuant to a debenture certificate following a private placement financing.

"Private Debenture Note" means an unsecured promissory note to be issued by CN Corp to each Private Noteholder pursuant to article 4.5 hereof, which promissory note shall: (i) be in US denominated currency, (ii) in a principal amount equal to ten percent (10%) of such Private Noteholder's Private Noteholder Claim, converted to US denominated currency as of the Filing Date, (iii) accrue interest at a rate of five percent (5%) per annum, and (iv) mature on June 30, 2024.

"Private Note Distribution" has the meaning set forth in article 4.5 hereof.

"Private Noteholder" means a Person that holds a Private Debenture.

"Private Noteholder Claim" means a Proven Claim of a Private Noteholder Claimant.

"Private Noteholder Claimant" means any and all Private Noteholders that are Private Noteholders as at the Meeting Date or distribution date (as applicable).

"Proven Claim" means a Claim, as finally determined in accordance with the Claims Process Order and any other applicable Order, for voting and distribution purposes under the Plan.

"Public Debenture" means each debenture issued pursuant to the Public Indentures.

"Public Debenture Trustee" means Odyssey Trust Company, in its capacity as trustee of the Public Noteholders pursuant to the Public Indentures.

"Public Indentures" means, collectively, the March 2019 Indenture and the November 2019 Indenture.

"Public Noteholder" means a Person that holds a Public Debenture.

"Public Noteholder Claim" means a Proven Claim of a Public Noteholder Claimant.

“Public Noteholder Claimant” means any and all Public Noteholders that are Public Noteholders as at the Broadridge Search Date, as set out in the Broadridge Search.

“Public Noteholder Claimant Vote” means the process through which the Public Noteholder Claimants may vote on the Resolution, as set forth in the Meeting Order.

“Released Matters” has the meaning set forth in article 7.2 hereof.

“Released Parties” means, collectively, and in their capacities as such: (i) the Petitioners; (ii) the Directors and Officers; (iii) legal counsel to the Petitioners; (iv) the Monitor and its legal counsel; (v) the Plan Sponsor; and (vi) CN Corp.

“Required Majority” means that number of voting Affected Creditors representing a majority in number of the voting Affected Creditors, and whose Proven Claims represent at least two-thirds in value of the voting Claims validly voting in favour of the Resolution in accordance with the Meeting Order.

“Resolution” means the resolution to approve the Plan and the transactions contemplated thereby, which will be voted on by the Class pursuant to the Meeting Order.

“Restructuring Claim” means any right or claim of any Person against any Petitioner in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any Petitioner to such Person arising out of the disclaimer, rescission or termination on or after the Filing Date of any contract including any employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such disclaimer, rescission or termination took place or takes place before or after the date of the Claims Process Order, and includes for greater certainty any right or claim of an employee of any Petitioner arising from a termination of its employment after the Filing Date; provided, however, that “Restructuring Claim” shall not include an Unaffected Claim.

“Sanction and Vesting Order” means an Order, in form and substance satisfactory to the Petitioners and the Monitor, to be sought by the Petitioners from the Court as contemplated under the Plan which, *inter alia*, approves and sanctions the Plan and the transactions contemplated thereunder, including the Canadian Restructuring Transaction and includes such provisions that may be necessary or appropriate to give effect to the Plan, including provisions in substance similar to those set out in article 5.2.

“Stay Period” has the meaning set out at paragraph 12 of the ARIO, as amended from time to time by subsequent Orders.

“Tax” or **“Taxes”** means any and all amounts subject to a withholding or remitting obligation and any and all taxes, duties, fees, and other governmental charges, duties, impositions and liabilities of any kind whatsoever whether or not assessed by the Taxing Authorities (including any Claims by any of the Taxing Authorities), including all interest, penalties, fines, fees, other charges and additions with respect to such amount.

“Tax Claim” means any Claim against any Petitioner for any taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period

commences on or prior to the Filing Date, for any taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident tax related thereto.

“Taxing Authorities” means His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority of any state, province, territory or other political subdivision in any other jurisdiction outside of Canada.

“Unaffected Claim” means, collectively:

- (i) any claim of an employee of any Petitioner for wages, including accrued vacation liabilities, but excluding severance or termination pay;
- (ii) any claim secured by any of the CCAA Charges (except the Intercompany Advance Charge pursuant to articles 2.7 and 5.2(xv));
- (iii) any claim that cannot be compromised due to the provisions of Sections 5.1(2) and 19(2) of the CCAA;
- (iv) any claim in respect of any payments referred to in Sections 6(3), 6(5) and 6(6) of the CCAA; and
- (v) any Post-Filing Claims.

“Undelivered Distribution” has the meaning set forth in article 4.6 hereof.

“Undelivered Distribution Notification” has the meaning set forth in article 4.6 hereof.

“Undelivered Distribution Notification Deadline” means the date that is sixty (60) calendar days following the Effective Date, or such later date that may be ordered by the Court.

“Unresolved Claim” means any Claim (or the portion thereof) in respect of which a Proof of Claim (as defined in the Claims Process Order) has been filed in a proper and timely manner or a Claims Notice (as defined in the Claims Process Order) has been delivered by any Petitioner or the Monitor, in each case prior to the applicable Claims Bar Date in accordance with the Claims Process Order, but which Claim has not been finally determined in accordance with the Claims Process Order.

“Unsecured Creditor Cash Pool” means the Cash pool to be created in accordance with article 4.2 and held by the Monitor, in an amount that is sufficient (i) to satisfy the Cash Distribution, and (ii) to pay each holder of an Unresolved Claim the amount such holder would be entitled to receive under the Plan if such Unresolved Claim (or certain portions thereof) is determined to be a Proven Claim in accordance with the Claims Process Order.

“Unsecured Creditor Cash Pool Account” means a segregated interest-bearing account established by the Monitor to hold the Unsecured Creditor Cash Pool.

“US Restructuring Agreement” means an agreement among, *inter alios*, the Plan Sponsor and CN Corp, pursuant to which the Plan Sponsor will acquire the New CN Corp Shares for total consideration of approximately US \$20.1 million, comprised of: (i) an exchange of approximately US \$16.1 million of indebtedness owing by the Operating Subsidiaries to the Plan Sponsor, and (ii) a cash equity investment in CN Corp of approximately US \$4 million.

“US Restructuring Transaction” means, collectively, the transactions contemplated by the US Restructuring Agreement.

“Valid Transferee” means the transferee or assignee of a Claim that has provided the Petitioners and the Monitor with a Notice of Transfer or Assignment by no later than seven (7) calendar days prior to the Initial Distribution Date and has had such Claim transferred or assigned to it in accordance with the Claims Process Order.

“Voting Public Noteholder Claimant” means any Public Noteholder Claimant that validly votes on the Resolution by way of the Public Noteholder Claimant Vote.

“Website” means the website at the following URL: www.pwc.com/ca/FONE.

1.2 Construction

In the Plan, unless otherwise stated or the context otherwise requires:

- (i) the division of the Plan into articles and sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation of the Plan;
- (ii) the words “hereunder”, “hereof”, and similar expressions, refer to the Plan and not to any particular article, section or schedule and references to articles, sections and schedules are to articles and sections of, and schedules to the Plan;
- (iii) words importing the singular include the plural and vice versa and words importing any gender include all genders;
- (iv) the words “includes” and “including”, and similar terms of inclusion shall not, unless expressly modified by the words only or solely, be construed as terms of limitation, but rather shall mean “includes without limitation”, or “including without limitation”, as applicable, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (v) a reference to any statute is to that statute as now enacted or as the statute may from time to time be amended, re-enacted or replaced, and includes any regulation made thereunder;
- (vi) a reference to any agreement, indenture or other document is to that document as amended, supplemented, restated or replaced from time to time;
- (vii) unless otherwise specified, all references to dollar amounts or to the symbol \$ are references to Canadian dollars; and

- (viii) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Vancouver, British Columbia, and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day.

ARTICLE 2

PURPOSE, EFFECT OF PLAN AND OPERATIONS

2.1 Purpose of Plan

The purpose of the Plan is to:

- (i) facilitate a restructuring transaction whereby, pursuant to the Plan and the Canadian Restructuring Agreement and the US Restructuring Agreement, (a) the existing shares of CN Corp held by FO Corp will be acquired by CN Corp for cancellation and CN Corp will issue new shares to the Plan Sponsor (the “**New CN Corp Shares**”), and (b) CN Corp will acquire all Litigation Claims of the Petitioners;
- (ii) effect a compromise and arrangement of all Claims;
- (iii) effect a release and discharge of all Claims; and
- (iv) ensure the continuation of the Operating Subsidiaries and their business,

all with the expectation that Affected Creditors derive a greater benefit from the implementation of the Plan than they would from a bankruptcy or liquidation of the Flower One Entities.

2.2 Overview of Plan

The Plan is to be implemented concurrently with the closing of the Canadian Restructuring Transaction and the US Restructuring Transaction. Implementation of the Plan will begin on the Effective Date, and distributions of (i) the Private Debenture Notes to the Private Noteholder Claimants (as discussed below), and (ii) the Cash Distributions to the Public Noteholder Claimants and General Unsecured Creditors, will begin on the Initial Distribution Date.

Pursuant to the US Restructuring Transaction, CN Corp will issue New CN Corp Shares to the Plan Sponsor for total consideration of approximately US \$20.1 million, comprised of: (i) the Plan Sponsor exchanging approximately US \$16.1 million of indebtedness owing by the Operating Subsidiaries to the Plan Sponsor, and (ii) the Plan Sponsor making a cash equity investment in CN Corp of approximately US \$4 million.

Pursuant to the Canadian Restructuring Transaction: (i) the Plan Sponsor will subordinate the entirety of its Plan Sponsor Term Loan Claim in favour of the Proven Claims of all Affected Creditors, and (ii) CN Corp will (a) subordinate the entirety of the Intercompany Advance Claims and any other Intercompany Claims in favour of the Proven Claims of all Affected Creditors, (b) advance an amount of Cash to the Unsecured Creditor Cash Pool Account necessary to establish the Unsecured Creditor Cash Pool, (c) issue the Private Debenture Notes to the Private Noteholder Claimants, (d) acquire all Litigation Claims of the Petitioners, and (e) acquire all issued and outstanding shares of CN Corp held by FO Corp, for cancellation.

Upon implementation of the Plan, (i) all Claims will be deemed to have been compromised, discharged and released, and (ii) the Public Debentures and Private Debentures will be deemed to have been cancelled.

As further detailed herein, following implementation of the Plan (i) Public Noteholder Claimants will receive a US denominated cash distribution equal to ten percent (10%) of the amount of their Public Noteholder Claims, converted to US denominated currency as of the Filing Date, (ii) General Unsecured Creditors will receive a US denominated cash distribution equal to ten percent (10%) of the amount of their Proven Claims, converted to US denominated currency as of the Filing Date, and (iii) Private Noteholder Claimants will receive the Private Debenture Notes, with a US denominated principal amount equal to ten percent (10%) of the amount of their proven Private Noteholder Claims, converted to US denominated currency as of the Filing Date.

The implementation of the Plan and the completion of the Canadian Restructuring Transaction and the US Restructuring Transaction will ensure the preservation and uninterrupted continuation of the Business under the ultimate ownership of the Plan Sponsor.

2.3 Persons Affected by the Plan

The Plan provides for a settlement of the Claims and a restructuring of the Flower One Entities and will become effective on the Effective Date in accordance with the steps set out in article 6.2 hereof.

As at the Effective Time, the Claims will be fully and finally compromised, released, settled and discharged to the extent provided for under the Plan. The Plan shall be binding on and shall enure to the benefit of the Petitioners, the Affected Creditors, the Released Parties and all other Persons directly or indirectly named or referred to in or subject to the Plan and each of their respective heirs, executors, administrators, legal representatives, successors, and assigns in accordance with the terms hereof.

2.4 Persons not Affected by the Plan

The Plan does not affect Unaffected Claims. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Unaffected Claims. Nothing in the Plan shall affect any of the Petitioners' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recoupments against such Unaffected Claims.

The Petitioners' obligation to Persons with Unaffected Claims (if any) will be: (a) in the case of Claims in respect of any payments referred to in section 6(3) of the CCAA, paid in full within six months of the Effective Date; (b) paid in the ordinary course; or (c) otherwise satisfied pursuant to arrangements negotiated among the relevant parties with the approval of the Monitor.

2.5 Existing Flower One Securities-holders

All Existing Flower One Securities-holders shall not be entitled to receive any distributions under the Plan or otherwise receive any other compensation in respect of their Existing Flower One Securities.

2.6 Subordination of Plan Sponsor Claim

Notwithstanding anything to the contrary in the Plan, on the Effective Date, the Plan Sponsor shall (i) be deemed to have subordinated the entirety of the Plan Sponsor Term Loan Claim in favour of the Proven Claims of all Affected Creditors, and (ii) not be entitled to any distributions under the Plan in respect of the Plan Sponsor Term Loan Claim. For greater certainty and except as may otherwise be set out in the US Restructuring Agreement, nothing in this Plan shall affect any rights or claims that the Plan Sponsor may have in respect of or against the Operating Subsidiaries.

2.7 Subordination of Intercompany Claims

Notwithstanding anything to the contrary in the Plan, on the Effective Date, (i) each of CN Corp and the other Operating Subsidiaries shall (a) be deemed to have subordinated the entirety of any Intercompany Advance Claim or other Intercompany Claim in favour of the Proven Claims of all Affected Creditors, and (b) not be entitled to any distributions under the Plan in respect of any Intercompany Advance Claim or other Intercompany Claim, except in the case of CN Corp on account of its Intercompany Advance Claim pursuant to article 4.7(vi); and (ii) the Intercompany Advance Charge shall be released.

2.8 Unresolved Claims

No holder of an Unresolved Claim shall be entitled to receive any payment or distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally determined pursuant to the Claims Process Order or any other Order and becomes a Proven Claim.

To the extent that any Unresolved Claim has become a Proven Claim, the holder of such Unresolved Claim shall be entitled to receive a distribution in respect of such Proven Claim in accordance with article 4.7(iii).

2.9 Interest, fees and expenses

Interest shall not accrue or be paid on Claims after the Filing Date, and no holder of a Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of a Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released.

ARTICLE 3
CLASSIFICATION OF CREDITORS, VOTING CLAIMS AND RELATED MATTERS

3.1 Claims Process

The Claims Process shall be governed by the Claims Process Order and any other applicable Order. Where there is any inconsistency between the terms of the Plan and any Order relating to the Claims Process, the terms of the Claims Process Order will govern, except that the Plan will govern with respect to the definition of "Unaffected Claims".

Nothing in the Plan extends or shall be interpreted as extending or amending the Claims Bar Date (as defined in the Claims Process Order), or gives or shall be interpreted as giving any rights to any Person in respect of Claims that have been barred or extinguished pursuant to the Claims Process Order.

3.2 Classes of Creditors

For purposes of voting on the Plan, there will be only one Class of creditors composed of all Affected Creditors.

3.3 Meeting

The Meeting shall be convened on the Meeting Date, as set out in the Meeting Order, and held in accordance with the CCAA, the Meeting Order and the Plan.

The only Persons entitled to attend the Meeting are: (a) the Affected Creditors and their legal counsel, (b) the Public Debenture Trustee and its legal counsel; (c) the Petitioners and their legal counsel and advisors; (d) the Directors and Officers and their legal counsel and advisors; (e) the Monitor and its legal counsel; and (f) the Plan Sponsor and its legal counsel and advisors. Any other Person may be admitted only on invitation of the chair of the Meeting.

3.4 Public Noteholder Claimant Vote

By way of the Public Noteholder Claimant Vote, the Public Noteholder Claimants may vote on whether to approve the Resolution. Each Public Noteholder Claimant shall be entitled to one vote, which vote shall have a value equal to the dollar value of its Public Noteholder Claim. At the Meeting, the Public Debenture Trustee, as agent for all Public Noteholders, shall, whether in person or by proxy, vote on the Resolution in accordance with the Public Noteholder Claimant Vote.

3.5 Parties Not Entitled to Vote

Persons having Unaffected Claims or Existing Flower One Securities-holders are not entitled to vote on the Plan in respect of their Unaffected Claims or their Existing Flower One Securities.

3.6 Approval by Required Majority

In order to be approved, the Resolution must receive an affirmative vote by the Required Majority of the Class.

The Public Debenture Trustee shall record and tabulate all votes cast by the Voting Public Noteholder Claimants by way of the Public Noteholder Claimant Vote.

3.7 Assignment of Public Noteholder Claims

A Public Noteholder Claimant may not transfer or assign its Public Noteholder Claim, in whole or in part, between the Broadridge Search Date and the Meeting Date.

ARTICLE 4 ADMINISTRATIVE RESERVE, DISTRIBUTIONS AND PAYMENTS

4.1 Administrative Reserve

On the Effective Date, the Petitioners shall transfer the amount of Cash necessary to establish the Administrative Reserve from the Available Funds to the Administrative Reserve Account.

The Monitor shall hold the Administrative Reserve in the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs in accordance with the Plan and shall distribute the remaining balance in the Administrative Reserve Account in accordance with article 4.7 of the Plan.

4.2 Creation of the Unsecured Creditor Cash Pool

On the Effective Date, the Petitioners shall transfer the amount of Cash necessary to establish the Unsecured Creditor Cash Pool from Available Funds to the Unsecured Creditor Cash Pool Account.

The Monitor shall hold the Unsecured Creditor Cash Pool in the Unsecured Creditor Cash Pool Account and shall distribute such monies in accordance with articles 4.4 and 4.7 of the Plan

All distributions and disbursements to be effected pursuant to the Plan shall be made pursuant to this article 4 and shall occur in the manner set out below by the Monitor, for and on behalf of the Petitioners.

4.3 Payment of Administrative Reserve Costs

On or after the Effective Date, the Monitor, for and on behalf of the Petitioners, shall, from time to time, pay the Administrative Reserve Costs from the Administrative Reserve Account.

4.4 Distributions to General Unsecured Creditors and Public Noteholder Claimants

On the Initial Distribution Date, the Monitor, for and on behalf of each of the Petitioners, shall make a US denominated cash distribution to General Unsecured Creditors and Public Noteholder

Claimants in an amount equal to ten percent (10%) of their respective Proven Claims, converted to US denominated currency as of the Filing Date (the “**Cash Distribution**”), from the Unsecured Creditor Cash Pool, by cheque sent by pre-paid ordinary mail: (i) in the case of General Unsecured Creditors, to the last known municipal address recorded in the Petitioners’ books and records or such other address that has been provided to the Petitioners prior to the Initial Distribution Date, (ii) in the case of a General Unsecured Creditor that is a Valid Transferee, to the address set out in such Valid Transferee’s Notice of Transfer or Assignment, and (iii) in the case of Public Noteholder Claimants, to the Public Debenture Trustee or as may be directed by the Public Debenture Trustee, such that each Public Noteholder Claimant will receive its Cash Distribution.

4.5 Distributions to Private Noteholder Claimants

On the Initial Distribution Date, CN Corp shall deliver Private Debenture Notes to each of the Private Noteholder Claimants in a US denominated principal amount equal to ten percent (10%) of their respective Proven Claims, converted to US denominated currency as of the Filing Date (the “**Private Note Distribution**”), by pre-paid ordinary mail or e-mail to the last known municipal address or e-mail address recorded in the Petitioners’ books and records or such other address provided to the Petitioners, CN Corp and the Monitor prior to the Initial Distribution Date, including, for greater certainty, pursuant to any Notice of Transfer or Assignment.

4.6 Undeliverable Distributions

If any Affected Creditor’s distribution in respect of its Claim is returned as undeliverable or is not cashed (an “**Undelivered Distribution**”), no further distributions to such Affected Creditor shall be made unless and until the Petitioners and the Monitor are notified in writing by such Affected Creditor of its current address (the “**Undelivered Distribution Notification**”) and such Undelivered Distribution Notification is provided to the Petitioners and the Monitor prior to the Undelivered Distribution Notification Deadline. Any claim for an Undelivered Distribution must be made before the Undelivered Distribution Notification Deadline and as at such date, the Claim of such Affected Creditor with respect to the Undelivered Distribution shall be forever discharged and forever barred, without any compensation therefor, at which time: (i) in the case of any Undelivered Distribution that is a Cash Distribution, such Undelivered Distribution shall be transferred to the Administrative Reserve Account; and (ii) in the case of any Undelivered Distribution that is a Private Note Distribution, such related Private Debenture Note shall be cancelled by CN Corp. Nothing in the Plan or Sanction and Vesting Order shall require the Monitor, the Petitioners or CN Corp to attempt to locate any Affected Creditor whose distribution is returned as undeliverable.

4.7 Final Distribution

On or before the Final Distribution Date:

- (i) in the case of any Undelivered Distribution that is a Cash Distribution and in respect of which an Affected Creditor has, pursuant to article 4.6, provided the Petitioners and the Monitor with an Undelivered Distribution Notification prior to the Undelivered Distribution Notification Deadline, the Monitor shall, for and on behalf of each applicable Petitioner, pay such Affected Creditor an amount equal to such Affected Creditor’s Undelivered Distribution, without interest, and such

payment shall be made by way of cheque to the address set out in such Affected Creditor's Undelivered Distribution Notification;

- (ii) in the case of any Undelivered Distribution that is a Private Note Distribution and in respect of which an Affected Creditor has, pursuant to article 4.6, provided the Petitioners and the Monitor with an Undelivered Distribution Notification prior to the Undelivered Distribution Notification Deadline, CN Corp shall deliver to such Affected Creditor a Private Debenture Note in a principal amount equal to such Affected Creditor's Undelivered Distribution, without any accrued interest for the period prior to delivery of such Private Debenture Note, and such Private Debenture Note shall be delivered to the municipal or e-mail address set out in such Affected Creditor's Undelivered Distribution Notification;
- (iii) to the extent that any Unresolved Claim has become a Proven Claim, the Monitor, on behalf of each applicable Petitioner shall, for and on behalf of each applicable Petitioner, pay such Affected Creditor the amount that such Affected Creditor would have been entitled to receive in respect of its Proven Claim on the Initial Distribution Date had such Unresolved Claim been a Proven Claim on the Initial Distribution Date;
- (iv) each of the Petitioners shall transfer all of their remaining Cash (if any) to the Administrative Reserve Account;
- (v) the Monitor, on behalf of each of the Petitioners, shall pay any final Administrative Reserve Costs; and
- (vi) thereafter, the Monitor shall transfer any balance remaining in the Administrative Reserve Account and the Unsecured Creditor Cash Pool Account, less a retainer in the amount of \$50,000 to fund the costs and expenses associated with any bankruptcy of the Petitioners, to CN Corp as payment towards its Intercompany Advance Claim.

4.8 Assignment of Claims Subsequent to the Meeting

After the Meeting Date, an Affected Creditor may transfer or assign the whole, but not part, of its Claim by delivering to the Petitioners and the Monitor a Notice of Transfer or Assignment. The Monitor shall not be obligated to make distributions to any transferee or assignee of a Claim or otherwise deal with such transferee or assignee unless and until the Monitor and each of the Petitioners have received a Notice of Transfer or Assignment prior to 5:00 p.m. on that day that is at least seven (7) calendar days prior to the Initial Distribution Date. Upon transfer or assignment of a Claim in accordance herewith, each applicable Valid Transferee shall, for all purposes constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim. For greater certainty, the Petitioners shall not recognize partial transfers or assignments of Claims. A Valid Transferee shall not be entitled to set-off, apply, merge,

consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Petitioners.

4.9 Taxes

In connection with the Plan and all distributions hereunder, the Petitioners shall, to the extent applicable, comply with all Tax withholding and reporting requirements imposed by any law of a federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to, and made net of, any such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each Person that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any governmental entity, including income, withholding and other Tax obligations, on account of such distribution, and shall indemnify the Monitor and the Petitioners for any losses resulting from such Person's failure to satisfy and pay such Tax obligations.

4.10 Crown Priority Claims

As soon as practicable after the Effective Date, and within six months after the date of the Sanction and Vesting Order, each Petitioner shall pay in full to His Majesty in Right of Canada or of a province all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (i) subsection 224(1.2) of the *Income Tax Act*;
- (ii) any provision of the *Canada Pension Plan* or of the *Employment Insurance Act* that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the *Canada Pension Plan*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or
- (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (ii) is of the same nature as a contribution under the *Canada Pension Plan* if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

**ARTICLE 5
SANCTION AND VESTING ORDER AND CONDITIONS TO PLAN
IMPLEMENTATION**

5.1 Application for Sanction and Vesting Order

The Petitioners shall use commercially reasonable efforts to obtain the Sanction and Vesting Order on or before December 21, 2022. Subject to the Sanction and Vesting Order being granted and the satisfaction of the Conditions Precedent, the Plan will be implemented as provided in article 6.2 hereof.

5.2 Effect of the Sanction and Vesting Order

In addition to sanctioning the Plan, the Sanction and Vesting Order to be sought by the Petitioners shall, without limitation to any other terms that it may contain:

- (i) confirm that the Meeting was duly called and held in accordance with the Meeting Order;
- (ii) declare that: (i) the Plan has been approved by the Required Majority of the Class in conformity with the CCAA; (ii) the Petitioners have complied with the provisions of the CCAA and all Orders in all respects; (iii) the Court is satisfied that the Petitioners have not done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated therein and effected thereby are procedurally and substantively fair and reasonable to all Persons affected by the Plan;
- (iii) declare that, as at the Effective Time, the Plan and all associated steps, compromises, transactions, arrangements, assignments, releases and the restructuring effected thereby are approved, binding and effective as herein set out upon the Petitioners, the Affected Creditors, the Existing Flower One Securities-holders and all other Persons affected by the Plan;
- (iv) declare that the compromises, arrangements, discharges and the releases referred to in the Plan are approved and shall become binding and effective in accordance with the Plan;
- (v) compromise, discharge and release the Petitioners from any and all Claims and declare that the ability of any Person to proceed against the Petitioners in respect of or relating to any such Claims shall be forever discharged, extinguished, released and restrained, and all proceedings with respect to, in connection with or relating to such Claims shall be permanently stayed against the Petitioners, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Proven Claims, and declare that all other releases provided for by the Plan shall be effective from and after the Effective Time;

- (vi) declare that, on the Effective Date, the Plan Transactions shall be deemed to occur, including that the Public Debentures, Private Debentures and all CN Corp Shares shall be cancelled and shall be of no further force or effect;
- (vii) authorize and direct the Petitioners to complete the Plan Transactions and the Canadian Restructuring Transaction, all without the need for any further approvals or actions on the part of the Directors and Officers or any other Persons;
- (viii) authorize all Persons named in the Plan to perform their functions and fulfil their obligations under the Plan to facilitate the implementation of the Plan;
- (ix) declare that all distributions to the Affected under the Plan are for the account of the Petitioners and the fulfillment of the Petitioners' obligations under the Plan;
- (x) direct the Monitor to file the Monitor's Plan Implementation Certificate in the CCAA Proceedings upon being advised by the Petitioners and the Plan Sponsor that the Plan Transactions and the Canadian Restructuring Transaction have been completed and any other remaining Conditions Precedent to implementation of the Plan have been satisfied;
- (xi) deem the remaining Directors and Officers of the Petitioners to have resigned without replacement on the Final Distribution Date, unless such Persons affirmatively elect to remain as a Director or Officer in order to facilitate any Plan Transaction steps in connection with the wind-down of any of the Petitioners;
- (xii) authorize each of the Petitioners and/or the Monitor, for and on behalf of each of each of the Petitioners, to take such steps as may be necessary for the Petitioners to make an assignment into bankruptcy;
- (xiii) direct CN Corp to maintain the books and records of the Petitioners for purposes of assisting the Monitor or any trustee in bankruptcy in the orderly wind-down of the Petitioners;
- (xiv) declare that the Stay Period continues until the discharge of the Monitor; and
- (xv) release the Intercompany Advance Charge as at the Effective Date;
- (xvi) provide for the continuation of the Administration Charge and the D&O Charge over the Administrative Reserve, which shall survive the Effective Date; and
- (xvii) authorize the Monitor to apply to the Court for its discharge.

5.3 Conditions Precedent to Plan Implementation

The implementation of the Plan is subject to the satisfaction of the following Conditions Precedent on or prior to the Effective Date:

- (i) the US Restructuring Agreement shall have been duly executed by the parties thereto and the transactions contemplated thereby shall have closed;

- (ii) the Canadian Restructuring Agreement shall have been duly executed by the parties thereto and the transactions contemplated thereby shall have closed and CN Corp shall thereupon be obligated to issue and deliver the Private Debenture Notes to the Private Noteholder Claimants;
- (iii) the Monitor shall be holding sufficient funds in the Administrative Reserve Account to satisfy any obligations to professionals assisting with and giving effect to the Plan Transaction up to the Final Distribution Date;
- (iv) the Monitor shall be holding sufficient funds in the Unsecured Creditor Cash Pool Account to fund all of the Cash Distributions;
- (v) the Petitioners shall have sufficient funds to satisfy all Crown Priority Claims and Unaffected Claims;
- (vi) the Plan shall have been approved by the Required Majority of the Class;
- (vii) the Plan shall have been approved and sanctioned by the Court and the Sanction and Vesting Order shall have been granted by the Court and shall not have been vacated, set aside or stayed;

5.4 Failure to Satisfy Conditions Precedent

If the Conditions Precedent are not satisfied in accordance with article 5.3 hereof on or before January 31, 2023, or such later date as may be agreed to by the Petitioners and the Plan Sponsor, the Plan shall not be implemented and shall cease to have any further force or effect.

5.5 Monitor's Plan Implementation Certificate

Following the implementation of the Plan in accordance with its terms and no later than the Initial Distribution Date, the Monitor shall deliver the Monitor's Plan Implementation Certificate to the Petitioners and Plan Sponsor and, as soon as reasonably practicable thereafter, file a copy with the Court and post a copy of same on the Website.

ARTICLE 6 RESTRUCTURING AND PLAN IMPLEMENTATION

6.1 Corporate and Other Authorizations

The adoption, execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate or other actions of the Petitioners shall occur and be effective as of the Effective Time and shall be authorized and approved under the Plan and by the Court, where appropriate, as part of the Sanction and Vesting Order, in all respects and for all purposes without any requirement of further action by any of the Directors and Officers or Existing Flower One Securities-holders. All necessary approvals to take actions, if required, shall be deemed to have been obtained from the board of directors of each of the Petitioners, as applicable.

6.2 Plan Transactions

On or prior to the Effective Date, all Conditions Precedent must be satisfied in accordance with the Plan and the Sanction and Vesting Order, and all actions, documents, agreements and funding necessary to implement all of the following transactions must be in place and be final and irrevocable prior to the Effective Date and shall then be held in escrow and shall be released without any further act or formality, and no other act or formality shall be required.

On the Effective Date:

- (i) the CN Corp Shares shall be cancelled;
- (ii) all Public Debentures and Private Debentures shall be cancelled and shall be of no further force or effect, and the obligations of Flower One thereunder or in any way related therewith shall be satisfied and discharged, without any return of capital and with no compensation or participation being provided or payable therefor, or in connection therewith (except as expressly provided in the Plan), and all certificates or documents formerly representing the Public Debentures and Private Debentures shall be deemed to be cancelled and shall be null and void;
- (iii) subject to article 4.7(vi), the Plan Sponsor Term Loan Claim and Intercompany Advance Claims shall be and shall be deemed to be subordinated as against all Affected Creditors, in accordance with articles 2.6 and 2.7 hereof;
- (iv) all Claims (including Unresolved Claims) shall be and shall be deemed to be forever discharged and released, excepting only the obligations to make distributions in respect of such Claims in the manner and to the extent provided for in the Plan; and
- (i) all definitive legal documentation contemplated by the Plan and the Sanction and Vesting Order, and necessary to complete the Plan Transactions, shall have been finalized, executed and will be released from escrow.

Notwithstanding anything to the contrary herein, after the Effective Date, each Petitioner shall take such steps as are necessary to record, document and give effect to the Plan Transactions.

ARTICLE 7 EFFECT OF PLAN

7.1 Binding Effect of the Plan

The Plan (including, without limitation, the releases and injunctions contained herein), upon being sanctioned and approved by the Court pursuant to the Sanction and Vesting Order, shall be binding as of the Effective Time on all Persons irrespective of the jurisdiction in which the Persons reside or in which the Claims arose, and shall constitute:

- (i) full, final and absolute settlement of all rights of any Affected Creditors; and
- (ii) an absolute release, extinguishment and discharge of all indebtedness, liabilities and obligations of or in respect of any Claims (including Unresolved Claims).

7.2 Released Parties

From and after the Effective Time, each of the Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature that any Person (including any Person who may claim contribution or indemnification against or from the Released Parties) may be entitled to assert, including any and all Claims in respect of statutory liabilities of directors and officers, whether known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Effective Time relating to, arising out of or in connection with any Claim, including any Claim arising out of (a) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether written or oral, entered into by the Petitioners; (b) the Plan and any other transaction referenced in and relating to the Plan;; (c) the Canadian Restructuring Transaction; and (d) the CCAA Proceedings (collectively, the “Released Matters”).

From and after the Effective Time, all Persons, along with their respective affiliates, present and former officers, directors, employees, associated individuals, auditors, financial advisors, legal counsel, other professionals, sureties, insurers, indemnities, agents, dependants, heirs, representatives and assigns, as applicable, are permanently and forever barred, estopped, stayed and enjoined, on and after the Effective Time, with respect to claims against the Released Parties in respect of the Released Matters, from:

- (i) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties;
- (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property;
- (iii) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation by way of contribution or indemnity or other relief, in common law, or in equity, breach of trust or breach of fiduciary duty or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who, as a result, makes or might reasonably be expected to make a claim, in any manner or forum, against any of the Released Parties;
- (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any lien or encumbrance of any kind; or
- (v) taking any actions to interfere with the implementation or consummation of the Plan or the transactions contemplated therein.

7.3 Claims Not Released

For clarity, nothing in articles 7.1 or 7.2 shall release or discharge:

- (i) the Petitioners from or in respect of any Unaffected Claim or their obligations to Affected Creditors under the Plan or under any Order; and
- (ii) a Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct or in the case of the Directors, in respect of any claim referred to in section 5.1(2) of the CCAA.

7.4 General

On the Effective Date, or as otherwise provided in the Plan:

- (i) the Plan will become effective at the Effective Time and the Plan Transaction steps will be implemented;
- (ii) the treatment of Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Petitioners, all Affected Creditors, the Released Parties and all other Persons and parties named or referred to in, or subject to, the Plan and their respective heirs, executors, trustees in bankruptcy, administrators and other legal representatives, successors and assigns;
- (iii) all Claims (including Unresolved Claims) shall be and shall be deemed to be forever discharged and released;
- (iv) each Person named or referred to in, or subject to, the Plan shall be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety;
- (v) each Person named or referred to in, or subject to, the Plan shall be deemed to have executed and delivered to the Petitioners all consents, releases, directions, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety; and
- (vi) each Person named or referred to in, or subject to, the Plan shall be deemed to have received from the Petitioners all statements, notices, declarations and notifications, statutory or otherwise, required to implement and carry out the Plan in its entirety.

ARTICLE 8 GENERAL

8.1 Amendments to the Plan

Before the Meeting, with the prior consent of the Plan Sponsor, the Petitioners may at any time and from time to time, amend the Plan by written instrument and the Monitor shall post such amendment on the Website.

After the Meeting, with the prior consent of the Plan Sponsor, the Petitioners may at any time and from time to time amend the Plan:

- (i) without an Order if, in the opinion of the Monitor, such amendment would not be materially prejudicial to the financial or economic interests of the Affected Creditors or is necessary to give effect to the full intent of the Plan or the Sanction and Vesting Order; or
- (ii) pursuant to an Order made on notice to all Persons potentially affected by such variation, amendment, modification or supplement.

8.2 Severability

If, prior to the Effective Time, any provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Petitioners having the prior consent of the Plan Sponsor, may alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of such provision, and such provision will then be applicable as altered or interpreted and the remainder of the provisions of the Plan will remain in full force and effect and will in no way be invalidated by such alteration or interpretation.

8.3 Deeming Provisions

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

8.4 Paramouncy

From and after the Effective Time, any conflict between the Plan and the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, debenture, trust indenture, loan agreement, commitment letter, agreement for sale, bylaws of the Petitioners, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and any of the Petitioners as at the Effective Date will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction and Vesting Order. Notwithstanding the foregoing, as between the Plan and the Sanction and Vesting Order, the terms of the Sanction and Vesting Order shall take precedence.

8.5 Set-Off

Subject to articles 2.4 and 4.8, the law of set-off applies to all Claims.

8.6 Responsibilities of the Monitor

The Monitor is acting in its capacity as monitor of the Petitioners in the CCAA Proceedings and not in its personal capacity and shall not be responsible or liable for any obligations of the Petitioners under the Plan, including with respect to the making of distributions or the receipt of any distribution by any Affected Creditors pursuant to the Plan. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the ARIO and any other Orders.

8.7 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity in accordance with the Meeting Order. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order, or unless expressly agreed by the Person in writing.

8.8 Further Assurances

At the request of the Monitor or the Petitioners, each of the Persons named or referred to in, or subject to, the Plan shall execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the transactions contemplated herein, including the Plan Transactions, notwithstanding any provision of the Plan that deems any transaction or event to occur without further formality.

8.9 Governing Law

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

8.10 Notices

Except as otherwise provided for in the Meeting Order, any other notice or other communication to be delivered or filed hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by email addressed to the respective parties as follows:

(i) **if to the Petitioners:**

4050 Losee Rd.
North Las Vegas, Nevada, 89030

Attention: Richard Ormond
Email: rormond@flowerone.com

With a copy to:

Blake, Cassels & Graydon LLP
Suite 2600, 595 Burrard Street
Vancouver, British Columbia V7X 1L3
Attention: Peter Rubin and Aryo Shalviri
Email: peter.rubin@blakes.com; aryo.shalviri@blakes.com

(ii) **if to the Monitor:**

PricewaterhouseCoopers Inc.

Court-appointed Monitor of Flower One Holdings Inc. *et al.*

Suite 1400 – 250 Howe Street

Vancouver, British Columbia V6C 3S7

Attention: Neil Bunker and Jack Else

Email: neil.p.bunker@pwc.com; jack.else@pwc.com

With a copy to:

McCarthy Tetrault LLP

Suite 2400, 745 Thurlow St.

Vancouver, British Columbia V6E 0C5

Attention: Lance Williams and Ashley Bowron

Email: lwilliams@mccarthy.ca; abowron@mccarthy.ca

or to such other address as any party may from time to time notify the others in accordance with this article 8.10. All such communications that are sent by e-mail (scanned copy) will be deemed to be received on the day sent if sent before 5:00 p.m. on a Business Day and otherwise will be deemed to be received on the Business Day next following the day upon which such e-mail (scanned copy) was sent. The unintentional failure by the Petitioners to give a notice contemplated hereunder will not invalidate any action taken by any Person pursuant to the Plan. For clarity, any notice or communication in respect of a notice of dispute of claim filed with the Monitor must be delivered to the Monitor in accordance with the Claims Process Order.

DATED this 22nd day of November, 2022.

Flower One Holdings Inc.

Per: _____

Flower One Corp.

Per: _____

FO Labour Management Ltd.

Per: _____