

CHALICE™

— BRANDS LTD —

**NOTICE OF MEETING OF THE HOLDERS OF
10% CONVERTIBLE DEBENTURES, DUE NOVEMBER 16, 2022**

TO BE HELD ON NOVEMBER 14, 2022

CHALICE BRANDS LTD.

NOTICE OF MEETING OF DEBENTUREHOLDERS

NOTICE IS HEREBY GIVEN THAT a meeting (the “**Meeting**”) of the holders (the “**Debentureholders**”) of the 10% convertible debentures due November 16, 2022 (the “**Debentures**”) of Chalice Brands Ltd. (“**Chalice**” or the “**Corporation**”) issued pursuant to an indenture dated as of November 16, 2018 (as the same has otherwise been amended or may be amended, modified, restated, supplemented or replaced from time to time, the “**Indenture**”) will be held on Monday, November 14, 2022 at 12:00 (noon) (Toronto time) at Cassels Brock & Blackwell LLP, 2100-40 King Street West, Toronto, ON M5H 3C2 for the following purposes:

1. To consider, and if deemed advisable, approve an Extraordinary Resolution to:
 - a. Waive the default resulting from the failure to pay interest on June 30, 2022; and
 - b. Extend the time for payment of the Debentures to November 16, 2024 and for payment of interest on the Debentures due on June 30, 2022 and December 31, 2022 to June 30, 2023.
2. To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Your vote is important.

This notice is accompanied by either a form of proxy for registered Debentureholders or a voting instruction form for non-registered Debentureholders (collectively, the “**Meeting Materials**”).

Debentureholders are invited to attend the Meeting in person at Cassels Brock & Blackwell LLP, 2100-40 King Street West, Toronto, ON M5H 3C2, or alternatively, Debentureholders may be represented by proxy. Registered Debentureholders who are unable to attend the Meeting virtually are requested to complete, date and sign the form of proxy and send it to the Corporate Secretary of the Corporation, c/o the trustee under the Indenture, Capital Transfer Agency, ULC, 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2. Electronic voting is also available for this Meeting through <https://www.capitaltransferagency.com/voteproxy>. Votes cast electronically are in all respects equivalent to, and will be treated in, the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. Non-registered Debentureholders who receive the Meeting Materials either directly from the Corporation or through their broker or other intermediary should complete and send the voting instruction form in accordance with the instructions provided.

The board of directors of the Corporation has, by resolution, fixed the close of business on October 7, 2022, as the record date for the determination of the registered holders of debentures entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof. The board of directors of the Corporation has, by resolution, fixed 12:00 (noon) (Toronto time) on November 10, 2022, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment or postponement thereof must be deposited with the trustee for the Debentures.

DATED at Toronto, Ontario, this 14th day of October, 2022.

BY ORDER OF THE BOARD

“John Varghese”

John Varghese
Executive Chairman

GENERAL MATTERS

General

This Notice is furnished in connection with the solicitation of proxies by and on behalf of the management of the Corporation for use at the Meeting. Other than as set forth herein, no person has been authorized to give any information or make any representation in connection with the matters to be considered at the Meeting other than those contained in this Notice and, if given or made, any such information or representation must not be relied upon as having been authorized.

Except as otherwise stated, the information contained in this Notice is given as of October 14, 2022.

The form of proxy forwarded to Debentureholders with the Notice confers discretionary authority upon the proxy nominees with respect to amendments or variations of matters identified in the Notice or other matters which may properly come before the Meeting.

This Notice does not constitute an offer to sell, or a solicitation of an offer to purchase, Debentures in connection with the matters herein, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. The delivery of this Notice does not under any circumstances imply or represent that there has been no change in the information set forth herein since the date of this Notice.

Debentureholders should not construe the contents of this Notice as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Notice.

Forward-Looking Information

This Notice may contain “forward-looking information” within the meaning of applicable securities laws in Canada and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended (collectively referred to herein as “**forward-looking statements**”). All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “will”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “may”, “project”, “should” and variations of such words and similar expressions are intended to identify forward-looking statements. Specifically, and without limiting the generality of the foregoing, all statements included in this Notice that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future, including, but not limited to, the Corporation’s future plans and expectations relating to its business, may constitute forward-looking statements and necessarily involve known and unknown risks and uncertainties, most of which are beyond the Corporation’s control. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements.

Although the Corporation believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

Although the forward-looking statements contained in this Notice are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure Debentureholders that actual results will be consistent with these forward-looking statements.

The Corporation’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive therefrom.

The Corporation gives no assurance, nor makes any representations or warranties, that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, readers should not place undue

reliance on forward-looking statements in this Notice. All of the forward-looking statements made in this Notice are qualified by these cautionary statements. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by applicable securities laws.

Notice to Debentureholders in the United States

THIS TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY UNITED STATES FEDERAL OR STATE SECURITIES ADMINISTRATOR, OR ANY SECURITIES REGULATORY AUTHORITY IN CANADA, NOR HAS THE SEC, ANY UNITED STATES FEDERAL OR STATE SECURITIES ADMINISTRATOR, OR ANY SECURITIES REGULATORY AUTHORITY IN CANADA PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THE MEETING

The Corporation and Capital Transfer Agency, ULC, as Trustee (the “**Trustee**”) have entered into an indenture dated as of November 16, 2018 (as the same has otherwise been amended or may be amended, modified, restated, supplemented or replaced from time to time, the “**Indenture**”) pursuant to which the Corporation has issued convertible debentures with the designation of “Unsecured Subordinated Debentures due November 16, 2021”, which are currently due November 16, 2022 (the “**Debentures**”).

This document has been prepared in connection with the solicitation of proxies by or on behalf of the management of Chalice Brands Ltd. (“**Chalice**” or the “**Corporation**”) for use at the meeting (the “**Meeting**”) of holders (collectively, the “**Debentureholders**”) of Debentures to be held on Monday, November 14, 2022, at the time and place and for the purposes set forth above and any adjournment or postponement thereof.

Solicitation of Proxies

The enclosed proxy is being solicited by the management of the Corporation for use at the Meeting.

Proxies may be solicited by mail, telephone, email, facsimile or other electronic means. Proxies may be solicited personally by directors or regular employees of the Corporation. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The Corporation may also, upon request, reimburse brokers and other persons holding shares as nominees for their reasonable costs incurred in sending proxy material to beneficial owners of Debentures. The Corporation may also retain agents to assist in soliciting proxies, who may be paid a fee for such services. The cost of solicitation of proxies will be paid by the Corporation.

The board of directors of the Corporation (the “**Board**”) has, by resolution, fixed the close of business on October 7, 2022 (the “**Record Date**”) as the record date for the determination of the registered holders of Debentures entitled to notice of, and to vote at, the Meeting and any adjournment(s) or postponement(s) thereof. Debentureholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or at any adjournment or postponement thereof (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated proxy with the Trustee as specified herein).

The Board has, by resolution, fixed 12:00 (noon) (Toronto time) on November 10, 2022, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment(s) or postponement(s) of the Meeting, as the time before which proxies to be used or acted upon at the Meeting or any adjournment(s) or postponement(s) thereof must be deposited with the Trustee at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2 Attention: Proxy Department or by facsimile at 416.350.5008 or by email at voteproxy@capitaltransferagency.com. Electronic voting is also available for this Meeting through <https://www.capitaltransferagency.com/voteproxy>. Votes cast electronically are in all respects equivalent to and will be treated in the exact same manner as, votes cast via a paper form of proxy. Further details on the electronic voting process are provided in the form of proxy. The Chairman of the Meeting may extend or waive the proxy deadline without notice.

These materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Debentureholder desiring to appoint some other person or entity to represent him, her or it at the Meeting may do so by inserting such person or entity's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the Trustee, as indicated on the envelope accompanying the form of proxy not later than the time specified in the Notice.**

In addition to revocation in any other manner permitted by law, a Debentureholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Debentureholder or by an attorney authorized in writing to the Trustee at 390 Bay Street, Suite 920, Toronto, ON M5H 2Y2 Attention: Proxy Department or by facsimile at 416.350.5008 at any time up to and including the last business day preceding the day of the Meeting.

Meeting Procedures

The Meeting will be conducted in a manner substantially similar to the way the Corporation conducts its meetings of shareholders, including as required under the Corporation's by-laws and applicable law, as modified by the Indenture and for the fact that the Debentures are debt securities without general voting rights.

Quorum

A quorum of Debentureholders is required to transact business at the Meeting. Pursuant to the Indenture, the quorum requirement for the Meeting will be satisfied and the Meeting will be properly constituted where there are present in person or represented by proxy, at the Meeting, Debentures representing at least 25% of the outstanding principal amount thereof.

Voting of Proxies

The persons named in the form of proxy will vote the Debentures in respect of which they are appointed in accordance with the direction of the Debentureholders appointing them. **In the absence of such direction, such Debentures will be voted in favour of the passing of all the matters and resolutions described below. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified herein and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

A proxy will not be valid unless it is signed by the registered Debentureholder, or by the registered Debentureholder's attorney with proof that they are authorized to sign. If you represent a registered Debentureholder that is a corporation, your proxy should have the seal of the corporation, if applicable, and must be executed by an officer or an attorney, authorized in writing. If you execute a proxy as an attorney for an individual registered Debentureholder, or as an officer or attorney of a registered Debentureholder that is a corporation, you must include the original or notarized copy of the written authorization for the officer or attorney with your proxy form.

Non-Registered Holders

Only registered Debentureholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Debentures beneficially owned by a holder who is not a registered Debentureholder (a "**Non-Registered Debentureholder**") are registered either: (i) in the name of an intermediary with whom the Non-Registered Debentureholder deals in respect of the Debentures such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-

administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans (an “**Intermediary**”); or (ii) in the name of a clearing agency (such as CDS & Co., of which the Intermediary is a participant).

In accordance with applicable securities law requirements, the Corporation will distribute copies of this Notice and a Voting Instruction Form (as defined below) (collectively, the “**Mailed Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Debentureholders. Objecting Non-Registered Debentureholders have objected to their Intermediary disclosing ownership information about themselves to the Corporation. The Corporation does not intend to pay for Intermediaries to deliver the Mailed Materials to objecting Non-Registered Debentureholders, and accordingly an objecting Non-Registered Debentureholder will not receive the Mailed Materials unless the Intermediary of the objecting Non-Registered Debentureholder assumes the cost of delivery.

If you are a non-objecting Non-Registered Debentureholder, and the Corporation or its agent has sent the Mailed Materials directly to you, your name and address and information about your holdings of Debentures have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Debentures on your behalf. The Corporation has elected to send the Mailed Materials directly to non-objecting Non-Registered Debentureholders through the services of the Trustee.

Non-Registered Debentureholders will be given, in substitution for the proxy otherwise contained in the proxy-related materials, a request for voting instructions (the “**Voting Instruction Form**”) which, when properly completed and, if applicable, signed by the Non-Registered Debentureholder and returned to the Intermediary or the Corporation, as applicable, will constitute voting instructions which the Intermediary or the Corporation, as applicable, must follow. The purpose of this procedure is to permit Non-Registered Debentureholders to direct the voting of the Debentures they beneficially own. Should a Non-Registered Debentureholder who receives the Voting Instruction Form wish to vote at the Meeting in person (or have another person attend the vote on behalf of the Non-Registered Debentureholder), the Non-Registered Debentureholder should so indicate in the place provided for that purpose in the Voting Instruction Form and a form of legal proxy will be sent to the Non-Registered Debentureholder. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Non-Registered Debentureholders in order to ensure that their Debentures are voted at the Meeting. If you have any questions respecting the voting of Debentures held through a broker or other Intermediary, please contact the broker or other Intermediary for assistance.

THE RESOLUTIONS

Background to the Resolutions

On May 6, 2022, a cease trade order (the “**CTO**”) was issued by the Ontario Securities Commission as a result of the Corporation not having filed on or before April 30, 2022 audited financial statements for the year ended December 31, 2021. As a result of the CTO, trading in respect of each security of the Corporation, whether direct or indirect, was ordered to cease, and trading of the Corporation’s common shares (the “**Common Shares**”) on the Canadian Securities Exchange was suspended.

An aggregate of C\$4,115,000 principal amount of Debentures are issued and outstanding. An aggregate of C\$205,608.63 of interest was due as of June 30, 2022. While the terms of the Debentures permit interest on the Debentures to be paid by delivering Common Shares, the Corporation did not pay the interest payment due on June 30, 2022, as it did not have the ability to use Common Shares, and it did not have sufficient excess funds to make the payment in cash. The result was an event of default under the Indenture (the “**Interest Payment Default**”). In addition, at maturity, the Corporation does not expect to have sufficient excess funds to make a full repayment and so another event of default would occur.

The Corporation would like to address the existing and the potential defaults, to permit it to defer dealing repayment until such time as the CTO is lifted. The Corporation is therefore seeking to have “Extraordinary Resolutions” approved that (a) waive the Interest Payment Default and (b) extend the time for repayment of the Debentures to November 16, 2024 and extend the time for payment of the interest on the Debentures that would be due on June 30, 2022 and December 31, 2022 to June 30, 2023. Interest will continue to accrue on the Debentures at a rate of 10%, payable, subject to the foregoing extensions, on June 30 and December 31 of each year. As a result of the restriction on trading imposed by the CTO, which includes acts in furtherance of a trade, the Corporation will need to wait until the revocation of the CTO before it can effectively address any interest payment and principal repayment options with Debentureholders, shareholders and others. The foregoing provides the Corporation with flexibility in this regard.

Text of Extraordinary Resolution re Waiver of Default

WHEREAS:

- A. By a trust indenture (hereinafter referred to as the "**Indenture**") made as of the 16th day of November, 2018 between Chalice Brands Ltd. (then called Golden Leaf Holdings Ltd.) (the "**Corporation**") and Capital Transfer Agency, ULC (the "**Trustee**"), as amended, provision was made for the various powers that may be exercised at a meeting of Debentureholders by way of "Extraordinary Resolution", including the power to waive, and direct the Trustee to waive, any default under the Indenture either unconditionally or upon any condition specified in such Extraordinary Resolution.
- B. Under the Indenture, the Corporation was required to make a payment of interest to the holders of Debentures as of June 30, 2022, which payment was not made as a result of the Corporation being unable to satisfy such payment in the form of Common Shares due to the existence of a cease trade order issued on May 6, 2022 by the Ontario Securities Commission, restricting any trading the securities of the Corporation.
- C. The Corporation desires to have the Debentureholders waive the Interest Payment Default.
- D. Terms defined in the Indenture and used herein are used with the same defined meaning herein.

BE IT RESOLVED THAT:

- 1. The Interest Payment Default be and it is hereby waived and the Trustee is hereby directed to waive the Interest Payment Default.
- 2. The Corporation and the Trustee are hereby authorized and, if the Trustee requires it, directed to enter into, execute, deliver and a supplemental debenture indenture to the Indenture (the "**Supplemental Indenture**"), as required to give effect to the foregoing Interest Payment Default waiver, and the Supplemental Indenture so executed shall be conclusively deemed to be the Supplemental Indenture approved and authorized by, and referred to in, these resolutions.

Text of Extraordinary Resolution re Extension of Time

WHEREAS:

- A. By a trust indenture (hereinafter referred to as the "**Indenture**") made as of the 16th day of November, 2018 between Chalice Brands Ltd. (then called Golden Leaf Holdings Ltd.) (the "**Corporation**") and Capital Transfer Agency, ULC (the "**Trustee**"), as amended, provision was made for the various powers that may be exercised at a meeting of Debentureholders by way of "Extraordinary Resolution", including the power to authorize the Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue.
- B. The Corporation desires to have the date for repayment of the Debentures extended past the Maturity Date and the time for payment of the June 2022 (which is overdue) and December 2022 interest payments extended until June 30, 2023, in order for the Corporation to have time to pursue options to permit the Corporation to pay interest and repay the Debentures in compliance with applicable law.
- C. Terms defined in the Indenture and used herein are used with the same defined meaning herein.

BE IT RESOLVED THAT:

1. The time for repayment of the Debentures be extended to November 16, 2024 and the time for payment of the interest on the Debentures due on June 30, 2022 and December 31, 2022 be extended to June 30, 2023.
2. The Corporation and the Trustee are hereby authorized and, if the Trustee requires it, directed to enter into, execute, deliver and a supplemental debenture indenture to the Indenture (the “**Supplemental Indenture**”), as required to give effect to the foregoing repayment extension, and the Supplemental Indenture so executed shall be conclusively deemed to be the Supplemental Indenture approved and authorized by, and referred to in, these resolutions.

Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Common Shares represented by such form of proxy, properly executed, FOR each of the foregoing resolutions.

APPROVAL

The Board has approved the contents of this Notice and the sending thereof to the Corporation's Debentureholders.

ON BEHALF OF THE BOARD

“John Varghese”

John Varghese
Executive Chairman
October 14, 2022