

Court File No. BK-22-02802344-0035
Estate File No. BK-22-02802344-0035

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE PROPOSAL OF
AYANDA CANNABIS CORPORATION OF THE COUNTY
OF NORFOLK, IN THE PROVINCE OF ONTARIO

MOTION RECORD
(Returnable August 14, 2023)

August 4, 2023

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ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

**IN THE MATTER OF THE *BANKRUPTCY AND*
*INSOLVENCY ACT, R.S.C. 1985, C. B-3, as amended***

**AND IN THE MATTER OF THE PROPOSAL OF AYANDA
CANNABIS CORPORATION OF THE COUNTY OF
NORFOLK, IN THE PROVINCE OF ONTARIO**

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(Returnable August 14, 2023)

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ONTARIO
SUPERIOR COURT OF JUSTICE
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AND IN THE MATTER OF THE PROPOSAL OF AYANDA
CANNABIS CORPORATION OF THE COUNTY OF
NORFOLK, IN THE PROVINCE OF ONTARIO

NOTICE OF MOTION
(Returnable August 14, 2023)

Richter Inc. (formerly, Richter Advisory Group Inc.) (“**Richter**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”) will make a motion to Justice Conway on Monday August 14, 2023, at 12:00 p.m. (Eastern Time), or as soon after that time as the motion can be heard, by judicial video conference via Zoom at Toronto, Ontario.

THE MOTION IS FOR:

1. An order substantially in the form of the draft order located at Tab 3 of the Motion Record of the Proposal Trustee dated August 4, 2023 (the “**Motion Record**”) that, *inter alia*:
 - (a) annuls the Proposal of Ayanda filed with the Official Receiver on April 19, 2022 (as amended on May 9, 2022) (the “**Proposal**”);
 - (b) deems Ayanda to have made an assignment into bankruptcy and appoints Richter Inc. as bankruptcy trustee of Ayanda;

- (c) amends the definition of “Professional Group” in the DIP Financing and Stay Extension Order granted March 1, 2022 (the “**DIP Financing and Stay Extension Order**”);
- (d) terminates the charge granted in favour of the DIP Lender;
- (e) approves the Third Report of the Proposal Trustee dated August 4, 2023 (the “**Third Report**”) and the activities, actions and conduct of the Proposal Trustee, as described therein; and
- (f) approves the fees and disbursements of the Proposal Trustee and counsel to the Proposal Trustee.

2. Such further relief as this Court deems just.

THE GROUNDS FOR THE MOTION ARE

Capitalized Terms

3. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Third Report.

Background

4. Ayanda is a corporation incorporated under the *Canada Business Corporations Act* on April 5, 2016.

5. Since its incorporation, Ayanda funded operations through equity financing and debt financing. Ayanda never generated material revenue and encountered significant financial difficulties when it could not solicit any more capital.

6. On February 10, 2022, Ayanda filed a Notice of Intention to Make a Proposal (the “**NOI**”) under the *Bankruptcy and Insolvency Act* (the “**BIA**”). Richter was named as the Proposal Trustee of Ayanda.
7. The purpose of the proceeding was to provide stability to the business while Ayanda worked towards closing a share purchase transaction to maximize value for its creditors and Class B (non-voting) shareholders.
8. On March 1, 2022, among other relief, the Court granted an extension of the time required for Ayanda to file a proposal until April 20, 2022. On April 19, 2022, the Proposal Trustee filed the Proposal with the Official Receiver.
9. The Proposal, as amended, was unanimously approved by Ayanda’s creditors at the meeting of creditors held on May 9, 2022.
10. On June 3, 2022, the Court granted an Order approving, among other things, the Proposal.

Status of the Transaction

11. The Share Purchase Agreement dated February 2, 2022 (the “**SPA**”) provided for a closing date that is the later of: (a) ten business days after the date that the Approval and Vesting Order was granted, and (b) the date that Health Canada approves the change of control of Ayanda. The SPA set an outside closing date of June 30, 2022.
12. On June 21, 2022, Ayanda and the Purchaser agreed to extend the outside closing date to August 31, 2022, because Health Canada had not yet approved the change of control.

13. On July 14, 2022, Health Canada advised Ayanda that it did not have concerns with respect to the proposed change in control as it relates to the *Cannabis Regulations*, and advised Ayanda of the required actions to effect the change in control.
14. Following Health Canada’s approval, all closing conditions were satisfied and Ayanda attempted to close the transaction. The Purchaser advised that it required further time to close the transaction because it did not have funds to complete the transaction.
15. Due to the favourable economic terms of the transaction that would see the repayment in full of all unsecured creditors and a meaningful recovery to the Class B shareholders, Ayanda and the Purchaser extended the outside date several times, and ultimately to May 19, 2023.
16. As a condition to the various extensions, Ayanda required:
 - (a) increases to the deposits provided by the Purchaser pursuant to the SPA. Following the last extension, the Purchase provided a total deposit amount of \$1,650,000 (the “**Deposit**”);
 - (b) written agreement by the Purchaser that the Deposit was non-refundable, the Purchaser abandons its interest in the Deposit, and the Deposit may be used by Ayanda in its sole discretion;
 - (c) the Purchaser’s responsibility to reimburse Ayanda for the legal fees incurred in connection with further extensions to the outside date, including an initial payments in respect of such expenses; and
 - (d) agreement on the closing adjustments to the purchase price payable under the SPA, including an initial payment of \$50,000.

17. On May 10, 2023, Ayanda’s former legal counsel advised the Purchaser’s counsel that Ayanda would agree to one final extension of the outside date to May 19, 2023. The Purchaser did not close the transaction on that date.
18. The Purchaser has discussed with certain stakeholders of Ayanda certain material amendments to the transaction that would also require material amendments to the Proposal and approval by the Court. As of today’s date, no such agreement has been reached, notwithstanding the considerable amount of additional time provided to the Purchaser.

Status of the Company and the Material Adverse Change Report

19. Pursuant to a Services Agreement entered into in March 2022, Ayanda agreed to continue operations in the interim period while the parties worked towards closing the transaction. In exchange, the Purchaser funded the post-filing obligations incurred by Ayanda.
20. After the expiration of the SPA, the Purchaser ceased making any payments pursuant to the Services Agreement, and the sole remaining employee of Ayanda resigned. In addition, Ayanda’s insurance policy lapsed and Ayanda has not been able to obtain suitable alternative insurance coverage.
21. In addition, the cannabis licenses issued by Health Canada expired on June 26, 2023. At the time of their expiration, Ayanda was non-compliant with the licensing requirements. In the circumstances, Ayanda’s counsel advised the Purchaser that Ayanda could no longer continue operations and would take immediate steps to surrender all cannabis licenses and destroy all cannabis product on Ayanda’s premises.

22. The Proposal Trustee’s view is that the Purchaser’s failure to close the transaction represented a material adverse change in Ayanda’s financial circumstances and its ability to implement the Proposal.
23. In these circumstances, the Proposal Trustee held an inspectors’ meeting on July 17, 2023, to provide an update on the transaction and the Proposal Trustee’s view that a material adverse change occurred. The Proposal Trustee issued the Material Adverse Change Report pursuant to section 50(1) of the BIA on July 18, 2023.

Annulment of the Proposal and Assignment into Bankruptcy

24. Implementation of the Proposal was conditional on, among other things, closing of the transaction. The Proposal contemplates that Ayanda may present an amended proposal if the transaction does not close. However, the Proposal Trustee is of the view that Ayanda is not in a position to present a viable proposal to its creditors because it: (a) is no longer operating as a going concern, (b) is not able to obtain sufficient insurance coverage, (c) has destroyed all cannabis-related product and its cannabis licenses have expired, and (d) does not have sufficient liquidity to remarket the business or assets as a going concern.
25. The Proposal (in its current or an amended form) cannot continue without injustice or undue delay to the creditors of Ayanda.

Administration Charge and DIP Lender’s Charge

26. The DIP Facility and Stay Extension Order defines the Professional Group as the Proposal Trustee, Miller Thomson LLP and Thornton Grout Finnigan LLP. Ayanda has since retained new counsel, Aird & Berlis LLP, who should be added as a beneficiary under the Administration Charge.

27. Miller Thomson LLP has been paid in full for all services rendered and no longer requires the benefit of the Administration Charge. Accordingly, the definition of Professional Group should be amended to replace Miller Thomson LLP with Aird & Berlis LLP.
28. The DIP Facility has been repaid in full and the DIP Lender's Charge is no longer required. The proposed Order terminates the DIP Lender's Charge.

The Third Report of the Proposal Trustee and Professional Fees

29. The Third Report of the Proposal Trustee describes the activities of the Proposal Trustee since the Second Report. As part of the relief sought, the Proposal Trustee seeks the Court's approval of the activities described in the Third Report.
30. Pursuant to the DIP Facility and Stay Extension Order, the Proposal Trustee and its counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges. The fee affidavits appended to the Third Report provide detailed information regarding the fees and disbursements incurred by the Proposal Trustee and its counsel for the period between May 21, 2022, to July 31, 2023.
31. The fees and disbursements incurred by the Proposal Trustee and its legal counsel are reasonable in the circumstances.

Other Grounds

32. Sections 50.4(1), 63(1),(4), and 64.2(1) of the BIA.
33. Rules 1.04, 2.03 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194.
34. The inherent and equitable jurisdiction of this Honourable Court.

35. Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Third Report of the Proposal Trustee dated August 4, 2023; and
2. Such further and other evidence as the counsel may advise and this Honourable Court may permit.

August 4, 2023

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TO: SERVICE LIST

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable August 14, 2023)

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SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *BANKRUPTCY AND*
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AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF AYANDA CANNABIS
CORPORATION OF THE COUNTY OF NORFOLK, IN
THE PROVINCE OF ONTARIO

SERVICE LIST
(as at August 4, 2023)

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TAB 2

Court File No. BK-22-02802344-0035
Estate No. BK-22-02802344-0035

AYANDA CANNABIS CORPORATION

**THIRD REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE UNDER THE PROPOSAL OF
AYANDA CANNABIS CORPORATION**

August 4, 2023

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THIRD REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE UNDER THE PROPOSAL OF
AYANDA CANNABIS CORPORATION

AUGUST 4, 2023

I. INTRODUCTION

1. On February 4, 2022 (the “**NOI Filing Date**”), Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”). Richter Inc. (formerly, Richter Advisory Group Inc., “**Richter**”) consented to act as trustee under the Company’s NOI (the “**Proposal Trustee**”). Attached hereto as **Appendix “A”** is a copy of the Certificate of Filing a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy (the “**Superintendent**”).
2. Prior to Ayanda’s NOI proceedings, the Company completed a sale and investment solicitation process (the “**SISP**”) that culminated in a transaction (the “**Transaction**”) for the sale of all of Ayanda’s issued and outstanding shares pursuant to a share purchase agreement dated February 2, 2022 (the “**SPA**”) between Ayanda, as vendor, and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), as purchaser. The Transaction was approved by Ayanda’s Class A (voting) shareholders.
3. Faced with a looming liquidity crisis and the threat of various contingent claims (the “**Contingent Claims**”) from certain former employees and shareholders, the Company determined it appropriate to commence the NOI proceedings to, among other things: (i) create a stabilized environment to allow the Company to complete the Transaction, (ii) present a proposal to the Company’s creditors, and (iii) provide a forum to address the Contingent Claims in the context of a court-supervised insolvency process.
4. On March 1, 2022, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted two Orders, including an Order (the “**Approval and Vesting Order**”) that, among other things, approved the Transaction that was to be completed by way of a “reverse” vesting order. A copy of the Approval and Vesting Order is attached hereto as **Appendix “B”**.
5. Also on March 1, 2022, the Court granted an Order (the “**DIP Facility and Stay Extension Order**”) that, among other things:
 - a) authorized the Company to obtain interim financing up to the maximum principal amount of \$400,000 (the “**DIP Facility**”) pursuant to an interim facility term sheet dated February 16, 2022 between Ayanda and Cardinal Advisory Limited (the “**DIP Lender**”);
 - b) approved the following super-priority charges over all of the Company’s property, assets and undertakings:
 - (i) a charge in the amount of \$300,000 to secure the fees and disbursements of the Proposal Trustee, legal counsel to the Proposal Trustee, and the Company’s legal counsel (the “**Administration Charge**”); and

- (ii) a charge in the amount of \$400,000 in favour of the DIP Lender to secure advances made to the Company under the DIP Facility (the “**DIP Charge**”, and together with the Administration Charge, the “**Charges**”); and
- c) extending the deadline by which Ayanda was required to file its proposal up to and including April 20, 2022.

A copy of the DIP Facility and Stay Extension Order is attached hereto as **Appendix “C”**.

- 6. On April 19, 2022, the Company filed a proposal pursuant to Part III of the BIA, which was amended (as amended, the “**Proposal**”) at the meeting of creditors held on May 9, 2022 (the “**Creditors’ Meeting**”). Subject to closing the Transaction, it was expected that the Proposal would provide full recoveries (less any levies payable to the Superintendent) to unsecured creditors with proven claims against the Company, and to provide a meaningful recovery to the Company’s Class B shareholders. The Proposal was unanimously approved by the Company’s creditors who voted at the Creditors’ Meeting.
- 7. On June 3, 2022, the Court granted an Order (the “**Proposal Approval Order**”) approving, among other things, the Proposal. A copy of the Proposal Approval Order (which includes a copy of the Proposal) is attached hereto as **Appendix “D”**.
- 8. The Proposal Trustee has established a website (the “**Proposal Trustee’s Website**”) for the purposes of these proceedings at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation/>. Copies of the court materials filed in Ayanda’s NOI proceedings, the Orders made by the Court, the Proposal, and other relevant documents are posted to and available for review at the Proposal Trustee’s Website.
- 9. The Proposal Trustee has engaged Thornton Grout Finnigan LLP (“**TGF**”) as its legal counsel.

II. PURPOSE OF REPORT

- 10. The Proposal Trustee filed its first report with the Court dated February 24, 2022 (the “**First Report**”) in support of the Company’s motion seeking the Approval and Vesting Order and the DIP Facility and Stay Extension Order. A copy of the First Report, without appendices, is attached hereto as **Appendix “E”**.
- 11. The Proposal Trustee filed its second report with the Court dated May 25, 2022 (the “**Second Report**”) in support of the Proposal Trustee’s motion seeking, among other things, Court approval of the Proposal. A copy of the Second Report, without appendices, is attached hereto as **Appendix “F”**.

12. The purpose of the Third Report of the Proposal Trustee (the “**Third Report**”) is to provide an update to the Court and Ayanda’s stakeholders regarding the current status of the Transaction and the Company, and other matters relevant to the Proposal and these proceedings, as part of the Proposal Trustee’s motion scheduled to be heard on August 14, 2023 (the “**August 14 Motion**”).
13. A further purpose of this Third Report is to seek an Order (the “**Proposal Annulment Order**”), *inter alia*:
 - a) annulling the Proposal pursuant to section 63(1) of the BIA;
 - b) deeming Ayanda bankrupt, and appointing Richter as trustee of Ayanda’s bankrupt estate, subject to affirmation by the Company’s creditors;
 - c) amending the DIP Facility and Stay Extension Order to remove Miller Thomson LLP (“**Miller Thomson**”) as a beneficiary of the Administration Charge and add Aird & Berlis LLP (“**Aird & Berlis**”) as a beneficiary to the Administration Charge;
 - d) terminating the DIP Charge;
 - e) approving this Third Report and the actions, activities and conduct of the Proposal Trustee described herein: and
 - f) approving the fees and disbursements of the Proposal Trustee and TGF in the amounts set out in this Third Report.

III. TERMS OF REFERENCE

14. In preparing this Third Report, the Proposal Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Company, the Company’s books and records, and discussions with representatives of the Company and the Company’s current and former legal counsel (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in this Third Report, the Proposal Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
15. Parties using this Third Report other than for the purposes outlined herein are cautioned that it may not be appropriate for such purposes, and, consequently, should not use this Third Report for any other purpose.
16. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars.

17. Capitalized terms not otherwise defined in this Third Report have the meanings given to them in the Proposal.

IV. STATUS OF TRANSACTION

18. As noted in the First Report, the Transaction represents the culmination of the SISP carried out by Ayanda and its then financial advisor, Hyde Advisory & Investments Ltd. (“**Hyde Advisory**”). An overview of the SISP, Hyde Advisory’s involvement and experience in the cannabis sector and other matters relevant to the Transaction are described in the affidavit of Mr. David Hyde, CEO of Hyde Advisory, sworn February 22, 2022 (the “**Hyde Affidavit**”) and filed with the Court in support of the Company’s motion seeking, among other things, the Approval and Vesting Order. A copy of the Hyde Affidavit is available on the Proposal Trustee’s Website.
19. The SPA provided for a closing date that was the later of: (a) ten business days after the date when the Approval and Vesting Order was granted, and (b) the date when Health Canada approved the change of control of Ayanda (the “**Closing Date**”), and an outside closing date to complete the Transaction on or before June 30, 2022, or such later date as Ayanda and the Purchaser agreed in writing (the “**Outside Date**”). As the Outside Date approached, the Proposal Trustee understood that the only remaining condition to be satisfied prior to closing the Transaction was Health Canada’s approval of the proposed change in control of Ayanda as a result of the contemplated Transaction.
20. Due to delays in obtaining the approval of the change of control by Health Canada, on June 21, 2022, Ayanda and the Purchaser executed an Acknowledgement Agreement (the “**June 2022 Acknowledgment Agreement**”) that extended the Outside Date from June 30, 2022 to August 31, 2022. A copy of the June 2022 Acknowledgment Agreement is attached hereto as **Appendix “G”**.
21. On July 14, 2022, Health Canada informed Ayanda that it had completed its assessment of the change of control arising from the proposed Transaction. Health Canada further advised that, based on its assessment, Health Canada did not have concerns with respect to the proposed change in control as it relates to the *Cannabis Regulations* and informed Ayanda of the required actions necessary to effect the change in control.
22. Following receipt of Health Canada’s approval of the change in control of Ayanda contemplated by the Transaction, the Company moved to quickly close the Transaction. Notwithstanding that all conditions to closing under the SPA were satisfied, the Purchaser requested further time as the Purchaser did not have the funds necessary to close the Transaction.
23. In an effort to preserve the Transaction that, if completed, provided for full recovery to Ayanda’s proven unsecured creditors (less any levies payable to the Superintendent) and a meaningful recovery to the Company’s Class B shareholders, following correspondence between Ayanda and the Purchaser (and their respective counsel), at the

request of the Purchaser, the parties entered into successive extension agreements (collectively, the “**Amending Agreements**”), summarized below, amending the SPA such that the Outside Date was extended to March 15, 2023:

- a) an Acknowledgement Agreement dated July 25, 2022 (the “**July 2022 Acknowledgement Agreement**”) that, among other things, extended the Closing Date to August 31, 2022. A copy of the July 2022 Acknowledgement Agreement is attached hereto as **Appendix “H”**;
- b) an Amendment to the SPA dated August 30, 2022 (the “**August 2022 Amendment**”) that, among other things: (i) extended the Outside Date to September 15, 2022, (ii) increased the deposit provided for in section 3.2(a) of the SPA (the “**Deposit**”) by \$240,000 (total Deposit of \$440,000), and (iii) provided the Purchaser with an option to further extend the Outside Date to September 30, 2022 upon the payment of an additional \$100,000 towards the Deposit (total Deposit of \$540,000). A copy of the August 2022 Amendment is attached hereto as **Appendix “I”**;
- c) an Amendment to the SPA dated September 29, 2022 (the “**September 2022 Amendment**”) that, among other things: (i) extended the Outside Date to October 14, 2022, and (ii) increased the Deposit by a further \$100,000 (total Deposit of \$640,000). A copy of the September 2022 Amendment is attached hereto as **Appendix “J”**;
- d) an Amendment to the SPA dated October 14, 2022 (the “**October 2022 Amendment**”) that, among other things: (i) extended the Outside Date to November 15, 2022, and (ii) increased the Deposit by a further \$160,000 (total Deposit of \$800,000). The October 2022 Amendment also provided the Purchaser with an option to extend the Outside Date to November 30, 2022, and subsequently to December 15, 2022, upon further increases to the Deposit of \$100,000 in each instance (total Deposit of \$1,000,000);

The October 2022 Amendment also confirmed the parties’ agreement to the closing adjustments pursuant to the SPA, resulting in an increase to the purchase price of no less than \$300,000 (the “**Closing Adjustments**”). In addition, the Purchaser further agreed that “the Deposit shall be non-refundable and ... the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion, including to satisfy working capital or other expenses incurred by the Corporation, including permanent repayment of any amounts outstanding that are subject to the DIP Lender’s Charge”. A copy of the October 2022 Amendment is attached hereto as **Appendix “K”**;

- e) an Amendment to the SPA dated December 15, 2022 (the “**December 2022 Amendment**”) that, among other things: (i) extended the Outside Date to January 10, 2023, (ii) increased the Deposit by \$50,000 (total Deposit of \$1,050,000), and (iii) provided the Purchaser with an option to extend the Outside Date to January 31, 2023, provided that the Purchaser satisfied certain commitments as set out in the December 2022 Amendment.

The December 2022 Amendment also confirmed the Purchaser's agreement to pay for all costs and expenses incurred by the Company from and after December 1, 2022, including legal fees of the Company in connection with any further extension of the Outside Date (the "**Company Expense Payments**"), and required the Purchaser to make an initial payment of \$25,000 on account of such fees and expenses. The Purchaser also agreed to make an initial payment of \$50,000 in respect of the Closing Adjustments (the "**Closing Adjustment Payment**"), and re-affirmed that the Deposit was "non-refundable and save and except to be used as a credit to the Cash Purchase Price at Closing, the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion". A copy of the December 2022 Amendment is attached hereto as **Appendix "L"**;

- f) an Amendment to the SPA dated January 30, 2023 (the "**January 2023 Amendment**") that, among other things: (i) extended the Outside Date to February 15, 2023, and (ii) increased the Deposit by \$100,000 (total Deposit of \$1,150,000). The January 2023 Amendment confirmed in writing, among other things, the payment by the Purchaser of \$63,000 towards the Company Expense Payments and the Closing Adjustment Payment as provided for in the December 2022 Amendment. A copy of the January 2023 Amendment is attached hereto as **Appendix "M"**; and
- g) an Amendment to the SPA dated February 15, 2023 (the "**February 2023 Amendment**") that, among other things: (i) extended the Outside Date to March 15, 2023, and (ii) increased the Deposit by \$500,000 (total Deposit of \$1,650,000). A copy of the February 2023 Amendment is attached hereto as **Appendix "N"**.

- 24. The Purchaser failed to close the transaction on March 15, 2023. Miller Thomson emailed the Purchaser's counsel on March 15, 2023, acknowledging that certain representatives of the Purchaser encountered familial issues and, in these circumstances, the Company was willing to offer an extension of the Outside Date to March 24, 2023, subject to confirmation that the Purchaser would be in a position to close on that date. The next day, the Purchaser's counsel advised he would communicate the message and respond if the extension offer was acceptable to the Purchaser. The Proposal Trustee is not aware of any response from the Purchaser's counsel.
- 25. On March 25, 2023, Ayanda's CEO advised Miller Thomson that the Purchaser requested another extension without specifying terms of the extension. Over the subsequent weeks, negotiations on extension and deal terms continued among the Company, the Purchaser and their respective counsel. On April 22, 2023, the Company's counsel advised the Proposal Trustee that the parties agreed to extend the Outside Date to May 5, 2023, along with a revised transaction structure.

26. On May 5, 2023, the Purchaser, again, failed to close the Transaction. On May 10, 2023, Miller Thomson advised the Purchaser's legal counsel that Ayanda would agree to a final extension of the Outside Date to May 19, 2023, and if the Transaction did not close by that date, Ayanda would not provide any further extensions. Attached hereto as **Appendix "O"** is email correspondence between Miller Thomson and the Purchaser's legal counsel.
27. The Outside Date under the SPA (as amended) has lapsed and it is clear that the Purchaser does not have the required funding to close the Transaction. The Proposal Trustee is aware of certain discussions among Ayanda, the Purchaser, and other interested parties in an attempt to complete the Transaction. Although the Proposal Trustee was not directly involved in these discussions, the Proposal Trustee understands that they contemplated material amendments required by the Purchaser, and the Proposal Trustee's view is that such amendments would require material amendments to the Proposal as approved by the Court. As of the date of this Third Report, the Proposal Trustee is not aware that any agreement has been reached. In the view of the Proposal Trustee, the Purchaser has had ample time to complete the Transaction should it be capable of doing so.

V. COMPANY STATUS

28. As summarized in the First Report, due to a variety of factors, including that Ayanda only began its limited cultivation activities in July 2021 and that Ayanda had not obtained a Health Canada license to sell cannabis flower to retail consumers, the Company was entirely dependent on equity financing from investors and shareholder loans to fund Ayanda's business activities.
29. In recognition of Ayanda's liquidity crisis as at the NOI Filing Date, and with the expectation of closing the Transaction with the Purchaser, Ayanda and the Purchaser entered into an agreement dated March 1, 2022 (the "**Services Agreement**"), detailing the terms upon which, for the benefit and expense of the Purchaser, Ayanda would continue operations during the interim period before the Transaction closed. As the Company did not generate revenue, the Purchaser's support pursuant to the Services Agreement provided critical funding to the Company to meet its post-filing obligations and continue operations while the parties worked to close the Transaction. A copy of the Services Agreement is attached hereto as **Appendix "P"**.
30. The Trustee understands that following the expiration of the SPA (as amended), the Purchaser has not made any payments pursuant to the Services Agreement, which resulted in the recent resignation of Ayanda's master grower – the last remaining employee of the Company. The Proposal Trustee further understands that the Company's insurance policy, which coverage had already been extended several times pending the closing of the Transaction, expired on June 5, 2023. Further, not only did the incumbent insurer decline to extend the then existing coverage, but the Company has been unable to secure suitable alternative replacement coverage given the current status of both the Company and the Transaction.

31. In consideration of the above, on July 20, 2023, Ayanda's current legal counsel, Aird & Berlis, wrote to the Purchaser (the "**July 2023 Letter**") to, among other things, advise that Ayanda was unable to fund continuing operations and that the Company was non-compliant with its cannabis licenses issued by Health Canada, which expired on June 26, 2023. In the circumstances, and given the Company's understanding that its cannabis licenses held limited value, the July 2023 Letter also provided written notice to the Purchaser that Ayanda will take immediate steps to surrender all cannabis licenses issued by Health Canada and destroy all cannabis product located at the Company's premises. A copy of the July 2023 Letter is attached hereto as **Appendix "Q"**.
32. Although the Proposal Trustee's monitoring of the Company's business activities has been limited following the Court's approval of the Proposal (and primarily focused on the closing of the Transaction), the Proposal Trustee understands that the Company's actions/activities since the date of the Second Report have included:
- a) entering into a new lease (the "**Ground Lease**") for the Company's 55,000 square foot single-story cultivation and processing facility (discussed further below) located at 324-372 Burford-Delhi Townline Road, Norfolk County, Ontario (the "**Facility**");
 - b) responding to enquiries from creditors/shareholders and other interested parties in respect of the Transaction, the Proposal, and other related matters;
 - c) making payments to suppliers for goods and services provided after the NOI Filing Date;
 - d) reporting receipts and disbursements to the Proposal Trustee;
 - e) with the assistance of its current and former legal counsel, communicating extensively with the Purchaser and its legal counsel in respect of the Transaction, the Amending Agreements, the Services Agreement and other related matters;
 - f) with the assistance of its former legal counsel, communicating with Ayanda's shareholders in respect of the Transaction and other related matters;
 - g) consulting with Mr. Hyde in respect of the Transaction and related matters, including the potential remarketing of the Ayanda business and the value, if any, that potential interested parties may attribute to the Company's cannabis licenses in the current circumstances;
 - h) winding-down Ayanda's cannabis activities, including the destruction of all cannabis-related product and plant material located at the Facility. In this regard, Ayanda has retained CannaNavigators Inc., a cannabis licensing, security and regulatory consulting firm, to assist with the necessary reporting to Health Canada and other regulators regarding the surrender of the Company's cannabis licenses;

- i) taking steps to secure sufficient property insurance coverage for the Facility;
 - j) communicating extensively with Ayanda's former and current counsel with respect to the Transaction, the Amending Agreements, the Proposal, the Company's cannabis licenses, and related matters; and
 - k) communicating with the Proposal Trustee and its counsel with respect to the Transaction, the Amending Agreements, the Proposal, the Company's cannabis licenses, and related matters.
33. As at the date of this Third Report, the Proposal Trustee understands that Ayanda has no business activities and no employees. Accordingly, the business is no longer a going concern.

VI. MATERIAL ADVERSE CHANGE REPORT

34. In the Trustee's view, the Purchaser's failure to close the Transaction and the effective termination of the Services Agreement, represent a material adverse change in the Company's financial circumstances and its ability to implement the Proposal (which is conditional on, among other things, closing the Transaction), as approved by both the Company's unsecured creditors and the Court.
35. Given the change in circumstances, on July 17, 2023, the Proposal Trustee convened an inspectors' meeting (the "**Inspectors' Meeting**") to discuss, among other things, the Proposal Trustee's view that the failure and inability of the Purchaser to close the Transaction (and the effective termination of the Services Agreement) represented a material adverse change in the Company's financial circumstances. Notwithstanding written notice to the two inspectors, only one inspector attended the Inspectors' Meeting. After some discussion regarding the change in circumstances, the inspector in attendance agreed with the Proposal Trustee's assessment of the Company's current financial circumstances and the proposed next steps, including the Proposal Trustee's intention to issue a material adverse change report pursuant to section 50(1) of the BIA (the "**MAC Report**") and seek some of the relief included in the August 14 Motion. A copy of the minutes of the Inspector Meeting are attached hereto as **Appendix "R"**.
36. On July 17, 2023, the Proposal Trustee discussed with representatives of the Company and its current legal counsel (Aird & Berlis) the Proposal Trustee's views in respect of the Transaction, the Proposal, the Company's current financial circumstances, and the Proposal Trustee's intention to issue the MAC Report.
37. On July 18, 2023, the Proposal Trustee issued the MAC Report, a copy of which is attached hereto as **Appendix "S"**, to Ayanda's known creditors, the Superintendent and other interested parties.

VII. RELIEF SOUGHT BY THE PROPOSAL TRUSTEE

Annulment of the Proposal/Termination of the Stay of Proceedings/Deemed Bankruptcy

38. Implementation of the Proposal was conditional on, among other things, closing the Transaction. Although the Proposal provides for the possibility that, in the event the Transaction does not close, the Company may present an amended proposal for consideration by affected creditors, the Proposal Trustee is of the view that the Company is not in a position to present a viable amended proposal to its creditors for a variety of reasons, including the following:
- a) the Company has no business activities, no employees and is no longer a going concern;
 - b) the Company is unable to obtain insurance coverage for ongoing business activities;
 - c) the Purchaser, Ayanda and other interested parties (i.e., Class B shareholders) have attempted to negotiate and agree to material amendments to the SPA (and the Proposal), which would permit the Transaction to close, without success;
 - d) the Company has destroyed all cannabis-related product and plant material located at the Facility and taken steps to surrender its cannabis licenses that the Company understands, based on discussions with Hyde Advisory, had limited, if any, value due to, among other things, the estimated costs to bring Ayanda's cannabis licenses into compliance and the simplified process for new federal cannabis license applications; and
 - e) the Company does not have sufficient liquidity (discussed further below) to remarket the Company's business or assets as a going concern, and it appears that the Company's only remaining assets are the Ground Lease and Ayanda's building/equipment (discussed further below), the values of which do not appear to be materially impacted by the legal status of the Company.
39. For all of these reasons, the Proposal Trustee is of the view that the Proposal (in its current or an amended form) cannot continue without injustice or undue delay to the creditors of Ayanda.

Ayanda's Current Financial Circumstances

40. Ayanda is experiencing a liquidity crisis. Although significant monies have been paid to the Company in furtherance of the Transaction, including the Deposit, Company Expense Payments and the Closing Adjustment Payment, as provided for in the SPA and various amending agreements, the Company has limited funds on hand. Below is a schedule summarizing the sources/uses of the trust funds received by the Company's former legal counsel (at all relevant times, Miller Thomson), in furtherance of the Transaction:

Sources and Uses of Miller Thomson Trust Funds Summary	
For the Period January 21, 2022 to June 30, 2023	
(In CAD; unaudited)	
	Amount
Sources	
Deposit proceeds	1,650,000
DIP, net of fees	385,000
Company Expense Payments	113,000
Closing Adjustment Payment	50,000
Legal fee reimbursement paid by Purchaser (per October 2022 Amendment)	16,950
Interest earned	6,978
Total sources	2,221,928
Uses	
Professional fees and disbursements	
Miller Thomson LLP	623,563
Proposal Trustee	155,998
Partial repayment of secured debt to MSFL (described in detail below)	500,000
DIP principal and interest	423,200
Transfers to Ayanda to fund operations	
DIP	200,000
Company Expense Payments	50,000
Total uses	1,952,761
Remaining balance transferred to Aird & Berlis, in trust	269,167

Source: Miller Thomson trust account

41. After Aird & Berlis was retained as Ayanda's new legal counsel, Miller Thomson transferred approximately \$269,000 to Aird & Berlis, in trust for Ayanda. The Proposal Trustee understands that Aird & Berlis subsequently transferred \$100,000 to Ayanda to fund the payment of various unpaid post-filing operating expenses which, in the Proposal Trustee's view, were required to be paid by the Purchaser pursuant to the Services Agreement or the December 2022 Amendment.

42. In addition to the approximately \$169,000 held by Aird & Berlis, below is a schedule summarizing the sources/uses and funds on deposit in Ayanda's bank accounts for the period from February 4, 2022 to July 31, 2023:

Ayanda Cannabis Corporation	
Ayanda Bank Accounts - Sources and Uses of Cash Summary	
For the Period February 4, 2022 to July 31, 2023	
(In CAD; unaudited)	
	Amount
Sources	
Purchaser reimbursements and advances	
Advances to fund inventory purchases	195,780
Reimbursement of operating expenses per Services Agreement	88,303
Reimbursement re: Company Expense Payments	50,000
DIP advance	200,000
Sales tax refunds, net	195,712
Transfer from Aird & Berlis trust to fund expenses	100,000
Repayment of shareholder receivable	9,717
Interest earned	153
Total sources	839,665
Uses	
Operating expenses	332,178
Professional fees and disbursements	
Miller Thomson LLP	25,495
Proposal Trustee	109,757
Proposal Trustee counsel	112,738
Accounting services	5,255
Inventory purchases	187,076
Payroll	173,134
Interest on secured debt	43,391
HC licences and fees (incl. consulting fees)	8,641
Bank charges and fees	1,794
Total uses	999,459
Net cash flow	(159,794)
Opening cash	179,400
Ending cash	19,606

Source: Company records

43. As set out in the above charts, most of the funds advanced by the Purchaser in respect of the Transaction have been spent by Ayanda on professional fees associated with the NOI proceedings, the partial repayment of the secured claim of Michael Sioen Farms Ltd. (“MSFL”), repayment of the DIP Facility and operating expenses not paid for/reimbursed by the Purchaser.
44. As noted above, as at July 31, 2023, the Company had approximately \$20,000 in its bank accounts and, collectively with the funds held in trust by Aird & Berlis, as at the date of this Third Report, Ayanda has approximately \$189,000 of cash

on hand. Taking into consideration the accrued and outstanding amounts owed to the Proposal Trustee and its counsel as at July 31, 2023 (approximately \$162,000), Ayanda is almost entirely out of funds.

Ayanda Assets

45. Following the destruction of the Company's cannabis products and plant material located at the Facility, it appears that Ayanda's only remaining assets are the Ground Lease and the Company's building/equipment.
46. As noted in the First Report, approximately 15,000 square feet of the Facility is fully constructed and operational for cannabis cultivation, production and processing. The Facility includes: (i) four cultivation rooms, (ii) five processing rooms, and (iii) secure storage. The remaining 40,000 square feet of the Facility is unused.
47. The Facility, and the approximately 2 acres of land upon which the Facility is situated, is leased from Luke and Blanche Sioen Farms Ltd., a company controlled by Mr. M. Sioen, a Director and CEO of Ayanda. The Ground Lease, dated June 1, 2022, has a 10-year term with options to extend for two additional 5-year terms. Annual rent payable under the Ground Lease is \$400 (plus HST). The tenant is responsible for payment of utilities, property taxes, and all other costs/expenses associated with the Facility as, upon the expiration or termination of the Ground Lease, the Building and Improvements (each as defined in the Ground Lease) become the property of the tenant. A copy of the Ground Lease is attached hereto as **Appendix "T"**.
48. The Proposal Trustee has communicated with representatives of Richter's real estate team and a local realtor in respect of the Ground Lease. Both are of the view that the rent payable under the Ground Lease is less than market rent. Further, the acquisition of the Building and Improvements by the tenant at the expiration or termination of the Ground Lease is an additional attractive feature of the Ground Lease.
49. The Ground Lease, including the Building and Improvements, which appear to be Ayanda's only remaining assets, will be available for realization for the benefit of Ayanda's creditors (and other interested parties) should the relief requested by the Proposal Trustee be granted.

Administration Charge / DIP Charge

50. The DIP Facility and Stay Extension Order granted the Administration Charge and the DIP Charge. The Proposal Trustee provides the following update in connection with the Charges:
 - a) **Administration Charge**: Provides for a super-priority charge in the maximum amount of \$300,000 to secure the fees and disbursements incurred in connection with services rendered to the Company both before and after the NOI Filing Date by the Professional Group, which is defined in the DIP Facility and Stay Extension Order as the Proposal Trustee, TGF and Miller Thomson. Since Ayanda has terminated its relationship with Miller Thomson,

the Proposal Trustee considers it appropriate to amend the definition of the Professional Group to remove Miller Thomson and replace it with Aird & Berlis, the Company’s current legal counsel. The Proposal Trustee understands that Miller Thomson has been paid in full. As of July 31, 2023, the accrued and outstanding amounts due to the Proposal Trustee and its counsel total approximately \$162,000; and

- b) **DIP Charge:** Provides for a super-priority charge (subordinate only to the Administration Charge), in the maximum amount of \$400,000, to secure Ayanda’s obligations to the DIP Lender under the DIP Term Sheet. The DIP Facility has been paid in full, with interest. In the Proposal Trustee’s view, it is appropriate that the DIP Charge be terminated at this time.

VIII. OTHER MATTERS

Claims Filed in the Proposal

51. Below is a chart summarizing the proofs of claim filed against the Company, including the Proposal Trustee’s treatment of such claims, as approved by the estate inspectors:

Claims Summary (in CAD; unaudited)			
Creditor	Amount filed per Proof of Claim	Amount Disallowed	Admitted Amount
Preferred			
Natalie Cain	2,000	-	2,000
Unsecured			
Natalie Cain	16,455	-	16,455
Shanil Ramdhany ¹	1,148,618	(1,148,002)	616
Enbridge Gas Inc.	48,065	(48,065)	-
Scott Vermeersch	125,000	(125,000)	-
Subtotal	1,338,138	(1,321,067)	17,071
Total	1,340,138	(1,321,067)	19,071

(1) Due to the personal relationship between Ms. Cain (one of the estate inspectors) and Mr. Ramdhany, the Proposal Trustee was of the view that it was improper for Ms. Cain to participate in any vote on the treatment of Mr. Ramdhany’s claim, as the clear conflict of interest disqualified her from such participation.

52. The Proposal Trustee notes that on December 29, 2022, Mr. Ramdhany served a Notice of Motion (the “**Ramdhany Notice of Motion**”) appealing the Proposal Trustee’s disallowance of his claim. As at the date of this Third Report, no date has been set for the hearing of such motion, and Mr. Ramdhany has not filed any evidence in support of the allegations included in the Ramdhany Notice of Motion.

53. In addition to the above unsecured claims, the Proposal Trustee understands that MSFL is Ayanda's only secured creditor. As at the NOI Filing Date, MSFL was owed approximately \$1 million. In February 2023, the Company made a partial payment in the amount of \$500,000 to MSFL in respect of the secured amounts due and owing to MSFL. As the Proposal provided for the MSFL claim to be paid in full by the Purchaser pursuant to a direction from Ayanda to the Purchaser, and the Proposal Trustee did not make the distribution, the Proposal Trustee has not, as at the date of this Third Report, requested that its legal counsel prepare a security opinion in respect of the MSFL secured claim. The Proposal Trustee (with the assistance of TGF) has, however, reviewed the underlying loan and security documents evidencing the MSFL secured loans and, based on this review, the Proposal Trustee was satisfied that the loan and security documents were valid and Ayanda received the cash amounts referenced in the loan agreements.

Activities of the Proposal Trustee

54. The Proposal Trustee's activities since the Second Report have included, *inter alia*:

- a) maintaining the Proposal Trustee's Website;
- b) communicating and corresponding with the Company, Miller Thomson and Aird & Berlis in respect of the Transaction, the Amending Agreements, the Proposal, the MAC Report, Ayanda's operations and activities and other matters in connection with these NOI proceedings;
- c) communicating and corresponding with the Purchaser, its legal counsel and other advisors regarding the status of the Transaction, the Amending Agreements, the Service Agreement, the Proposal, the MAC Report and other matters in connection with these NOI/Proposal proceedings;
- d) responding to calls and enquiries from creditors and other stakeholders, including their respective counsel, in connection with the Transaction, the Proposal and related matters;
- e) reviewing and assessing the various proofs of claim filed with the Proposal Trustee in respect of the Proposal, including the disallowance, in whole or in part, of certain claims;
- f) communicating with Enbridge Gas Inc. ("**Enbridge**") regarding the Proposal Trustee's disallowance of its claim, post-filing amounts due to Enbridge and related matters in respect of the Company's NOI/Proposal proceedings;
- g) communicating and corresponding with legal counsel to Mr. Ramdhany in connection with: (i) Mr. Ramdhany's proof of claim, (ii) the Proposal Trustee's partial disallowance of Mr. Ramdhany's proof of claim, (iii) the Notice of Motion filed by Mr. Ramdhany appealing the Proposal Trustee's partial disallowance of his Proof of Claim, (iv) the potential settlement of Mr. Ramdhany's claim, (v) the Transaction and Amending Agreements, and (vi) other matters in connection with Ayanda's NOI proceedings;

- h) communicating periodically with the estate inspectors regarding various matters in connection with Ayanda's NOI/Proposal proceedings, including the convening of inspectors' meetings on November 25, 2022 and July 17, 2023;
- i) at the request of the Company, attending a meeting of Ayanda's Class B shareholders held on July 9, 2023, to discuss the status of the Transaction, the Proposal, and other matters in respect of the Company's NOI/Proposal proceedings;
- j) communicating with insurance brokers to assist the Company in securing new insurance coverage;
- k) communicating with Mr. Hyde to discuss the status of the Transaction, the status of the Company and its cannabis licenses, the state of the Canadian cannabis industry, and other related matters;
- l) communicating with realtors and other real estate professionals in respect of the Ground Lease;
- m) communicating and corresponding with TGF regarding all matters in connection with the Company' NOI/Proposal proceedings; and
- n) preparing the MAC Report and this Third Report.

Fees and Disbursements of the Proposal Trustee and its Legal Counsel

- 55. The Proposal Trustee has reported on the status of the NOI/Proposal proceedings, including the actions and activities of the Proposal Trustee in connection thereto in the First Report, Second Report, and this Third Report. As detailed in those reports, to the best of the Proposal Trustee's knowledge, the Proposal Trustee has carried out its duties as set out in the BIA and the various Orders issued by the Court in respect of the Ayanda NOI/Proposal proceedings.
- 56. The fees and disbursements of the Proposal Trustee and TGF for the period from February 1, 2022 to May 20, 2022 were approved by the Court pursuant to the Proposal Approval Order.
- 57. The Proposal Trustee and TGF have maintained detailed records of their professional time and costs. The Proposal Trustee is seeking the approval of its fees and disbursements and those of TGF for the period from May 21, 2022 to July 31, 2023 (the "**Fee Period**") in connection with the performance of their duties during Ayanda's NOI/Proposal proceedings.
- 58. The total fees, net of discounts, of the Proposal Trustee during the Fee Period amount to \$176,620.50, together with expenses and disbursements in the amount of \$100.66 (both amounts excluding applicable sales taxes) (collectively, the "**Proposal Trustee Fees and Disbursements**"). The time spent by the Proposal Trustee's personnel during the Fee

Period is more particularly described in the affidavit of Adam Sherman, sworn August 4, 2023 (the “**Sherman Affidavit**”), attached hereto as **Appendix “U”**. The Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee during the Fee Period. The Sherman Affidavit also provides a breakdown of the expenses and disbursements incurred during the Fee Period.

59. The total fees for services provided by TGF during the Fee Period amount to \$69,156.00, together with disbursements in the amount of \$1,840.90, plus Harmonized Sales Tax of \$9,224.32, for a total amount of \$80,230.22 (collectively, the “**TGF Fees and Disbursements**”). The time spent by TGF’s personnel during the Fee Period is more particularly described in the affidavit of Robert Thornton, sworn August 4, 2023 (the “**Thornton Affidavit**”), attached hereto as **Appendix “V”**. Included in the Thornton Affidavit is a summary of the personnel, hours and hourly rates charged by TGF during the Fee Period.
60. The Proposal Trustee respectfully submits that the Proposal Trustee Fees and Disbursements and the TGF Fees and Disbursements are fair and reasonable in the circumstances and have been properly incurred. Accordingly, the Proposal Trustee is seeking approval of the Proposal Trustee Fees and Disbursements and the TGF Fees and Disbursements.

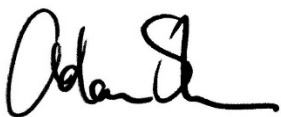
IX. CONCLUSION AND RECOMMENDATION

61. Based on all the foregoing, the Proposal Trustee respectfully recommends that this Court issue the Proposal Annulment Order substantially in the form of order included at Tab 3 of the Proposal Trustee’s motion record filed with the Court in respect of the August 14 Motion.

All of which is respectfully submitted this 4th day of August 2023.

Richter Inc. (formerly, Richter Advisory Group Inc.)
in its capacity as Trustee *in re* the Proposal of
Ayanda Cannabis Corporation
and not in its personal capacity

Per:



Adam Sherman, MBA, CIRP, LIT
Senior Vice President



Adam Zeldin, CPA, CA, CIRP, LIT
Vice President

Appendix A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 05 - London
Court No. 35-2802344
Estate No. 35-2802344

In the Matter of the Notice of Intention to make a proposal of:

Ayanda Cannabis Corporation

Insolvent Person

RICHTER ADVISORY GROUP INC / RICHTER GROUPE CONSEI

Licensed Insolvency Trustee

Date of the Notice of Intention:

February 04, 2022

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: February 04, 2022, 15:10

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

Appendix B

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE CONWAY

)
)
)
)

TUESDAY, THE 1st

DAY OF MARCH, 2022

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

**ORDER
(Approval and Vesting Order)**

THIS MOTION, made by Ayanda Cannabis Corporation (the “**Corporation**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for an order, among other things: (i) approving the Share Purchase Agreement (the “**SPA**”) between the Corporation and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), dated February 2, 2022, and the transactions contemplated thereby (the “**Transactions**”), (ii) vesting all of the right, title and interest in and to the New Common Shares (as defined in the SPA) in the Purchaser; (iii) transferring and vesting all of the Corporation’s right, title and interest in and to the Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the SPA) to and in a corporation to be incorporated (“**ResidualCo**”); and (iv) approving the Cannabis Consultant Agreement (as defined below), was heard this day by video conference due to the COVID-19 pandemic.

ON READING the Applicant’s Notice of Motion, the affidavit of Michael Sioen sworn February 22, 2022, the affidavit of David Hyde sworn February 22, 2022 and the First Report of Richter Advisory Group Inc., in its capacity as Proposal Trustee of the Corporation (the “**Proposal Trustee**”), to be filed, and on hearing the submissions of counsel for the Corporation, counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other

party, although duly served as appears from the affidavit of service of Darlene Moffett, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the SPA.

APPROVAL AND VESTING

3. **THIS COURT ORDERS AND DECLARES** that the SPA and the Transactions be and are hereby approved and that the execution of the SPA by the Corporation is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Proposal Trustee. The Corporation is hereby authorized and directed to perform its obligations under the SPA and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transactions and for the conveyance of the New Common Shares to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that this Order shall constitute the only authorization required by the Corporation to proceed with the Transactions (including, for certainty, the Pre-Closing Reorganization), and that no shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Proposal Trustee's certificate to the Purchaser (the "**Effective Time**"), substantially in the form attached as Schedule "A" hereto (the "**Proposal Trustee's Certificate**"), the following

shall occur and shall be deemed to have occurred at the Effective Time in the following sequence:

- (a) first, all of the right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo, and all Claims and Encumbrances (each as defined below), shall continue to attach to the Excluded Assets and to the Proceeds (as defined below) in accordance with paragraph 8 of this Order, in either case with the same nature and priority as they had immediately prior to the transfer;
- (b) second, all Excluded Contracts and Excluded Liabilities (which for certainty includes all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) of the Corporation (other than the Assumed Liabilities), including the obligations of the Corporation in connection with any proposal put forward in these proposal proceedings (“**NOI Proceedings**”), shall be channelled to, assumed by and vest absolutely and exclusively in ResidualCo such that the Excluded Contracts and Excluded Liabilities shall become obligations of ResidualCo and shall no longer be obligations of the Corporation, and the Corporation and all of its assets, licenses, undertakings and properties of every nature and kind whatsoever and wherever situate (including, for certainty, the Transferred Assets and the Retained Assets, the “**Corporation’s Property**”) shall be and are hereby forever released and discharged from such Excluded Contracts and Excluded Liabilities and all related Claims and all Encumbrances affecting or relating to the Corporation’s Property are hereby expunged and discharged as against the Corporation’s Property;
- (c) third, all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements or

commitments of any character whatsoever that are held by any Person (defined below) and are convertible or exchangeable for any securities of the Corporation or which require the issuance, sale or transfer by the Corporation, of any shares or other securities of the Corporation and/or the share capital of the Corporation, or otherwise relating thereto, shall be deemed terminated and cancelled; and

- (d) fourth, all of the right, title and interest in and to the New Common Shares shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”), including without limiting the generality of the foregoing: (i) any encumbrances or charges created in these NOI Proceedings (including the Administration Charge and the DIP Lender’s Charge); (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry systems; (iii) those Claims listed on Schedule “B” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “C” hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the New Common Shares are hereby expunged and discharged as against the New Common Shares.

6. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof in connection with the Transactions.

7. **THIS COURT ORDERS** that the Proposal Trustee may rely on written notice from the Corporation and the Purchaser regarding the fulfilment of conditions to closing

under the SPA and shall have no liability with respect to delivery of the Proposal Trustee's Certificate.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the New Common Shares (including, for greater certainty, the Deposit and the Cash Purchase Price) (collectively, the "**Proceeds**") shall stand in the place and stead of the Corporation's Property, and that from and after the delivery of the Proposal Trustee's Certificate, all Claims and Encumbrances shall attach to the Proceeds and the Excluded Assets with the same priority as they had with respect to the Corporation's Property immediately prior to the sale.

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Corporation or the Proposal Trustee, as the case may be, is authorized, permitted and directed to, at the Effective Time, disclose to the Purchaser all human resources and payroll information in the Corporation's records pertaining to past and current employees of the Corporation. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Corporation.

10. **THIS COURT ORDERS AND DECLARES** that, at the Effective Time and without limiting the provisions of paragraph 5 hereof, the Purchaser and the Corporation shall be deemed released from any and all claims, liabilities (direct, indirect, absolute or contingent) or obligations with respect to any Taxes (including penalties and interest thereon) of, or that relate to, the Corporation (provided, as it relates to the Corporation, such release shall not apply to Taxes in respect of the business and operations conducted by the Corporation after the Effective Time), including without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or the Corporation (including its affiliates and any predecessor corporations) pursuant to section 160 of the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.), or any provincial equivalent, in connection with the Corporation. For greater certainty, nothing in this

paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.

11. **THIS COURT ORDERS** that except to the extent expressly contemplated by the SPA, all Contracts to which the Corporation is a party at the time of delivery of the Proposal Trustee's Certificate will be and remain in full force and effect upon and following delivery of the Proposal Trustee's Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

- (a) any event that occurred on or prior to the delivery of the Proposal Trustee's Certificate and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Corporation);
- (b) the insolvency of the Corporation or the fact that the Corporation sought or obtained relief under the BIA;
- (c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations or other steps taken or effected pursuant to the SPA, the Transactions or the provisions of this Order, or any other Order of the Court in these NOI Proceedings; or
- (d) any transfer or assignment, or any change of control of the Corporation arising from the implementation of the SPA, the Transactions or the provisions of this Order.

12. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 11 hereof shall waive, compromise or discharge any obligations of the Corporation in respect of any Assumed Liabilities, and (b) the designation of any Claim as an Assumed Liability is without prejudice to the Corporation's right to dispute the existence, validity or

quantum of any such Assumed Liability, and (c) nothing in this Order or the SPA shall affect or waive the Corporation's rights and defences, both legal and equitable, with respect to any Assumed Liability, including, but not limited to, all rights with respect to entitlements to set offs or recoupments against such Assumed Liability.

13. **THIS COURT ORDERS** that from and after the Effective Time, all Persons shall be deemed to have waived any and all defaults of the Corporation then existing or previously committed by the Corporation, or caused by the Corporation, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any Contract existing between such Person and the Corporation (including for certainty, those Contracts constituting Retained Assets) arising directly or indirectly from the filing of the Corporation under the BIA and implementation of the Transactions, including without limitation any of the matters or events listed in paragraph 11 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a Contract shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Corporation from performing its obligations under the SPA or be a waiver of defaults by the Corporation under the SPA and the related documents.

14. **THIS COURT ORDERS** that from and after the Effective Time, any and all Persons shall be and are hereby forever barred, estopped, stayed and enjoined from commencing, taking, applying for or issuing or continuing any and all steps or proceedings, whether directly, derivatively or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against the Corporation relating in any way to or in respect of any Excluded Assets, Excluded Liabilities or Excluded Contracts and any other claims, obligations and other matters that are waived, released, expunged or discharged pursuant to this Order.

15. **THIS COURT ORDERS** that from and after the Effective Time:

- (a) the nature of the Assumed Liabilities retained by the Corporation, including, without limitation, their amount and their secured or unsecured

status, shall not be affected or altered as a result of the Transactions or this Order;

- (b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo;
- (c) any Person that prior to the Effective Time had a valid right or claim against the Corporation under or in respect of any Excluded Contract or Excluded Liability (each an “**Excluded Liability Claim**”) shall no longer have such right or claim against the Corporation but will have an equivalent Excluded Liability Claim against ResidualCo in respect of the Excluded Contract or Excluded Liability from and after the Effective Time in its place and stead, and nothing in this Order limits, lessens or extinguishes the Excluded Liability Claim of any Person as against ResidualCo; and
- (d) the Excluded Liability Claim of any Person against ResidualCo following the Effective Time shall have the same rights, priority and entitlement as such Excluded Liability Claim had against the Corporation prior to the Effective Time.

16. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these NOI Proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of ResidualCo and any bankruptcy order issued pursuant to any such application; and
- (c) any assignment in bankruptcy made in respect of ResidualCo;

the SPA, the implementation of the Transactions (including without limitation the transfer and vesting of the Excluded Assets, Excluded Contracts and Excluded Liabilities in and to ResidualCo, the transfer and vesting of the New Common Shares in

and to the Purchaser) and any payments by or to the Purchaser, ResidualCo or the Proposal Trustee authorized herein shall be binding on any trustee in bankruptcy that may be appointed in respect of ResidualCo and shall not be void or voidable by creditors of ResidualCo, as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

CANNABIS CONSULTANT

17. **THIS COURT ORDERS** that the success fee agreement between the Corporation and Hyde Advisory & Investments Inc. ("**Hyde Advisory**"), dated November 11, 2021 ("**Cannabis Consultant Agreement**"), be and is hereby approved and the Corporation is authorized to pay Hyde Advisory the success fee payable under the Cannabis Consultant Agreement on the Closing of the Transaction.

RELEASES

18. **THIS COURT ORDERS** that, at the Effective Time, (i) the current directors, officers, employees, and independent contractors who provided legal or financial services to the Corporation, (ii) legal counsel and advisors of the Corporation, and (iii) the Proposal Trustee and its legal counsel (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Effective Time and that relate in any manner whatsoever to the Corporation or any of its assets (current or historical), obligations, business or affairs, or these NOI

Proceedings, including any actions undertaken or completed pursuant to the terms of this Order, or arising in connection with or relating to the SPA or the completion of the Transactions (collectively, the “**Released Claims**”), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; *provided that* nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is not permitted to be released pursuant to section 50(14) of the BIA.

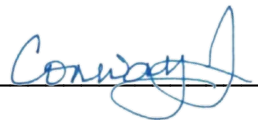
GENERAL

19. **THIS COURT ORDERS** that, following the Effective Time, the Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the New Common Shares.

20. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist ResidualCo, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to ResidualCo and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist ResidualCo and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that each of ResidualCo and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



Schedule A – Form of Proposal Trustee’s Certificate

Court File No.: BK-22-02802344-0035

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

RECITALS

A. On February 4, 2022, Ayanda Cannabis Corporation (the “**Corporation**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 198, c. B-3 (the “**BIA**”).

B. Pursuant to the terms of the NOI, Richter Advisory Group Inc. was named Proposal Trustee to the NOI (in such capacity, the “**Proposal Trustee**”).

C. Pursuant to the Approval and Vesting Order of the Court, dated March 1, 2022 (the “**Order**”), the Court approved the transactions (the “**Transactions**”) contemplated by the Share Purchase Agreement dated February 2, 2022 (the “**SPA**”) between the Corporation and 12830353 Canada Inc., or its assignee (the “**Purchaser**”) and ordered, *inter alia*, that: (i) all of the Corporation’s right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo; (ii) all of the Excluded Contracts and Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo; and (iii) all of the right, title and interest in and to the New Common Shares shall vest absolutely and exclusively in the Purchaser, which vesting is, in each case, to be effective upon the delivery by the Proposal Trustee to the Purchaser of a certificate confirming that the Proposal Trustee has received written confirmation in the form and substance satisfactory to the Proposal Trustee from the Purchaser and the Corporation that all conditions to closing have been satisfied or waived by the parties to the SPA.

D. Capitalized terms not defined herein shall have the meaning given to them in the Order.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Proposal Trustee has received written confirmation from the Purchaser and from the Corporation, in form and substance satisfactory to the Proposal Trustee, that all conditions to closing have been satisfied or waived by the parties to the SPA.

2. This Proposal Trustee's Certificate was delivered by the Proposal Trustee at _____ on _____, 2022.

Richter Advisory Group Inc., in its capacity as Proposal Trustee of the Corporation, and not in its personal capacity.

Per:

Name:

Title:

Schedule B – Claims to be Deleted or Expunged

Personal Property Security Act (Ontario) - File No. 777253887 registered in favour of Michael Sioen Farms Ltd. on October 13, 2021.

Schedule C – Permitted Encumbrances and Restrictive Covenants
(unaffected by the Vesting Order)

N/A

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

Court File No.: BK-22-02802344-0035

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER
(Approval and Vesting Order)**

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Counsel for Ayanda Cannabis Corporation

Appendix C

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

THE HONOURABLE)
)
JUSTICE CONWAY) TUESDAY, THE 1ST
) DAY OF MARCH, 2022
)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION

ORDER
(Approval of Interim Financing, Administration Charge, and Stay Extension)

THIS MOTION, made by Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”), for an order, among other things: (i) approving a first priority administration charge in the aggregate amount of \$300,000; (ii) approving a debtor-in-possession term sheet (“**DIP**”), a DIP facility, and authorizing Ayanda to borrow up to \$400,000 and a related second priority charge in favour of the DIP lender; (iii) extending the time for Ayanda to file a proposal; (iv) directing certain former employees of the Company to return Ayanda’s books and records; (v) sealing confidential exhibits to the affidavit of Michael Sioen, sworn February 22, 2022 (“**Sioen Affidavit**”); and (vi) approving the first report of Richter Advisory Group Inc., in its capacity as proposal trustee of Ayanda (“**Proposal Trustee**”), and the conduct and activities of the Proposal Trustee described therein, was heard this day by video conference due to the COVID-19 pandemic.

ON READING Ayanda’s Notice of Motion, the Sioen Affidavit, the affidavit of David Hyde sworn February 22, 2022 and the First Report of the Proposal Trustee, dated February 24, 2022 (“**First Report**”), and on hearing the submissions of counsel for the Company, counsel for the Proposal Trustee, and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party, although duly served as appears from the affidavit of service of Darlene Moffett, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

PRE-FILING AMOUNTS

2. **THIS COURT ORDERS** that Ayanda shall be entitled but not required to pay all reasonable amounts incurred by Ayanda in the ordinary course prior to, on or after the making of this Order, provided that such amounts are consistent with the cash flow forecast appended to the First Report or are approved by the Proposal Trustee.

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that the Proposal Trustee, Thornton Grout Finnigan LLP, and Miller Thomson LLP (collectively, the “**Professional Group**”) shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Ayanda as part of the costs of these proceedings, both before and after the making of this Order in respect of these proceedings and related matters. Ayanda is hereby authorized to pay the accounts of the Professional Group on a bi-weekly basis.

4. **THIS COURT ORDERS** that the Professional Group shall pass their accounts from time to time, and for this purpose, the accounts of the Professional Group are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

5. **THIS COURT ORDERS** that the Professional Group shall be entitled to the benefit of and are hereby granted a charge (“**Administration Charge**”) on the current and future assets, undertakings, and property of Ayanda, of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the “**Property**”), which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Professional Group, both before and after the making of this Order with respect to and incidental to these proceedings, including the reasonable fees and disbursements of the Professional Group incurred in preparation of the filing of Ayanda’s notice of intention to make a proposal pursuant to section 50 of the BIA. The Administration Charge shall have the priority set out in paragraphs 12 and 14 of this Order.

DIP FINANCING

6. **THIS COURT ORDERS** that Ayanda is hereby authorized and empowered to obtain and borrow under a credit facility (“**DIP Facility**”) from Cardinal Advisory Limited (“**DIP Lender**”), provided that borrowings under the DIP Facility shall not exceed \$400,000 unless permitted by further Order of the Court.

7. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between Ayanda and the DIP Lender,

dated as of February 16, 2022 (“**DIP Term Sheet**”), attached as Exhibit “S” to the Sioen Affidavit, subject to such minor amendments as may be acceptable to Ayanda and the DIP Lender, and approved by the Proposal Trustee.

8. **THIS COURT ORDERS** that Ayanda is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and Ayanda is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, costs, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

9. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (“**DIP Lender’s Charge**”) on the Property as security for Ayanda’s obligations to the DIP Lender under the DIP Term Sheet, which obligations include, without limitation, principal, interest, costs, and fees. The DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 12 and 14 of this Order.

10. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order, the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents.

11. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by Ayanda under the BIA with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

12. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge, (together, the "**Charges**") as among them, shall be as follows:

First – Administration Charge (up to the maximum of \$300,000); and

Second – DIP Lender's Charge (up to the maximum amount of \$400,000).

13. **THIS COURT ORDERS** that the filing, registration, or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title, or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

14. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**").

15. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, Ayanda shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless

Ayanda also obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Charges affected thereby (collectively, the “**Chargees**”), or further Order of this Court.

16. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds Ayanda and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by Ayanda of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from Ayanda entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery, or performance of the Definitive Documents; and

- (c) the payments made by Ayanda pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

17. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge on Ayanda's interest in such real property leases.

EXTENSION OF TIME TO MAKE A PROPOSAL

18. **THIS COURT ORDERS** that the time to make a proposal is extended up to and including April 20, 2022.

RETURN OF COMPANY RECORDS

19. **THIS COURT ORDERS AND DIRECTS** that Shanil "Shaun" Ramdhany and Natalie Cain forthwith return any and all Company records, books, and documents in their possession and control to Ayanda.

SEALING

20. **THIS COURT ORDERS** that Confidential Exhibits "A", "B", "C", "D", and "E" to the Sioen Affidavit shall be sealed and kept confidential pending closing of the transactions contemplated by the share purchase agreement between Ayanda and 12830353 Canada Inc., dated February 2, 2022.

APPROVAL OF ACTIVITIES OF THE PROPOSAL TRUSTEE

21. **THIS COURT ORDERS** that the First Report and the activities, decisions, and conduct of the Proposal Trustee as set out in the First Report are hereby authorized and approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

22. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation/>

23. **THIS COURT ORDERS** that Ayanda and the Proposal Trustee and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to Ayanda’s creditors or other interested parties and their advisors. For greater certainty,

any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

24. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

25. **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Proposal Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

Court File No.: BK-22-02802344-0035

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER
(Approval of Interim Financing,
Administration Charge, and Stay Extension)**

MILLER THOMSON LLP

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Counsel for Ayanda Cannabis Corporation

Appendix D

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

THE HONOURABLE

)

FRIDAY, THE 3RD

)

JUSTICE CONWAY

)

DAY OF JUNE, 2022

)



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

ORDER
(Proposal Approval)

THIS MOTION, made by the Richter Inc. (formerly, Richter Advisory Group Inc.), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), for an order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), *inter alia*: (i) validating service of the Motion Record and other materials relied upon for this motion, (ii) approving the Proposal of the Company filed with the Official Receiver on April 19, 2022, as amended on May 9, 2022, in the form attached hereto as Schedule “A” (the “**Amended Proposal**”), (iii) approving the Second Report of the Proposal Trustee dated May 25, 2022 (the “**Second Report**”) and the activities, actions and conduct of the Proposal Trustee described therein, (iv) approving the fees and disbursements of the Proposal Trustee and counsel to the Proposal Trustee, (v) terminating the charge in the amount of \$400,000 in favour of the DIP Lender (the “**DIP Lender’s Charge**”) upon the Proposal Trustee filing a certificate certifying that provision has been made for the satisfaction of the amounts secured by the DIP Lender’s Charge, and (vi) terminating the charge in the amount

of \$300,000 in favour of the Proposal Trustee, its counsel, and counsel to the Company as security for their professional fees and disbursements (the “**Administration Charge**”) upon the Proposal Trustee filing a certificate certifying that provision has been made for the satisfaction of the amounts secured by the Administration Charge, was heard this day by judicial videoconference at Toronto, Ontario, in accordance with the Guidelines To Determine Mode of Proceeding in Civil.

ON READING the Second Report, the Amended Proposal, and on hearing the submissions of counsel to the Proposal Trustee, counsel to the Company, and such other counsel as reflected on the Counsel Slip, no one else appearing for any other person on the Service List, although properly served as appears from the affidavit of service of Khadija Waqqas sworn May 27, 2022,

Service and Definitions

1. **THIS COURT ORDERS** that capitalized terms that are not otherwise defined in this Order shall have the meaning ascribed to them in the Amended Proposal.
2. **THIS COURT ORDERS** that service of the Motion Record is hereby validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

Approval of Amended Proposal

3. **THIS COURT ORDERS** the Amended Proposal is hereby approved.
4. **THIS COURT ORDERS** that the Company and the Proposal Trustee are authorized, directed, and empowered to take all steps and actions necessary or appropriate to fulfill their obligations under the Amended Proposal and implement the Amended Proposal in accordance with its terms.

Implementation of the Amended Proposal

5. **THIS COURT ORDERS** that the Proposal Trustee and any other Person required to make distributions, deliveries or allocations or take any steps or actions related thereto pursuant to the Amended Proposal, are hereby authorized and directed to complete such

distributions, deliveries or allocations and to take any such related steps or actions, as the case may be, in accordance with the terms of the Amended Proposal, and such distributions, deliveries and allocations, and steps and actions related thereto, are hereby approved.

6. **THIS COURT ORDERS** that the Proposal Trustee shall incur no liability or obligation for any act or omission as a result of carrying out the provision of this Order and the Amended Proposal, save and except for any gross negligence or wilful misconduct.

Approval of the Second Report

7. **THIS COURT ORDERS** that the Second Report and the actions, activities and conduct of the Proposal Trustee described therein be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

Approval of Professional Fees

8. **THIS COURT ORDERS** that the professional fees and disbursements of the Proposal Trustee for the period between February 1, 2022 to May 20, 2022, in the amount of \$130,375.00, plus disbursements of \$380.26 and Harmonized Sales Tax (“HST”) of \$16,998.18, for a total of \$147,753.44, as further set out in the Second Report and the Sherman Affidavit attached as Appendix “L” to the Second Report, are hereby approved.
9. **THIS COURT ORDERS** that the professional fees and disbursements of Thornton Grout Finnigan LLP for the period between February 1, 2022 to May 20, 2022, in the amount of \$66,087.50, plus disbursements of \$303.40 and HST of \$8,619.39, for a total of \$75,010.29, as further set out in the Second Report and the Grossell Affidavit attached as Appendix “M” to the Second Report, are hereby approved.

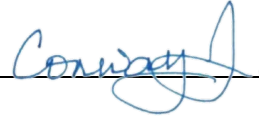
Termination of Charges

10. **THIS COURT ORDERS** that the Administration Charge and the DIP Lender’s Charge shall terminate, without further order of the Court, upon the Proposal Trustee filing a certificate substantially in the form attached hereto as Schedule “B” certifying that payment has been made for the satisfaction of the amounts secured by the Administration Charge and the DIP Lender’s Charge.

General

11. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons whom it may otherwise be enforced.
12. **THIS COURT ORDERS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the parties and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the parties and to the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to grant representative status to the Proposal Trustee in any foreign proceeding.

13. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and are authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in any jurisdiction outside of Canada.

A handwritten signature in blue ink, appearing to read "Conway J.", is written over a horizontal line.

Conway J.

Schedule "A"
Amended Proposal

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, as amended

-and-

IN THE MATTER OF THE PROPOSAL OF
AYANDA CANNABIS CORPORATION

AMENDED PROPOSAL

Ayanda Cannabis Corporation (the "**Debtor**") hereby submits the following Proposal to all of its Creditors pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").

RECITALS

- A. The Debtor and 12830353 Canada Inc. (the "**Purchaser**") are parties to a binding term sheet dated as of January 7, 2022 (the "**Term Sheet**"), pursuant to which the Purchaser agreed to acquire 100% of the issued and outstanding shares of the Debtor (the "**Purchase Transaction**").
- B. The terms of the Term Sheet were formalized in a definitive share purchase agreement between the Debtor and the Purchaser dated February 2, 2022 (the "**Purchase Agreement**").
- C. On February 4, 2022 (the "**Date of Filing**"), the Debtor filed a Notice of Intention to Make a Proposal ("**NOI**") under the BIA and initiated these proposal proceedings for the purpose of facilitating the closing of the Purchase Transaction (the "**Closing**"). Richter Advisory Group Inc. was appointed as Proposal Trustee (in such capacity, the "**Proposal Trustee**") in the Debtor's NOI proceedings.
- D. On March 1, 2022, Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order, among other things, approving the Purchase Transaction (the "**Approval and Vesting Order**").
- E. Pursuant to the Approval and Vesting Order, at Closing, among other things: (i) the Excluded Assets (as defined in the Purchase Agreement) shall vest absolutely and exclusively in a company to be incorporated ("**ResidualCo**"), (ii) all Excluded Contracts and Excluded Liabilities (each as defined in the Purchase Agreement) shall be channelled to, assumed by, and vested in, ResidualCo, and (iii) the net proceeds from the Purchase

Transaction shall stand in the place and stead of the Debtor's property, and all claims and encumbrances shall attach to the net proceeds. For greater certainty, the obligations of the Debtor under this Proposal shall transfer to ResidualCo at Closing, and ResidualCo shall be solely responsible for any and all obligations existing under this Proposal from and after Closing.

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Proposal, the following defined terms shall have the following meanings:

- (a) “**Admin and DIP Order**” means the Order dated March 1, 2022, approving, among other things, the Administration Charge, the DIP Lender's Charge, and extending the time for the Debtor to file a proposal;
- (b) “**Administration Charge**” means the super-priority charge over the property of the Debtor in favour of counsel to the Debtor, the Proposal Trustee, and counsel to the Proposal Trustee, up to the maximum amount of \$300,000, as granted by the Court pursuant to the Admin and DIP Order;
- (c) “**Administrative Fees and Expenses**” means the fees and expenses, including legal fees and disbursements, of the Proposal Trustee and the Debtor for the Debtor's restructuring, including, without limitation, the negotiation, preparation, presentation, consideration and implementation of this Proposal, and all proceedings and matters relating to or arising out of this Proposal, any meeting or meetings of creditors to consider and vote on this Proposal, and any application for Court approval of this Proposal;
- (d) “**Affected Claim**” means all Claims that are not Unaffected Claims;
- (e) “**Affected Creditor**” means a Creditor having an Affected Claim;
- (f) “**Approval and Vesting Order**” has the meaning set out in the recitals hereto;
- (g) “**BIA**” has the meaning set out in the introductory paragraph hereto;
- (h) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday or civic holiday, on which banks are generally open for business in Toronto, Ontario;
- (i) “**Certificate of Full Performance**” shall have the meaning given to it in Section 6.3 of this Proposal;
- (j) “**Claim**” means, collectively, any of the following:
 - (i) any right or claim of any Person that may be asserted or made in whole or in part, against the Debtor or any property or assets of the Debtor, 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 (as previously agreed to between such Person and the Debtor), including by reason of the commission of a tort

(intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of 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), and whether or not any indebtedness is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including without limitation the 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, which indebtedness, liability or obligation is based in whole or in part on facts that existed prior to or at the Date of Filing, and includes any other claims that would have been "claims provable" within the meaning of the BIA had the Debtor become bankrupt on the Date of Filing; and

- (ii) any right or claim of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Debtor to such Person arising out of the restructuring, repudiation, disclaimer, resiliation, termination, amendment or breach after the Date of Filing of any contract, lease, employment agreement or other agreement or obligation whether written or oral and whether such restructuring, disclaimer, resiliation, termination, amendment or breach took place or takes place before or after the Date of Filing;
- (k) "**Claims Bar Date**" shall have the meaning set out in Section 4.3 of this Proposal;
- (l) "**Class A Common Shares**" means all of the issued and outstanding Class A common shares in the capital of the Debtor;
- (m) "**Class B Common Shares**" means all of the issued and outstanding Class B common shares in the capital of the Debtor;
- (n) "**Class A Equity Claimant**" means a Person that held Class A Common Shares of the Debtor prior to the issuance of the Approval and Vesting Order;
- (o) "**Class B Equity Claimant**" means a Person that held Class B Common Shares of the Debtor prior to the issuance of the Approval and Vesting Order;
- (p) "**Closing**" has the meaning set out in the recitals hereto;
- (q) "**Court**" has the meaning set out in the recitals hereto;
- (r) "**Creditor**" means any Person having a Claim;
- (s) "**Creditors' Meeting**" means the meeting of the Affected Creditors, in person or virtually, called by the Proposal Trustee and held for the purpose of considering and voting on the Proposal in accordance with the provisions of the BIA including, for greater certainty, any adjournments of such meeting;

- (t) “**Creditors’ Meeting Date**” means such date and time as may be called by the Proposal Trustee, provided that such date and time shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;
- (u) “**Crown Claims**” means claims of Her Majesty in Right of Canada or a Province for all amounts that were outstanding as at the Date of Filing and are of a kind that could be subject to a demand under:
 - (i) subsection 224(1.2) of the Income Tax Act;
 - (ii) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
 - (iii) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
 - (A) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act; or
 - (B) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (v) “**Date of Filing**” has the meaning set out in the recitals hereto;
- (w) “**Debtor**” has the meaning set out in the recitals hereto;
- (x) “**Debtor’s Counsel**” means Miller Thomson LLP;
- (y) “**DIP Lender**” means Cardinal Advisory Limited;
- (z) “**DIP Lender’s Charge**” means the super-priority charge over the property of the Debtor in favour of the DIP Lender, up to the maximum amount of \$400,000, as granted by the Court pursuant to the Admin and DIP Order;
- (aa) “**Director**” and “**Officer**” means any person who is or was, or may be deemed to be, or has been, whether by statute, operation of law or otherwise, a director, *de facto* director, officer, or *de facto* officer of the Debtor;
- (bb) “**Disputed Claim**” means any Proof of Claim that has been received by the Proposal Trustee in accordance with the terms of this Proposal and the BIA, but has not been accepted as proven in accordance with section 135 of the BIA or

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which is being disputed in whole or in part by the Proposal Trustee, or any other Person entitled to do so and has not been resolved in accordance with the BIA;

- (cc) “**Employment Insurance Act**” means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;
- (dd) “**Equity Claimants**” means together, the Class A Equity Claimants and Class B Equity Claimants;
- (ee) “**Equity Fund**” shall have the meaning set out in Section 6.1(f) of this Proposal;
- (ff) “**Implementation Date**” means the date upon which the conditions set forth in Section 7.1 of this Proposal have been satisfied;
- (gg) “**Income Tax Act**” means the *Income Tax Act*, R.S.C. c. 1 (5th Supp), as amended;
- (hh) “**Inspectors**” means one or more inspectors appointed pursuant to the BIA, as provided for in this Proposal;
- (ii) “**MSF Claim Amount**” means the amount of the Secured Claim held by Michael Sioen Farms Ltd. which, for clarity, shall be paid from the Purchase Proceeds directly by the Purchaser to Michael Sioen Farms Ltd. pursuant to a direction from the Debtor to the Purchaser on Closing of the Transaction;
- (jj) “**Net Purchase Proceeds**” means the Purchase Proceeds less the MSF Claim Amount,;
- (kk) “**NOI**” has the meaning set out in the recitals hereto;
- (ll) “**Official Receiver**” shall have the meaning set out in the BIA;
- (mm) “**Ordinary Unsecured Creditors**” means those Persons with Proven Claims, except for those Claims:
 - (i) that are Secured Claims;
 - (ii) that are Crown Claims;
 - (iii) that have been finally and conclusively disallowed or found by the Court not to be provable claims; or
 - (iv) that are made by Preferred Creditors;
- (nn) “**Person**” is to be broadly interpreted and includes any individual, partnership, joint venture, trust, corporation, unincorporated organization, government authority or any agency, regulatory body, officer or instrumentality thereof or any other entity, wherever situated or domiciled, howsoever designated or constituted, and whether acting on their own or in a representative capacity;
- (oo) “**Preferred Creditors**” means those Persons with Proven Claims and which are required to be paid in priority to the Claims of Ordinary Unsecured Creditors in accordance with s. 136 of the BIA;

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- (pp) **“Proof of Claim”** means the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors’ Meeting;
- (qq) **“Proposal”** means this proposal together with any amendment or additions thereto;
- (rr) **“Proposal Approval Order”** has the meaning set out in the recitals hereto;
- (ss) **“Proposal Date”** means April 19, 2022;
- (tt) **“Proposal Trustee”** has the meaning set out in the recitals hereto;
- (uu) **“Proven Claim”** of a Creditor means the amount of the Affected Claim of such Creditor as finally determined in accordance with the procedure set out in Section 135 of the BIA and Article 4 of this Proposal;
- (vv) **“Purchase Agreement”** has the meaning set out in the recitals hereto;
- (ww) **“Purchase Proceeds”** means the purchase price to be paid by the Purchaser to the Debtor in accordance with the terms of the Purchase Agreement;
- (xx) **“Purchase Transaction”** has the meaning set out in the recitals hereto;
- (yy) **“Purchaser”** has the meaning set out in the recitals hereto;
- (zz) **“ResidualCo”** has the meaning set out in the recitals hereto;
- (aaa) **“Secured Claim”** means a Claim related to a mortgage, hypothec, charge, pledge, or lien on or against the property or assets of the Debtor as security for a debt due or accruing;
- (bbb) **“Secured Creditors”** means a Person with a Secured Claim, including any Person who is the beneficiary of the Administration Charge or the DIP Lender’s Charge;
- (ccc) **“Required Majority”** means a majority in number representing two-thirds in value of all Proven Claims of Creditors entitled to vote, who are present and voting at the Creditors’ Meeting (whether in person, by proxy or by Voting Letter) in accordance with the voting procedures set out in the BIA;
- (ddd) **“Term Sheet”** has the meaning set out in the recitals hereto;
- (eee) **“Unaffected Claims”** means the claim of any Person for the payment of a Secured Claim, the payment of Crown Claims, or the payment of Claims made by Preferred Creditors;
- (fff) **“Unaffected Creditors”** means any Person with an Unaffected Claim;
- (ggg) **“Voting Claims”** shall have the meaning set out in Section 5.5 of this Proposal; and
- (hhh) **“Voting Letter”** means the voting letter required to be mailed to each known Creditor prior to the Creditors’ Meeting in accordance with s. 51(1) of the BIA.



1.2 Articles of Reference

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

1.3 Interpretation Not Affected by Headings

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

1.4 Date for any Action

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

1.5 Time

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

1.6 Numbers

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

1.7 Currency

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

1.8 Statutory References

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

1.9 Successors and Assigns

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

1.10 Including

The word "including", or any variation thereof means "including without limitation", and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

ARTICLE 2 GENERAL INTENT

2.1 Effect of Proposal

This Proposal provides for the restructuring of the Debtor's liabilities through a monetary distribution to Creditors with Proven Claims. Such distributions are anticipated to be funded by the Net Purchase Proceeds, which will be provided to the Proposal Trustee at Closing and distributed in accordance with the terms of this Proposal in full and final satisfaction of all Claims (other than Unaffected Claims) against the Debtor.

2.2 Persons Affected

This Proposal will, as of the Implementation Date, be binding on the Debtor, ResidualCo, all Creditors that are not Unaffected Creditors, and the Equity Claimants.

2.3 Post-Filing Goods and Services

All goods supplied and services rendered to the Debtor after the Date of Filing shall be paid for in full in the ordinary course of business by the Debtor on terms agreed to between the Debtor and the relevant Persons.

2.4 Assets Remain Vested in the Debtor

The assets of the Debtor shall not vest in the Proposal Trustee, but shall remain vested in the Debtor until the Closing of the Purchase Transaction, at which time such assets will vest in either the Purchaser or ResidualCo in accordance with the Approval and Vesting Order. For greater certainty, the Net Purchase Proceeds shall vest in ResidualCo and be available to satisfy the Proven Claims against the Debtor that are channeled to and assumed by ResidualCo, in accordance with the terms of this Proposal. The Proposal Trustee shall have no liability whatsoever for the Claims of any Creditors arising before, on or after the Date of Filing.

ARTICLE 3 CLASSIFICATION AND TREATMENT OF CREDITORS

3.1 Classes of Creditors

For the purposes of voting on this Proposal, the Affected Creditors of the Debtor shall be comprised of one class: Ordinary Unsecured Creditors.

3.2 Administration Fees and Expenses

On the Implementation Date, all Administrative Fees and Expenses incurred to that date which remain unpaid shall be paid by the Proposal Trustee in full from the Net Purchase Proceeds or any funds on hand. The Administration Charge secures such Administrative Fees and Expenses, in accordance with the terms of the Admin and DIP Order.

3.3 Binding Effect and Distribution

Pursuant to section 62 of the BIA, this Proposal shall become binding on all Affected Creditors in respect of the Debtor upon acceptance by the Affected Creditors pursuant to section 5.6 hereof and issuance of the Proposal Approval Order.

3.4 Interest on Claims

Interest will not accrue or be paid on Affected Claims after or in respect of the period following the Date of Filing and no Affected Creditor will be entitled to any interest in respect of its Claim accruing on or after or in respect of the period following the Date of Filing.

3.5 Treatment of Ordinary Unsecured Creditors

The Proven Claims of Ordinary Unsecured Creditors will be satisfied in accordance with Article 6 of this Proposal.

3.6 Treatment of Unaffected Creditors

This Proposal is not being made to Unaffected Creditors and does not affect or compromise the Unaffected Claims. Unaffected Claims shall be dealt with in accordance with the agreements between the relevant Unaffected Creditor and the Debtor, or as otherwise agreed between the relevant Unaffected Creditor and the Debtor, or as ordered by the Court.

3.7 Treatment of Equity Claimants

Equity Claimants are anticipated to receive distributions in accordance with Section 6.4 of this Proposal. For certainty, the Proposal Trustee shall have no involvement in such distributions and shall have been discharged in accordance with section 6.2 of this Proposal prior to such distributions being made.

3.8 Disputed Claims

An Affected Creditor with a Disputed Claim shall not be entitled to receive any distribution hereunder with respect to such Disputed Claim unless and until such Claim becomes a Proven Claim. Distributions made pursuant to this Proposal shall be made in respect of any Disputed Claim that is finally determined to be a Proven Claim. The procedure for resolving any Disputed Claims will be as set forth in the BIA.

3.9 Superintendent of Bankruptcy Levy

The Office of the Superintendent of Bankruptcy shall be paid its prescribed levy as required by sections 60(4) and 147 of the BIA by the Proposal Trustee from any distributions made to any Person with a Proven Claim

3.10 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

**ARTICLE 4
PROCEDURE FOR VALIDATION OF CLAIMS**

4.1 Filing of Proofs of Claim

Each Ordinary Unsecured Creditor must file a Proof of Claim with the Proposal Trustee in accordance with the applicable provisions of the BIA and as instructed in the Proposal Trustee's mailing to the Ordinary Unsecured Creditors.

4.2 Allowance or Disallowance by the Proposal Trustee

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the BIA. The Proposal Trustee shall have the power and authority to determine the quantum, status, and validity of all Claims filed against the Debtor, including the validity of any security held by Persons claiming to be a Secured Creditor.

4.3 Claims Bar Process

Within seven (7) calendar days following the Implementation Date, the Proposal Trustee shall give notice pursuant to section 149 of the BIA by registered mail to every Person with a Claim (other than Unaffected Claims) of which the Trustee has notice or knowledge of, but whose Claim has not been filed or proved that if such Person does not prove its Claim within a period of thirty (30) calendar days after the mailing of the notice (the "**Claims Bar Date**"), the Trustee will proceed to declare a final distribution without regard to any Claim of such Person.

Subject to any exceptions set out in sections 149(2), (3) and (4) of the BIA, any Creditor that does not prove its Claim (other than Unaffected Claims) by the Claims Bar Date shall be barred from making a Claim in connection with this Proposal or sharing in any distribution hereunder, and such Claim shall be forever barred, extinguished and released.

4.4 Valuation of Claims

The procedure for valuing Claims of Ordinary Unsecured Creditors (including for the purposes of voting at the Creditors' Meeting) and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Proposal Trustee reserve the right to seek the assistance of the Court in valuing the Claim of any Ordinary Unsecured Creditor, if required, to ascertain the result of any vote on this Proposal, or the amount payable or to be distributed to such Unsecured Creditor under this Proposal, as the case may be.

**ARTICLE 5
MEETING OF CREDITORS**

5.1 Creditors' Meeting

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

5.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Proposal Trustee, in consultation with the Official Receiver, or the nominee

thereof, and confirmed in the Trustee's notice of meeting to be mailed pursuant to the BIA. All Proofs of Claim shall be delivered in accordance with the provisions of the Proposal, the BIA, and any Order which may be issued by the Court in respect of the procedure governing the Creditors' Meeting, subject at all times to: (i) further Order of the Court, including any Order respecting COVID-19 related creditor meeting protocols; and (ii) any COVID-19 related creditor meeting directive issued by the Official Receiver.

5.3 Conduct of Meeting

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

5.4 Adjournment of Meeting

The Creditors' Meeting may be adjourned in accordance with section 52 of the BIA.

5.5 Voting by Affected Creditors

To the extent provided for herein, and as prescribed in the BIA, each Affected Creditor will be entitled to vote to the extent of the amount which is equal to the amount accepted by the chair of the Creditors' Meeting for voting purposes or such amount as may be agreed to by the Proposal Trustee for voting purposes at or prior to the Creditors' Meeting (dollar amounts to be voted by Affected Creditors in accordance with the foregoing are referred to as "**Voting Claims**").

5.6 Approval by Creditors

In order that the Proposal be binding on the Affected Creditors in accordance with the BIA, it must first be accepted by Required Majority of the Affected Creditors.

5.7 Appointment of Inspectors

At the Creditors' Meeting, the Ordinary Unsecured Creditors may appoint up to five (5) Inspectors whose powers will be limited to:

- (a) advising the Proposal Trustee regarding any dispute that may arise with respect to the quantum, status, or validity of Claims; and
- (b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspectors may be referred to the Court by the Proposal Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just. The authority and term of office of the Inspectors will terminate upon the discharge of the Proposal Trustee or such earlier time if the Inspector resigns by notifying the Proposal Trustee of such resignation in writing.

5.8 Valuation of Claims

The procedure for valuing Claims of Creditors and resolving disputes with respect to such Claims will be as set forth in Article 4 and the BIA.

ARTICLE 6 PROPOSAL TO CREDITORS

6.1 Payments under the Proposal

In connection with the Closing of the Purchase Transaction, the Purchaser shall transfer the Net Purchase Proceeds to the Proposal Trustee. Subject to the terms and conditions set forth in this Proposal, as soon as practicable following the Implementation Date, the following payments will be made from the Net Purchase Proceeds:

- (a) first, the amounts, if any, that are secured by the Administration Charge;
- (b) second, the amounts, if any, that are secured by the DIP Lender's Charge;
- (c) third, the amounts, if any, required to satisfy the Proven Claims of any Crown Claims;
- (d) fourth, the amounts, if any, required to satisfy the Proven Claims of the Preferred Creditors;
- (e) fifth, the amounts required to pay the Proven Claims of the Ordinary Unsecured Creditors, less the Superintendent's levy payable in respect thereof as required by the BIA, which shall be paid by the Proposal Trustee to the Superintendent; and
- (f) sixth, the balance of the Net Purchase Proceeds after the payments made in (a) to (e) above (the "**Equity Fund**"), shall be transferred to Debtor's Counsel, in trust, for the benefit of ResidualCo, and shall be distributed in accordance with Section 6.4 of this Proposal.

6.2 Discharge of Proposal Trustee

Upon distribution by the Proposal Trustee of the Crown Claims, the Preferred Claims, and the Proven Claims of the Ordinary Unsecured Creditors, and upon the Proposal Trustee having issued the Certificate of Full Performance, the Proposal Trustee shall have discharged its duties as Proposal Trustee and the Proposal Trustee shall be entitled to apply for its discharge as Proposal Trustee hereunder. For greater certainty, the Proposal Trustee will not be responsible or liable for any obligations of the Debtor before, on or after the Date of Filing and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a willful or wrongful act or default.

6.3 Certificate of Full Performance

Upon receipt of the Net Purchase Proceeds, this Proposal shall have been fully performed and the Proposal Trustee shall be entitled to issue to the Debtor the certificate referred to in section 65.3 of the BIA (the “Certificate of Full Performance”).

6.4 Post-Implementation Obligations

Within ten (10) calendar days following the distribution of the Net Purchase Proceeds in accordance with Section 6.1 of this Proposal, and subject to any ongoing or outstanding equity holder disputes, Debtor’s Counsel, on behalf of ResidualCo, shall distribute the Equity Fund as follows:

- (a) first, to the Class B Equity Claimants, *pro rata*, based upon the number of Class B Shares each Class B Equity Claimant holds in the Debtor as at the Date of Filing; and
- (b) second, to the Class A Equity Claimants, *pro rata*, based upon the number of Class A Shares each Class A Equity Claimant holds in the Debtor as at the Date of Filing.

The books and records of the Debtor as at the calendar day immediately prior to the date that the Certificate of Full Performance is issued shall serve as *prima facie* evidence of such number of Class B Shares or Class A Shares held.

6.5 Dissolution

Following the distribution of the Equity Fund in accordance with Section 6.4, ResidualCo shall be voluntarily dissolved pursuant to the provisions of the *Business Corporations Act* (Ontario).

ARTICLE 7 CONDITIONS PRECEDENT

7.1 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor, ResidualCo, and the Proposal Trustee will be conditional upon the fulfillment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Affected Creditors in accordance with Section 5.6 of this Proposal;
- (b) granting by the Court of the Proposal Approval Order in a form satisfactory to the Debtor and the Proposal Trustee, which shall not have been varied, amended, stayed, suspended or appealed as of the Implementation Date except with the consent of the Debtor and the Proposal Trustee;
- (c) the expiry of all appeal periods in respect of the Proposal Approval Order;
- (d) closing of the Purchase Transaction; and
- (e) payment of the MSF Claim Amount by the Purchaser to Michael Sioen Farms pursuant to a direction from the Debtor to the Purchaser.

**ARTICLE 8
MISCELLANEOUS**

8.1 Compromise Effective for all Purposes

On the Implementation Date, all Claims (other than Unaffected Claims) shall be forever discharged, extinguished and released, excepting only the obligations of ResidualCo to make distributions in accordance with Article 6 of this Proposal in the manner and to the extent provided for in this Proposal. The distributions contemplated hereunder will be binding upon each Affected Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

8.2 Modification of Proposal Prior to Approval by Affected Creditors

Prior to the vote on the Proposal, the Debtor or any Affected Creditor may propose an alteration or modification to the Proposal. If there are any variations, amendments, modifications or supplements to the Proposal made at or prior to the Creditors' Meeting that the Proposal Trustee determines are for the general benefit of the Affected Creditors, the Proposal Trustee shall be entitled to approve such variations, amendments, modifications or supplements.

8.3 Modification of Proposal after Approval by Affected Creditors

If Affected Creditors approve the Proposal but the Purchase Transaction does not close, the Proposal may be amended as follows:

- (a) the Proposal Trustee shall call a meeting of Affected Creditors within 21 days of receiving notice from the Debtor of the fact that the Purchase Transaction did not close;
- (b) the Debtor shall present an amended proposal to the Affected Creditors no fewer than 10 days before the meeting contemplated by Section 7.3(a) of this Proposal (the "**Amended Proposal**");
- (c) the Amended Proposal shall be voted upon by the Affected Creditors at the meeting contemplated by Section 7.3(a) of this Proposal; and
- (d) the Amended Proposal must be accepted by the Required Majorities of the Affected Creditors who vote on the Amended Proposal (in person or by proxy) pursuant to Section 5.5 of this Proposal at the meeting contemplated by Section 8.3(a) of this Proposal or by a Voting Letter.

8.4 Consents, Waivers, Agreements

As at 12:01 a.m. on the Implementation Date, each Affected Creditor shall be deemed to have:

- (a) executed and delivered to the Debtor or ResidualCo, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) waived any default by the Debtor or ResidualCo, as applicable, in any provision, express or implied, in any agreement or other arrangement, written or oral,



existing between such Affected Creditor and the Debtor or ResidualCo, as applicable, that has occurred on or prior to the Implementation Date;

- (c) agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor and the Debtor or ResidualCo, as applicable, as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) released the Debtor, ResidualCo, the Proposal Trustee and each of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens, set-off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, relating to or arising out of or in connection with Claims, the filing of the Debtor's NOI and actions taken in furtherance thereof, the business and affairs of the Debtor, this Proposal or any of the matters herein.

8.5 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Affected Creditors, along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns, and the Proposal shall constitute: (i) a full, final and absolute settlement of all rights of Affected Creditors; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor and ResidualCo of or in respect of all Affected Claims.

8.6 Section 95 to 101 of the BIA

Sections 95 to 101 of the BIA and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to this Proposal or to any payments or distributions made in connection with this Proposal or with the restructuring of the Debtor, whether made before or after the Date of Filing.

8.7 Notices

Any notices or communications to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, prepaid mail, or fax/email to the respective parties as follows:

- (a) If to the Debtor / ResidualCo:



Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Attention: Michael Sioen
Email: mike@ayandacanncorp.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 5800
Toronto, ON M5H 3S1

Attention: Larry Ellis
Email: lellis@millerthomson.com

- (b) If to an Affected Creditor, to the address or fax for such Affected Creditor specified in the Proof of Claim filed by such Affected Creditor or, if no Proof of Claim has been filed, to such other address at which the notifying party may reasonably believe that the Affected Creditor may be contacted; and
- (c) If to the Proposal Trustee:

Richter Advisory Group Inc.
181 Bay Street, #3510
Toronto, ON M5J 2T3

Attention: Adam Zeldin
Email: azeldin@richter.ca

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
Toronto, ON M5K 1K7

Attention: Mitchell Grossell
Email: mgrossell@tgf.ca

or to such other address or email as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or fax and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

8.8 Assignment of Claims

No assignment of a Claim by an Affected Creditor is effective to give the assignee any rights in respect of the Proposal unless written notice of the assignment is given to the Debtor, ResidualCo, and the Proposal Trustee in accordance with the requirements of Section 8.7. The assignment of the Claim will not be effective for a period of five (5) Business Days from the date of effective receipt of the notice of assignment by the Debtor, ResidualCo, and by the Proposal Trustee as determined in accordance with Section 8.7.

8.9 Foreign Currency Obligations

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

8.10 Applicable Law

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

8.11 Severability

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

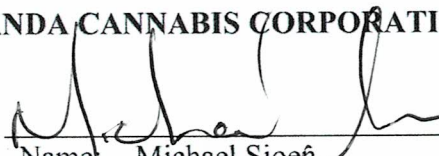
8.12 Deeming Provisions

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

DATED at the City of Norwich, in the Province of Ontario, this 9th day of May, 2022.

AYANDA CANNABIS CORPORATION

By:


Name: Michael Sioes
Title: Chief Executive Officer

I have authority to bind the corporation.

The filing of this Proposal is consented to by Richter Inc. (formerly, Richter Advisory Group Inc.), in its capacity as trustee *in re* the Proposal of the Debtor, and not in its personal capacity.

**RICHTER INC. (formerly, RICHTER
ADVISORY GROUP INC., in its capacity
as trustee *in re* the Proposal of Ayanda
Cannabis Corporation And not in its
personal capacity**

By: Adam Sherman
Name: Adam Sherman
Title: Senior Vice President



By: _____
Name: Adam Zeldin
Title: Vice President

**Schedule “B”
Proposal Trustee Certificate**

Court File No.: 35-2802344
Estate File No. 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 3RD
)	
JUSTICE CONWAY)	DAY OF JUNE, 2022
)	

**IN THE MATTER OF A PROPOSAL OF
AYANDA CANNABIS CORPORATION
OF THE TOWN OR NORWICH
IN THE PROVINCE OF ONTARIO**

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS:

- A. On February 4, 2022, Ayanda Cannabis Corporation (the “**Company**”) filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**NOI Proceedings**”), and Richter Inc. (formerly, Richter Advisory Group Inc.) was named as the proposal trustee in the NOI Proceedings (in such capacity, the “**Proposal Trustee**”).
- B. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted on March 1, 2022 (the “**Order**”), the Court approved, *inter alia*, the Administration Charge and the DIP Lender’s Charge (each as defined in the Order).
- C. Pursuant to an Order of the Court granted on June 3, 2022 (the “**Proposal Approval Order**”), the Court ordered that the Administration Charge and the DIP Lender’s Charge shall terminate upon the Proposal Trustee filing a certificate certifying that payment has been made in satisfaction of the amounts secured by the Administration Charge and the DIP Lender’s Charge.
- D. Unless otherwise indicated herein, capitalized terms have the meanings ascribed to them in the Proposal Approval Order.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. Payment has been made in the satisfaction of all amounts secured by the Administration Charge and the DIP Lender's Charge.
2. This Certificate was delivered by the Proposal Trustee on the _____ day of _____, 2022.

RICHTER INC., solely in its capacity as the Proposal Trustee of Ayanda Cannabis Corporation and not in any other capacity.

Per: _____
Name:
Title:

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER
(Approving Proposal)

THORNTON GROUT FINNIGAN LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca

Tel: 416 304-1616
Fax: 416-304-1313

Counsel to the Proposal Trustee, Richter Inc.

Appendix E

District of Ontario
Division No. 05 - London
Court File No. 35-2802344
Estate No. 35-2802344

AYANDA CANNABIS CORPORATION

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

FEBRUARY 24, 2022

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APPENDICIES

APPENDIX "A" – Certificate of Filing the Notice of Intention to Make a Proposal

APPENDIX "B" – Creditor List

APPENDIX "C" – Cash Flow Forecast (including Management/Trustee Reports)

District of Ontario
Division No. 05 - London
Court File No. 35-2802344
Estate No. 35-2802344

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION,
OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION

FEBRUARY 24, 2022

I. INTRODUCTION

1. On February 4, 2022 (the “**Filing Date**”), Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (an “**NOI**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”), and Richter Advisory Group Inc. (“**Richter**”) was appointed as trustee (in such capacity, the “**Trustee**”) under the NOI. A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy in respect of the Company’s NOI is attached hereto as **Appendix “A”**. The NOI proceedings of Ayanda are referred to herein as the “**NOI Proceedings**”.
2. The primary objectives of the Company’s NOI Proceedings are, among other things: (i) to create a stabilized environment to allow the Company to complete a transaction (the “**Transaction**”) for the sale of all of its issued and outstanding shares pursuant to a share purchase agreement dated February 2, 2022 (the “**SPA**”) between the Company, as vendor, and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), as purchaser and, (ii) subject to the closing of the Transaction, present a proposal to the Company’s creditors that intends to pay the Company’s creditors in full and make a distribution to certain of the Company’s Class B shareholders. The closing of the Transaction is conditional on, among other things, Court (as defined below) approval of the Transaction, Health Canada’s approval of the change in control in Ayanda arising from the Transaction, and the Health Canada Licences remaining in good standing immediately following closing.

II. PURPOSE OF THE FIRST REPORT

3. The purpose of this first report (the “**First Report**”) of the Trustee is to provide the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) with information pertaining to the following:
 - (a) a brief overview of certain background information about the Company, including the events that led the Company to initiate the NOI Proceedings;
 - (b) an overview of the sale and investment solicitation process (the “**SISP**”) carried out by Ayanda and its financial advisor, Hyde Advisory & Investments Inc. (“**Hyde Advisory**”);
 - (c) an overview of the SPA, including the Trustee’s recommendation regarding the Transaction;
 - (d) the Company’s motion for an order (the “**Approval and Vesting Order**”), among other things:
 - (i) approving the Transaction, which includes the proposed structure that provides for the incorporation of a new corporation (“**ResidualCo**”) to accept the transfer of the Excluded Assets and assume the Excluded Liabilities (each as defined herein), and authorizing and directing the Company to take such steps as may be necessary or desirable to complete the Transaction;

- (ii) upon the delivery of the Trustee's certificate to the Purchaser (the "**Effective Time**") certifying that, among other things, all conditions to closing the Transaction have been satisfied or waived (the "**Trustee's Certificate**"), the following will be deemed to have occurred concurrently:
 - I. the vesting of all of Ayanda's right, title and interest in and to the Excluded Assets in ResidualCo;
 - II. the channeling, assuming and vesting in ResidualCo of the Excluded Liabilities (including the Excluded Contracts (as defined in the SPA));
 - III. the terminating and cancelling of all issued and outstanding equity interests in the capital of Ayanda, other than the common shares of Ayanda and the New Common Shares (as defined herein); and
 - IV. the vesting of all of the right, title and interest in and to the New Common Shares in the Purchaser;
- (iii) approving the Advisory and Success Fee Agreement dated November 11, 2021 (the "**Cannabis Consultant Agreement**") between Ayanda and Hyde Advisory; and
- (iv) granting, at the Effective Time, a release in favour of (i) Ayanda's current directors, officers, employees, and independent contractors that have provided legal or financial services to the Company, (ii) legal counsel and advisors of the Company, and (iii) the Trustee and its legal counsel;
- (e) a forecast of the Company's receipts and disbursements (the "**Cash Flow Forecast**") for the period from February 5, 2022 to May 7, 2022 (the "**Forecast Period**"), prepared in accordance with Section 50.4(2) of the BIA; and
- (f) the Company's motion for an order (the "**DIP Facility and Stay Extension Order**"), among other things:
 - (i) authorizing the Company to obtain interim financing up to a maximum amount of \$400,000 (the "**DIP Facility**") pursuant to an interim facility term sheet dated February 16, 2022 (the "**DIP Term Sheet**") between Ayanda and Cardinal Advisory Limited (the "**DIP Lender**");
 - (ii) approving the proposed super-priority charges over all the Company's property, assets and undertakings (the "**Property**"), including:
 - I. a charge in the amount of \$300,000 to secure the fees and disbursements of the Trustee, the Trustee's legal counsel, Thornton Grout Finnigan LLP ("**TGF**"), and the Company's legal counsel, Miller Thomson LLP ("**MT**"), in accordance with Section 64.2 of the BIA (the "**Administration Charge**"); and

- II. a charge in the amount of \$400,000 in favour of the DIP Lender to secure advances to the Company made under the DIP Facility (the “**DIP Charge**”, and together with the Administration Charge, the “**Charges**”);
 - (iii) permitting, but not requiring the Company to pay pre-filing obligations consistent with the Cash Flow Forecast or with the prior approval of the Trustee;
 - (iv) granting an extension of the time required to file a proposal to April 20, 2022 (the “**Stay Extension**”);
 - (v) sealing the confidential exhibits to the Sioen Affidavit (as defined below); and
 - (vi) approving this First Report and the activities of the Trustee described herein.

III. TERMS OF REFERENCE

4. In preparing this First Report, the Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Company, the Company’s books and records, and discussions with representatives of the Company and the Company’s legal counsel (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in this First Report, the Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, as such, the Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
5. Future orientated financial information contained in the Cash Flow Forecast is based on the Company’s estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved.
6. Parties using this First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes, and consequently should not use this First Report for any other purpose.
7. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

IV. GENERAL BACKGROUND INFORMATION ON THE COMPANY

8. The Company's business, affairs, financial performance, and position, as well as the causes of its insolvency, are detailed in the affidavit of Mr. Michael Sioen, Ayanda's Chief Executive Officer, sworn February 22, 2022 (the "**Sioen Affidavit**"). This First Report should be read in conjunction with the Sioen Affidavit, as certain information contained in the Sioen Affidavit has not been included herein to avoid duplication.

General Background

9. The Company was incorporated under the *Canada Business Corporations Act* in April 2016 as Ayanda Medical Marijuana Corporation. It changed its name to Ayanda Cannabis Corporation in November 2018. The Company is a privately held licenced producer of cannabis primarily to produce and distribute cannabis products to consumers for medical purposes. Mr. Sioen is the Company's largest shareholder.
10. As described in the Sioen Affidavit, Health Canada has issued three licences to Ayanda: (i) a Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licence; (ii) a Research Licence; and (iii) a Cannabis Licence (collectively, the "**Health Canada Licences**").
11. The Company operates from leased premises in a 55,000 square foot single-story cultivation and processing facility (the "**Facility**") located at 324-372 Buford-Delhi Townline Road, Norfolk County, Ontario (the "**Leased Property**"). As noted in the Sioen Affidavit, approximately 15,000 square feet of the Facility is fully constructed and operational for cannabis cultivation, production, and processing. The Facility includes: (i) four cultivation rooms; (ii) five processing rooms; and (iii) secure storage. The remaining 40,000 square feet of the Facility is unused.
12. The Facility is leased from Luke and Blanche Sioen Farms Ltd. (the "**Landlord**"), a corporation controlled by Mr. Sioen, pursuant to a ground lease dated November 1, 2019 (as amended from time to time, the "**Ground Lease**"). The Ground Lease has a 10-year term with options to extend for two additional five-year terms. Ayanda pays the Landlord annual rent of \$400, plus utilities and property taxes. The terms of the Ground Lease provide Ayanda the option to purchase the 2-acre leased property for \$2.0 million plus a 3% increase each year for the first three years and fair market value in the fourth year and thereafter. Pursuant to an Amending Agreement dated April 30, 2021, the Ground Lease was amended to provide that the Landlord may require Ayanda to exercise the purchase option if Mr. Sioen ceases to hold 30% of the Company's voting shares.
13. As noted in the Sioen Affidavit, Ayanda cultivates 3,000 plants per grow cycle, which typically lasts approximately three months and produces approximately 14 kilograms of dried flower. As further noted in the Sioen Affidavit, while Ayanda has harvested small cannabis crops, the Company has yet to realize any revenues.

14. As of the Filing Date, Ayanda employed approximately four salaried and hourly individuals (the “**Employees**”). There is no Company sponsored pension plan for the Employees, nor are any of the Employees unionized.

Ayanda’s Historical Financial Results

15. Summarized below are the unaudited historical financial results for Ayanda for the fiscal years ended December 31, 2019, December 31, 2020 and December 31, 2021.

Ayanda Cannabis Corporation			
Historical P&L			
For the Year Ended			
(in CAD, \$000; unaudited)			
	31-Dec-21	31-Dec-20	31-Dec-19
Sales	-	-	-
Expenses			
Payroll Costs	154	105	1
Rent & Occupancy Costs	17	11	0
Selling, General & Administrative	305	151	25
Depreciation	234	174	-
Professional Fees	306	84	63
Bank Charges & Interest	24	27	3
Other Expense/(Income)	-	3	1
Total Expenses	1,042	554	94
Net Income/(Loss)	(1,042)	(554)	(94)

Source: Unaudited financial statements provided by Ayanda

16. The Company incurred a net loss of approximately \$1.0 million for the fiscal year ended December 31, 2021, approximately \$0.6 million for the fiscal year ended December 31, 2020, and approximately \$0.1 million for the fiscal year ended December 31, 2019.
17. As noted in the Sioen Affidavit, despite completing construction of the Facility by June 2020, and successfully cultivating its first crop in July 2021, Ayanda has not obtained a Health Canada licence required to sell cannabis flower to retail consumers. As such, Ayanda has been dependent on equity financing from investors and shareholder loans to fund construction of the Facility and the operational expenses of the Company.

18. Set out below is Ayanda’s unaudited balance sheet as at December 31, 2021:

Ayanda Cannabis Corporation			
Historical Balance Sheet			
As at December 31, 2021			
(in CAD, \$000; unaudited)			
<u>Assets</u>		<u>Liabilities</u>	
Current Assets		Current Liabilities	
Cash	257	Accounts Payable & Accrued Liabilities	68
GST/HST Receivable	22	MSFL Loans	1,021
Inventory	56	Total Liabilities	1,089
Prepaid Expenses & Deposits	161	<u>Shareholders' Equity</u>	
Total Current Assets	495	Share Capital	4,753
Property, Plant & Equipment (Net)	3,420	Deficit	(1,928)
Total Assets	3,915	Total Shareholders' Equity	2,826
		Total Liabilities & Shareholders' Equity	3,915

Source: Unaudited financial statements provided by Ayanda

19. Ayanda had total assets with a book value of approximately \$3.9 million as at December 31, 2021, which, given the nature of its business, is principally comprised of approximately \$3.0 million (book value) of capitalized expenses incurred as part of the build-out of the Facility and approximately \$400,000 (book value) of cultivation, processing and other equipment used in Ayanda's cannabis production process. The book value of Ayanda’s total liabilities as at December 31, 2021 was approximately \$1.1 million, primarily comprising the MSFL Loans (as defined below).

Secured Creditors

20. A copy of the creditor list included as part of Ayanda’s NOI filing is attached hereto as **Appendix “B”**. The Trustee notes that the creditor list is comprised of creditors based the Information and Ayanda may have other creditors not included on the list.
21. The Trustee understands that, on November 4, 2019, Ayanda, as borrower, and Michael Sioen Farms Ltd. (“**MSFL**”), as lender, entered into a loan agreement, (the “**MSFL Loan Agreement**”), whereby MSFL agreed to advance \$550,000 (the “**First MSFL Loan**”) to Ayanda for the purposes of buying out one of Ayanda’s founders and to help finance operations. Pursuant to the MSFL Loan Agreement, the interest rate of the First MSFL Loan was 3.75%. At the time of the MSFL Loan Agreement, the First MSFL was not secured. Mr. Sioen is the sole owner of MSFL. As noted in the Sioen Affidavit, the First MSFL Loan had an initial two-year term, but was renewed on maturity for a further two years on November 1, 2021. The balance owing under the First MSFL Loan as at the Filing Date was approximately \$520,020.

22. The Trustee further understands that, on March 9, 2021, Ayanda, as borrower, and MSFL, as lender, entered into a letter agreement whereby MSFL agreed to provide an additional \$1.0 million of unsecured funds on an interest-free basis to Ayanda (the “**Second MSFL Loan**”, and together with the First MSFL Loan, the “**MSFL Loans**”). As noted in the Sioen Affidavit, MSFL subsequently borrowed \$1.0 million from Mr. Sioen’s relative, Rene Huyge (“**Huyge**”), to fund the advances made under the Second MSFL Loan to Ayanda.
23. On May 27, 2021, Huyge, MSFL, and Ayanda entered into an Acknowledgment Agreement (the “**Acknowledgment Agreement**”). The Trustee understands that the effect of the Acknowledgment Agreement was to recognize that MSFL was indebted to Huyge in the amount of \$1.0 million, and that Ayanda was indebted to MSFL in the same amount. Further, the Acknowledgment Agreement recognizes that pursuant to a Subscription Agreement dated May 24, 2021 (the “**Subscription Agreement**”), Huyge agreed to reduce the indebtedness owed by MSFL by \$0.5 million in exchange for 266,666 Class B (non-voting) common shares of Ayanda. The Acknowledgment Agreement acknowledged and agreed that the Second MSFL Loan was also reduced to \$500,000.
24. A copy of the Acknowledgement Agreement is included as Exhibit “H” to the Sioen Affidavit. As at the Filing Date, the balance owing under the Second MSFL Loan was approximately \$500,000.
25. The Trustee understands that in order to secure advances made under the MSFL Loans, Ayanda granted security in favour of MSFL in all of its present and after-acquired personal property pursuant to a general security agreement dated March, 2021 (the “**MSFL Security**”).
26. At this time, the Trustee has not yet reviewed the validity or enforceability of the MSFL Security. The Trustee will provide the Court with its views on the MSFL Security in a subsequent report.
27. As noted in the Sioen Affidavit, the results of a search of the Personal Property Security Registration System (Ontario) for Ayanda with a currency date of February 21, 2022 (the “**PPSA Search Results**”) confirm that MSFL is the only secured creditor of Ayanda. A copy of the PPSA Search Results is included as Exhibit “I” to the Sioen Affidavit.

Unsecured Creditors

28. The Company estimates that, as at the Filing Date, it had arms-length unsecured obligations totaling approximately \$14,000. This amount does not include potential claims or amounts that may be asserted by third parties against Ayanda.

Contingent Creditors

29. As discussed further in the Sioen Affidavit, the Trustee is aware that there may be up to three contingent claims against Ayanda from either former employees or shareholders of Ayanda (collectively, the “**Contingent Claims**”). The Trustee provides the following overview for the background of the Court:
- (a) in late January 2022, Ayanda received correspondence from litigation counsel for Douglas James Cook, Ayanda’s former Chief Medical Officer (“**Cook**”), claiming significant damages and advising that Cook would be commencing an action against Ayanda and others based on alleged unjust enrichment and oppression in the amount of \$400,000. Prior to the Filing Date, no such action was commenced;
 - (b) on January 17, 2022, Ayanda was contacted by litigation counsel for Shanil Ramdhany (“**Ramdhany**”), one of Ayanda’s founders, claiming that Ramdhany is owed approximately \$1.1 million by Ayanda, including \$183,618 on account of a purported share option exercise and a further \$965,000 for alleged services provided to the Company; and
 - (c) on February 11, 2022, counsel to Ayanda received an email from Ms. Natalie Cain (“**Cain**”), a former employee of Ayanda, who alleged unpaid compensation for work completed for Ayanda.
30. The Trustee notes that Ayanda denies the validity of the Contingent Claims. It is expected that the Contingent Claims will be addressed as part of the proposal and the NOI Proceeding.

Shareholders

31. The Trustee understands that the Company has two classes of common shares: Class A shares and Class B shares. The Trustee further understands that the Class A common shares are voting shares and were initially issued to the Company’s founders: Mr. Sioen, Ramdhany and Susan Dagge (“**Dagge**”), Dagge’s Class A common shares were redeemed in April 2021 and she no longer owns shares in Ayanda. As noted in the Sioen Affidavit, the Class B common shares are non-voting shares. The Class B shares were issued between March 2019 to May 2021 to 30 private investors in connection with three equity financing rounds from “friends and family”, summarized as follows:
- (a) March 2019 – Ayanda raised \$1,960,000 in share capital. Of this amount, approximately \$300,000 was contributed by each of Mr. Sioen and Dagge, with the balance being raised on account of share subscriptions solicited from 11 family and friends;

- (b) November 2019 – Ayanda raised \$1,512,500 in share capital from 21 family and friends; and
- (c) April 2021 – Ayanda raised \$1,580,624 in share capital, with new share subscriptions being made by one existing investor and three new family and friends investors.

V. EVENTS LEADING TO THE COMPANY'S NOI PROCEEDINGS

- 32. As noted in the Sioen Affidavit, several factors have contributed to the Company's financial difficulties, such as: (i) competition in the cannabis industry, (ii) licencing delays, (iii) pandemic related set-backs and cost overruns, (iv) an inability to attract required capital to commercialize operations, and (v) protracted disagreement and dissension (coupled with threats of litigation) as between Ayanda's co-founders, investors, and senior management personnel.
- 33. Ayanda has never earned revenue from the growth of cannabis due to the size of its operations and because the Health Canada Licences only permit Ayanda to sell business-to-business. Since inception, Ayanda has been dependent on funding from investors to finance construction of the Facility and ongoing operating costs, including establishing and maintaining the requisite infrastructure and operations to keep the Health Canada Licences in good standing. The Trustee understands that the Company's liquidity issues started to become a concern in the summer of 2021.
- 34. As noted in the Sioen Affidavit, additional funding was required to build out the unfinished portion of the Facility and to further commercialize operations by, for example, investing in marketing, sales, and packaging. However, as Ayanda had already raised funds from friends and family on three separate occasions and the Company had not yet earned any revenue, it was apparent to the Company that additional funding would need to come from alternative sources.
- 35. In August 2021, Ayanda retained Hyde Advisory to assist it in soliciting potential investment in the business.
- 36. An overview of the SISP, the state of the cannabis market in Canada, and Hyde Advisory's involvement and experience in the cannabis sector is provided in the affidavit of Mr. David Hyde, CEO of Hyde Advisory, sworn February 22, 2022 (the "**Hyde Affidavit**"). On February 16, 2022, the Trustee attended a conference call with David Hyde, TGF and MT, to discuss Hyde Advisory's work with Ayanda, the SISP and the Transaction. This section of the First Report should be read in conjunction with the Hyde Affidavit, as certain information contained in the Hyde Affidavit has not been included herein.

The Initial Investment Solicitation Process

- 37. As noted in the Hyde Affidavit, Hyde Advisory actively canvassed more than two dozen members (the "**Prospective Investors**") of its network of more than 2,000 domestic and international contacts, including closely held corporations involved in the cannabis industry, cannabis licence holders looking to expand operations, foreign corporations looking to enter the market or expand their existing operations, private investors, executives of cannabis companies, well-known

entrepreneurs, insurance professionals who have relationships with cannabis companies, partner consultants, family offices and high net worth individuals, regarding the investment opportunity. The initial outreach focused primarily on domestic entities, with the exception of three to four international entities.

38. The Prospective Investors were identified by Hyde Advisory as potential sources of capital based on Hyde Advisory's knowledge of their investment objectives.
39. As further noted in the Hyde Affidavit, Hyde Advisory spent one month canvassing the Prospective Investors about the investment opportunity.
40. Ultimately, none of the Prospective Investors expressed an interest in investing further capital in Ayanda.

The Sale Solicitation Process

41. Given the results of the process to solicit investment in Ayanda's business, and in light of a looming liquidity crisis, in October 2021, Ayanda and Hyde Advisory shifted focus to consider potential sale opportunities for the business.
42. In November 2021, pursuant to the Cannabis Consultant Agreement, Ayanda formally retained Hyde Advisory to run a sale process (the "**Sale Process**") for the Company's business. The key terms of the Cannabis Consultant Agreement, a copy of which is included as Exhibit "C" to the Hyde Affidavit, include:
 - (a) the term of the engagement is for a period of six months, with an option to extend for successive six-month terms; and
 - (b) if there is a transaction completed for the sale of Ayanda's business, shares or assets or if there is a debt or equity investment in the Company, Ayanda is to pay Hyde Advisory a success fee equal to:
 - (i) 2.5% of the Transaction Value (as defined in the Cannabis Consultant Agreement) of \$3 million or less (up to \$75,000); plus
 - (ii) 4.0% of the Transaction Value between \$3 million and \$4 million (up to \$40,000); plus
 - (iii) 5.0% of the Transaction Value between \$4 million and \$6 million (up to \$100,000); plus
 - (iv) 6.5% of the Transaction Value above \$6 million.

43. The Trustee has reviewed a copy of the Cannabis Consultant Agreement and is of the view that the terms are commercially reasonable, having regard to Hyde Advisory's experience in selling other insolvent cannabis companies, the services provided in connection with the SISP, and market rates for M&A advisors for deals of similar size.
44. An overview of the Sale Process undertaken by Hyde Advisory, on behalf of Ayanda, is as follows:
- (a) the Sale Process commenced in November 2021;
 - (b) Hyde Advisory, with the assistance of Ayanda's management, developed a list of approximately 120 potential strategic and financial purchasers (the "**Targeted Purchasers List**"), comprising both domestic and international parties. Similar to the Prospective Investors, the Targeted Purchasers List constituted a targeted subset of Hyde Advisory's broad network in the cannabis industry. As noted in the Hyde Affidavit, Hyde Advisory, in consultation with Ayanda's management, refined the Targeted Purchasers List to align with what Hyde Advisory knew about potential purchasers' financial means and acquisition objectives, resulting in a final target list comprising 40 prospective purchasers (the "**Prospective Purchasers**");
 - (c) Hyde Advisory prepared a marketing profile and opportunity summary (the "**Offer Summary**"), which was distributed to (i) the Prospective Purchasers and (ii) 12 cannabis industry brokers, advisors and influencers (the "**Other Advisors**") who were encouraged to leverage their personal and professional networks to further market and disseminate the opportunity. The Offer Summary was also posted on Hyde Advisory's website and the acquisition opportunity was advertised by Hyde Advisory on various social media platforms (LinkedIn, Twitter and Hyde Advisory's Google business profile). The Trustee understands that since the onset of the COVID-19 pandemic, social media is the predominant platform used by businesspeople in the cannabis industry;
 - (d) interested parties were required to execute a non-disclosure agreement ("**NDA**"), following which they were provided with a package comprising more detailed information about Ayanda, including the Company's floor plan, site plan, the Health Canada Licences, property surveys and equipment lists (collectively, the "**Level 1 Information**");
 - (e) interested parties that expressed continued interest after being provided with the Level 1 Information were provided access to a virtual data room (the "**Data Room**"), containing additional information about the Company, including financial, operational, legal and supplier information, to assist in due diligence efforts. The Data Room was created and managed by Ayanda under Hyde Advisory's direction; and
 - (f) the Sale Process did not impose a bid deadline for interested parties to submit an offer.

Results of the Sale Process

45. The results of the sale process are as follows:
- (a) six parties executed a NDA and were provided with the Level 1 Information. Of these six parties, three were granted access to the Data Room;
 - (b) Hyde Advisory facilitated three site visits to the Facility in late November and early December 2021. Ayanda's management was in attendance for all three site visits. Mr. Hyde was in attendance for two of the three site visits. In addition, Hyde Advisory facilitated management interviews, specific information requests from potential purchasers, due diligence meetings, follow-up site visits and Zoom and conference calls between the Company and potential purchasers, as required; and
 - (c) on December 28, 2021, the Purchaser submitted a term sheet (the "**Initial Term Sheet**") to Hyde Advisory for the purchase of the Company's business. As noted in the Hyde Affidavit, while an alternative party expressed continuing interest in the opportunity after the Initial Term Sheet was submitted, that party ultimately declined to submit an offer.
46. Following the extensive Sales Process, the Initial Term Sheet was the only offer presented. As a result of Ayanda's liquidity crisis, Ayanda could not support a continuation of the Sale Process or further marketing of the opportunity. Accordingly, the Company, with the recommendation of Hyde Advisory, determined it prudent and appropriate in the circumstances to pursue a transaction with the Purchaser.
47. Following one week of negotiations between Ayanda and the Purchaser, on January 5, 2022, the Purchaser advised that the purchase price currently offered was its best and final offer. The offer was accepted by Ayanda and a definitive term sheet was entered into on January 7, 2022 (the "**Final Term Sheet**"), a redacted copy of which is included as Exhibit "L" to the Sioen Affidavit. A shareholders' meeting was held on January 11, 2022, during which the Class A shareholders present at the meeting unanimously approved the Final Term Sheet.
48. Pursuant to a letter dated January 21, 2022 from Ayanda's counsel (the "**January Shareholders Letter**"), the Ayanda shareholders were informed that Mr. Sioen agreed to accept certain concessions to increase the value of Class B shareholder recoveries, including conveying his own Class B common shares to the Purchaser for the nominal sum of \$1.00. A redacted copy of the January Shareholders Letter is included as Exhibit "N" to the Sioen Affidavit. The January Shareholder Letter further informed shareholders that a share purchase agreement was in the process of being finalized,

but that the closing of the Transaction would require the approval of Health Canada such that it might not be completed until March or April of 2022.

Decision to Commence the NOI Proceedings

49. As noted in the Sioen Affidavit, while Ayanda is confident that the Contingent Claims are without merit, the Company was of the view that the potential for protracted litigation to defend the Contingent Claims created risks in respect of Ayanda's ability to close the Transaction with the Purchaser on a timely basis under the transaction structure then contemplated (the "**Original Transaction Structure**"). As described in the Sioen Affidavit, the Original Transaction Structure, which was to be completed out of court, proposed that the Class A shareholders would sell their Class A common shares to the Purchaser and use drag-along provisions in the Shareholders Agreement to cause a conveyance of all of the Class B common shares to the Purchaser, resulting in the Purchaser owning 100% of all issued and outstanding shares of Ayanda in exchange for the Purchase Price (as defined below).
50. The Trustee understands that, upon the Purchaser becoming aware of the Contingent Claims, the Purchaser requested certain protections be put in place for the Transaction, including (i) a full indemnity from certain Class A shareholders, (ii) a holdback of the Purchase Price (as defined below) of at least \$1.5 million, to be held in escrow pending the final determination of the Contingent Claims, and (iii) an additional holdback of the Purchase Price to fund the legal fees required to defend the Contingent Claims (collectively, the "**Holdback**"). If granted, the Holdback would have tied up a significant portion of the Purchase Price for an indeterminate amount of time, thereby potentially causing significant delay in returning capital to Class B common shareholders. In addition, and as noted in the Sioen Affidavit, given the threats made by Ramdhany and Cook, which included threats of litigation against Ayanda's directors and officers (the "**Directors and Officers**"), the Directors and Officers were not inclined to pursue the Transaction under the Original Transaction Structure.
51. Given the circumstances and in light of the liquidity crisis, Ayanda considered it appropriate to commence the NOI Proceedings in order to seek approval of the Transaction and provide a forum to address the Contingent Claims in the context of a court-supervised BIA process.
52. Following that decision, Ayanda worked with the Purchaser to finalize the terms of the SPA. The SPA and the decision to commence the NOI Proceedings, was unanimously approved by the Class A shareholders in attendance at a shareholders' meeting held on February 2, 2022. Ramdhany was not in attendance at the February 2, 2022 shareholders' meeting.

VI. THE SHARE PURCHASE AGREEMENT

53. The key terms and conditions of the SPA, a redacted copy of which is attached as Exhibit “R” to the Sioen Affidavit, are provided below (capitalized terms in the summary below not otherwise defined have the meanings given to them in the SPA).

- (a) **Purchaser:** 12830353 Canada Inc.
- (b) **Purchase and Sale of Shares:** the following steps are to deemed to happen concurrently:
 - (i) **Share Issuance:** Ayanda will issue, assign and transfer the New Common Shares to the Purchaser in exchange for payment of the Purchase Price;
 - (ii) **Share Consolidation:** Following the issuance of the New Common Shares, the Company will consolidate the New Common Shares and the Existing Shares based on the Consolidation Ratio. Any fractional shares following the consolidation will be cancelled (the “**Consolidation and Cancellation**”). Following the Consolidation and Cancellation, the Purchaser shall be the sole owner of the Post-Consolidation Shares, which shall represent 100% of the Company’s issued and outstanding equity;
 - (iii) **Equity Interests Extinguished:** Except for the Post-Consolidation Shares, any Equity Interests that remain following the Consolidation and Cancellation will be cancelled and any claims in respect of same released as it relates to Ayanda; and
 - (iv) **Preservation of Claims:** Each Class A Shareholder and Class B Shareholder will have a claim against ResidualCo equal to the cost base of their respective common shares (the “**Persevered Equity Claims**”). For certainty, the Preserved Equity Claims shall exist solely against ResidualCo and not against the Company.
- (c) **Purchase Price:** The Purchase Price consists of the Deposit and the Cash Purchase Price (collectively, the “**Purchase Price**”). The Deposit has been received by the Company and will be applied to reduce the outstanding balance of the Purchase Price. The Purchase Price is subject to a number of adjustments related to certain current assets of the Company as of the closing date. The Company is required to deliver to the Purchaser a Statement of Adjustments no later than ten business days prior to the closing date.
- (d) **Retained Assets:** Ayanda will retain the Assumed Contracts, the Permits and Licences, the Books and Records, and any other property or asset owned by Ayanda that is not an Excluded Asset or an Excluded Contract;

- (e) **Assumed Liabilities:** Any obligations under the Assumed Contracts or the Permits and Licences that occur, or are to be performed, after the closing date are assumed by Ayanda;
- (f) **Excluded Assets:** The Excluded Assets are as set out in Schedule “B” to the SPA (the “**Excluded Assets**”).
- (g) **Excluded Liabilities:** The Excluded Liabilities are set out in Schedule “C” to the SPA and include, among other things, liabilities in respect of the Excluded Contracts and the Excluded Assets, and any and all liabilities that are not Assumed Liabilities (the “**Excluded Liabilities**”).
- (h) **Representations and Warranties:** Consistent with the standard terms of an insolvency transaction, i.e. on an “as is, where is” basis, with limited representations and warranties.
- (i) **Closing Date:** The closing date is targeted to be the date that is the later of (i) ten business days after the date that the Approval and Vesting Order is granted, or (ii) the date that Health Canada approves the change of control of the Company.
- (j) **Material Conditions:** The conditions to closing include:
 - (i) granting of the Approval and Vesting Order in form and substance satisfactory to the Purchaser and the Company;
 - (ii) Health Canada’s approval of the change in control of Ayanda to the Purchaser;
 - (iii) renegotiation of the Ground Lease on terms satisfactory to the Purchaser;
 - (iv) the Health Canada Licences remaining in good standing;
 - (v) an appraisal and building inspection of the Facility confirming value equal to or greater than the Purchase Price; and
 - (vi) a limited term transition agreement between the Purchaser and Mr. Sioen.
- (k) **Termination:** The SPA may be terminated: (i) by agreement in writing by the Purchaser and Ayanda, (ii) as a result of a material breach that is not cured, (iii) by the failure to satisfy the closing conditions, (iv) by law that makes the Transaction illegal or otherwise prohibited, or (v) by a final and non-appealable governmental authority restraining the Transaction.

Trustee's Liquidation Analysis

54. In order to consider the benefit of the SPA to the Company and its stakeholders, the Trustee prepared an analysis (the "**Liquidation Analysis**") setting out the estimated realizations that would be obtained upon a disposition of the Company's assets under a forced liquidation, whereby all production and business operations would be terminated immediately.
55. Based on the Liquidation Analysis, the Trustee estimates that the recoveries from the Company's assets in a forced liquidation would result in materially less value being available to the stakeholders of the Company. Accordingly, the Trustee is of the view that the Transaction is in the best interests and maximizes value for the stakeholders of Ayanda. There is material risk of the erosion of value if the Transaction does not proceed.

Sealing Order

56. The Trustee notes that Ayanda seeks a sealing order with respect to the following unredacted documents: Initial Term Sheet, Final Term Sheet, January Shareholders Letter, minutes from the February 2 shareholders' meeting, and the SPA. The Trustee understands that the only term that has been redacted from the public record is the Purchase Price. The Purchase Price contains sensitive commercial information that, if disclosed, may result in the erosion of value to stakeholders of Ayanda. In the event that the Transaction does not close, prospective bidders in a potential future sale process will have access to information that could prejudice the sale process.
57. The Trustee is of the view that it is appropriate that these documents be filed with the Court on a confidential basis and sealed, by order of the Court, until such time as the Transaction closes.

SPA Recommendation

58. Based on all of the foregoing, the Trustee recommends that the Court grant the Approval and Vesting Order approving the Transaction for the following reasons:
 - (a) the Trustee is of the view that the SISP was conducted in a commercially reasonable manner, including the timelines, breadth of Hyde Advisory's canvassing of the market, the information made available to interested parties (including the information made available in the Data Room), and the availability of Hyde Advisory and Ayanda management for due diligence requests, meetings and site tours;
 - (b) no alternative offers superior to the Transaction were received despite Hyde Advisory reaching out to (i) 40 prospective purchasers (not including any parties contacted by the Other Advisors and/or parties who were made aware of the Sale Process via Hyde Advisory's website and LinkedIn, Twitter and Google advertisements);

- (c) no funding is available to further market the opportunity. Even if there was, the Trustee is of the view that the ongoing professional and other costs would erode recoveries with no certainty that a superior transaction would be completed;
- (d) given the Company's liquidity, there is urgency to complete the Transaction;
- (e) Hyde Advisory is highly qualified and has extensive experience in the cannabis sector;
- (f) the terms of the SPA are commercially reasonable;
- (g) the Transaction, which contemplates the purchase and sale of shares using the concept of a "reverse vesting order", provides an efficient mechanism to transfer licences needed to operate the Ayanda business, thereby avoiding a lengthy and potentially disruptive "re-licencing" process and preserving going-concern value of the business; and
- (h) in consideration of the Liquidation Analysis, the Trustee is of the view that the SPA provides the best opportunity in the circumstances for the Company to maximize value for its stakeholders and to achieve a greater recovery than what is available in a liquidation or bankruptcy scenario.

59. Based on the foregoing, the Trustee is of the view that the SISP was conducted appropriately and the Transaction is fair, reasonable and appropriate in the circumstance.

VII. REVERSE VESTING ORDER

60. As set out above, the SPA contemplates that the Purchaser will purchase shares of the Company's business through a "reverse vesting order". The Company's business depends upon the maintenance of the Health Canada Licences and the successful preservation of the Health Canada Licences is a condition to closing pursuant to the SPA. In a traditional asset sale, the Health Canada Licences are not transferable and the steps required to obtain new licences would likely result in additional delays and costs, altering the economics of the transaction and putting the Transaction at risk. The reverse vesting order structure provides a mechanism for the Transaction to proceed efficiently and expeditiously without the exposure to the risks, costs, and delays associated with an asset transaction.

61. As further set out above, Ayanda is subject to the Contingent Claims, and the NOI Proceeding was commenced to permit the Purchaser to obtain the shares of Ayanda free and clear of liabilities not related to the Purchaser. The alternative to the proposed reverse vesting order structure would subject the Purchase Price to a holdback period for an indeterminate amount of time, to the detriment of the stakeholders of Ayanda.

62. In summary, the Trustee is of the view that the reverse vesting order is necessary in these circumstances for the following reasons:
- (a) the Health Canada Licences are not otherwise transferable;
 - (b) this structure allows creditors and shareholders of Ayanda to access proceeds from the Transaction sooner than what would otherwise be available outside of the NOI Proceeding;
 - (c) Ayanda is in a liquidity crisis and needs to complete the transaction as soon as possible and address the Contingent Claims after the Transaction is closed, which is facilitated by the reverse vesting order; and
 - (d) no stakeholder (including creditors and shareholders) of Ayanda will be prejudiced.
63. For these reasons, the Trustee is of the view that a share sale effected by way of a reverse vesting order represents a transaction structure that will best preserve the Company's value, permit a seamless continuation of the Company's business as a going concern, and maximize recoveries for the Company's stakeholders.

VIII. RELEASES

64. The Approval and Vesting Order provides for certain third-party releases to the current directors, officers, employees, and independent contractors who provided legal or financial services to the company. In addition, the Approval and Vesting Order provides releases to legal counsel and advisors of Ayanda, the Proposal Trustee, and the Proposal Trustee's counsel. The Approval and Vesting Order contemplates that the releases shall take effect upon filing of the Proposal Trustee's Certificate that signifies closing of the Transaction.
65. The proposed release does not release any claim that is not permitted to be released pursuant to section 50(14) of the BIA.
66. The Trustee is of the view that the proposed release is reasonable in the circumstances as the release has appropriately carved out certain claims that are not permitted to be released. Further, the Trustee is of the view that the releasees have been integral in the negotiation of the Transaction that will see all creditors repaid in full and will maximize value for the stakeholders of Ayanda. Without the actions of the current directors, officers and employees of Ayanda, significant value may have been lost. In these circumstances, the Trustee supports the granting of the proposed release.

IX. CASH FLOW FORECAST

67. The Company, with the assistance of the Trustee, prepared the Cash Flow Forecast, which, in accordance with Section 50.4(2) of the BIA, was filed with the Official Receiver on February 14, 2022. A copy of the Cash Flow Forecast as well as the associated reports of both the Company and the Trustee are attached hereto as **Appendix “C”**. The Cash Flow Forecast is summarized as follows:

Ayanda Cannabis Corporation	
Projected Statement of Cash Flow	
For the Period February 5, 2022 to May 7, 2022	
(In Canadian Dollars)	
	Total
Receipts	
Sales tax refund	21,999
Total receipts	21,999
Disbursements	
Professional fees	305,000
Utilities	119,034
Selling, general and administrative	38,859
Salaries and wages	36,000
Testing and quality control	34,979
Insurance	25,000
Repairs and maintenance	22,955
Loan payments	10,838
Total disbursements	592,665
Net cash inflow / (outflow)	(570,666)
Beginning cash balance	179,835
Net cash inflow / (outflow)	(570,666)
Proposed DIP financing	400,000
Ending cash balance	9,168

68. The Cash Flow Forecast projects that the Company will experience a net cash outflow of approximately \$571,000 (before any DIP drawdown) over the Forecast Period, comprised of:

- (a) cash receipts of approximately \$22,000, primarily related to the collection of sales tax refunds; and
- (b) cash disbursements of approximately \$593,000, primarily consisting of: (a) costs of professionals in connection with the NOI Proceedings, (b) operating costs to maintain current operations while the Company seeks to close the Transaction, including utilities, selling, general and administrative expenses, salaries and wages, testing and quality control, insurance and repairs and maintenance, and (c) principal and interest payments to service the MSFL Loans.

69. The Cash Flow Forecast projects a cash shortfall of approximately \$391,000 during the Forecast Period. If approved by the Court, funds are to be advanced under the DIP Facility, subject to the terms and conditions of the DIP Term Sheet, to cover the cash shortfall.
70. As evidenced by the Cash Flow Forecast, without access to the DIP Facility, the Company lacks sufficient liquidity to maintain operations and fund the NOI Proceedings. The DIP Facility is expected to provide the Company with sufficient funding during the Forecast Period and to ensure Ayanda's continued operations during the NOI Proceedings.

Payment of Pre-Filing Obligations

71. Pursuant to the DIP Facility and Stay Extension Order, the Company seeks the authority to pay certain pre-filing amounts incurred by Ayanda in the ordinary course, provided that such payments are consistent with the Cash Flow Forecast or have been approved by both the Trustee and, in accordance with the DIP Term Sheet (as discussed below), the DIP Lender.
72. On the basis that the Company has limited arms-length pre-filing obligations, in the Trustee's view, no creditor would be materially prejudiced by the making of pre-filing payments (the Cash Flow Forecast projects that all known pre-filing obligations are to be paid during the Forecast Period). The Trustee understands that the DIP Lender and MSFL, the company's only secured creditor, do not oppose this relief.
73. Accordingly, and subject to the condition noted, the Trustee supports the Company's request to make pre-filing payments in accordance with the DIP Facility and Stay Extension Order.

X. DIP FACILITY

74. As discussed above, absent access to the DIP Facility, the Company will be without the liquidity needed to fund ongoing operations, including the professional costs of these proceedings, while the Company works to close the Transaction.
75. The principal terms of the DIP Term Sheet, a copy of which is attached as Exhibit "S" to the Sioen Affidavit, include (capitalized terms in the table below not otherwise defined have the meanings given to them in the DIP Term Sheet):

Basic Provisions	Description
Availability	\$400,000
Lender	Cardinal Advisory Limited
Borrower	Ayanda Cannabis Corporation
Release and Purpose	The DIP Lender will advance the DIP facility by way of one single advance, for purposes of funding (i) short-term liquidity of Ayanda and (ii) general corporate costs, including

	professional fees in connection with the Transactions and the NOI Proceedings. Pre-filing obligations may only be paid with prior written consent of the DIP Lender and the Trustee.
Interest Rate	10% per annum. Interest will accrue monthly in arrears and be paid, in full, on the DIP Termination Date.
Fees and Costs	<ul style="list-style-type: none"> a) Commitment fee of \$15,000, due on the DIP Termination Date, and which is fully earned upon the execution of the DIP Term Sheet; b) All fees, costs and expenses, including legal fees reasonably incurred by the DIP Lender in connection with the negotiation, preparation and performance of the DIP Term Sheet; and c) All of the DIP Lender's costs of realization or enforcement on a full indemnity basis.
Repayment Date	The earlier of: (i) June 30, 2022, or such other date as may be agreed to by the DIP Lender and Ayanda in writing, (ii) three business days following the date upon which the Transactions close, (iii) the early termination or refinancing of the DIP Facility or the receipt by Ayanda of any other debtor-in-possession financing, (iv) the termination, expiration or conversion of the NOI Proceedings, (v) any material breach of the terms of the DIP Term Sheet, subject to a three day cure period beginning on the day the DIP Lender provides written notice of the breach, or (vi) the repayment in full of all amounts owing under the DIP Facility.
Security	The DIP Charge, ranking subordinate only to the Administration Charge. However, the DIP Charge will rank in priority to the Administration Charge over the Deposit.
Court Order Conditions	<p>The order granted by the Court approving the DIP Facility shall be in form and substance satisfactory to the DIP Lender and must include:</p> <ul style="list-style-type: none"> (a) approval of the DIP Term Sheet and the DIP Facility; (b) granting the DIP Charge; (c) authorizing the DIP Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Charge; (d) that the DIP Charge is valid and effective to secure all of the obligations of Ayanda to the DIP Lender, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by Ayanda; (e) a declaration that the granting of the DIP Charge and all other documents executed and delivered to the DIP Lender as contemplated therein, including, without limitation, all actions taken to perfect, record and register the DIP Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and (f) restrictions concerning the granting of any additional liens or encumbrances on the assets of Ayanda, other than as permitted under the DIP Term Sheet and in the DIP Facility and Stay Extension Order.
Covenants	<p>From the date of the DIP Term Sheet until the DIP Termination Date, Ayanda will:</p> <ul style="list-style-type: none"> (a) promptly on the receipt by Ayanda of the same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the DIP Facility and Stay Extension Order;

	<p>(b) provide the DIP Lender, with the assistance of the Trustee, with any additional financial information reasonably requested by the DIP Lender, to the extent that it is readily available; and</p> <p>(c) not, without the prior written consent of the DIP Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge and the DIP Charge) over any of its property, whether ranking in priority to or subordinate to the DIP Charge.</p>
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DIP Facility Recommendation

76. In consideration of the factors set out in subsection 50.6(5) of the BIA with respect to the granting of a Court order for interim financing and a charge related thereto, the Trustee is of the view that the terms of the DIP Facility are reasonable and appropriate for the following reasons:

- (a) the DIP Facility enhances the prospect that the Company will be able to navigate its way through the NOI Proceeding, as it will provide the necessary funding to enable Ayanda to close the Transaction;
- (b) the Company is facing an imminent liquidity crisis and is without the cash needed to fund operations, the NOI Proceedings and close the Transaction—short term funding is needed urgently;
- (c) the Trustee believes that approval of the DIP Facility is in the best interests of the Company’s stakeholders. The Trustee does not believe that creditors will be prejudiced as a result of the approval of the DIP Facility—to the contrary, they will benefit from it as it will allow the business to continue to operate while it works to close the Transaction, which will enhance value as compared to the alternative, which is the discontinuation of Ayanda’s operations and the potential liquidation of its assets;
- (d) the Trustee has compared the principal financial terms of the DIP Facility to a number of other recent DIP financing packages approved by the Canadian courts, with respect to pricing, loan availability and certain security considerations. Based on this comparison, the Trustee is of the view that, in the circumstances, the terms of the DIP Facility appear to be reasonable;
- (e) the Trustee is not aware of any other party willing to offer interim financing to the Company; and
- (f) in the Trustee’s view, there is virtually no prospect of restructuring the Company’s business under these proceedings absent the funding provided by the DIP Facility.

XI. COURT ORDERED CHARGES

Administration Charge

77. The Company seeks the Administration Charge over all the Property to secure the fees and disbursements incurred in connection with services rendered to the Company before and after the Filing Date by the Trustee, TGF and MT.
78. The quantum of the Administration Charge sought by the Company was determined in consultation with the Trustee.
79. The Administration Charge will rank in priority to all other security interests, including the DIP Charge, other than with respect to the Deposit. The DIP Term Sheet provides that the DIP Charge will have a first-ranking priority over the Deposit in the event that the Transaction does not close and the Company is permitted to retain the Deposit. The Trustee understands that the DIP Lender has consented to the Administration Charge and its priority ranking.
80. The Administration Charge is required in insolvency proceedings to ensure that the professionals involved with the debtor company continue to provide their services to the debtor. The Trustee is of the view that the amount and the priority of the Administration Charge is required and reasonable in the circumstances. The Trustee supports the granting and the proposed ranking of the Administration Charge.

DIP Charge

81. Ayanda requires immediate financing to continue operations during the NOI Proceedings while it seeks to complete the Transaction, as evidenced by the Cash Flow Forecast.
82. It is a fundamental condition of the DIP Term Sheet that the DIP Lender receives the benefit of the DIP Charge to the maximum amount of the aggregate of any and all advances made by the DIP Lender to the Company under the DIP Facility. The maximum amount under the DIP Facility is \$400,000.
83. The DIP Term Sheet provides the Company with access to the financing required to fund operations and complete the Transaction. The Trustee recommends that the Court approve the DIP Term Sheet, and accordingly, the Trustee also supports the granting of the DIP Charge, as well as the proposed priority ranking thereof.

Summary and Proposed Ranking of the Court Ordered Charges

84. The priorities of the Charges sought by the Company are as follows:
 - (a) First – the Administration Charge (save and except with respect to the Deposit); and
 - (b) Second – the DIP Charge.

85. The DIP Facility and Stay Extension Order provides that the Charges will rank in priority to the security interest of MSFL.
86. As noted above, the Trustee believes that the Charges and rankings are required and reasonable in the circumstances and, as such, supports the granting and the proposed ranking of the Charges.

XII. EXTENSION OF THE PROPOSAL PERIOD

87. The Company is seeking the Stay Extension, which, if granted, would extend the time for the Company to file its proposal to April 20, 2022.
88. The Trustee supports the Company's request for the Stay Extension for the following reasons:
- (a) the Stay Extension will provide the Company, with the assistance of its legal counsel and the Trustee, with the time needed to (i) take steps to advance the closing of the Transaction and (ii) formulate a proposal to its creditors. As noted in the Sioen Affidavit, the proposal is anticipated to provide for the repayment, in full, of the Company's creditors and provide for a distribution to the Class B shareholders, which shareholders are entitled to receive distributions in priority to other shareholders in accordance with the Company's articles of incorporation;
 - (b) the Company is acting in good faith and with due diligence; and
 - (c) it is the Trustee's view that the Stay Extension will not materially prejudice or adversely affect any group of creditors.
89. In consideration of the foregoing, the Trustee is of the view that the Company's request for the Stay Extension is appropriate in the circumstances.

XIII. ACTIVITIES OF THE TRUSTEE

90. The Trustee's activities since the Filing Date have included, *inter alia*, the following:
- (a) sending a notice, within five days of the Filing Date, of the NOI Proceedings to all known creditors of the Company with claims of \$250 or more, in accordance with the BIA. Notice was also sent to certain other persons, including creditors with claims less than \$250, applicable tax authorities and any other party that requested a copy of the notice;
 - (b) establishing and maintaining a website at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation/> where material documents pertaining to the NOI Proceedings are available in electronic form;
 - (c) implementing procedures for the monitoring of the Company's cash flows and for ongoing reporting of variances to the Cash Flow Forecast;

- (d) assisting the Company with preparing the Cash Flow Forecast and filing same with the Official Receiver pursuant to the BIA;
- (e) meeting and corresponding with the Company and its legal counsel regarding the Cash Flow Forecast, the SPA, the DIP Facility and DIP Term Sheet, cash management, creditor matters and various other matters in connection with the Company's operations and its NOI Proceedings;
- (f) attending a conference call with David Hyde, CEO of Hyde Advisory, regarding the SISP;
- (g) preparing the Liquidation Analysis;
- (h) responding to calls and enquiries from creditors and other stakeholders in connection with the NOI Proceedings;
- (i) reviewing materials filed with the Court in respect of the NOI Proceedings; and
- (j) drafting this First Report.


XIV. CONCLUSION AND RECOMMENDATION

91. Based on all of the foregoing, the Trustee respectfully recommends that this Honourable Court grant the Approval and Vesting Order and the DIP Facility and Stay Extension Order.

All of which is respectfully submitted this 24th day of February 2022.

**Richter Advisory Group Inc.
in its capacity as Trustee *in re* the Proposal of
Ayanda Cannabis Corporation
and not in its personal capacity**

Per:



**Adam Sherman, MBA, CIRP, LIT
Senior Vice President**



**Adam Zeldin, CPA, CA, CIRP, LIT
Vice President**

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION

Estate / Court File No. 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

Proceedings commenced at Toronto

**FIRST REPORT OF THE PROPOSAL
TRUSTEE**

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Lawyers for the Proposal Trustee, Richter Advisory
Group Inc.

Appendix F

Court File No. 35-2802344
Estate No. 35-2802344

AYANDA CANNABIS CORPORATION

**SECOND REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION**

MAY 25, 2022

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APPENDICIES

APPENDIX "A" – Approval and Vesting Order

APPENDIX "B" – DIP Facility and Stay Extension Order

APPENDIX "C" – First Report of Richter Inc. dated February 24, 2022 (excluding appendices)

APPENDIX "D" – Cash Flow Forecast and Reports

APPENDIX "E" – Creditors' Meeting Notice (excluding attachments)

APPENDIX "F" – Statement of Affairs sworn April 19, 2022

APPENDIX "G" – Report on the Company's Financial Circumstances and the Proposal dated April 29, 2022

APPENDIX "H" – Court Approval Hearing Notices

APPENDIX "I" – The Proposal of Ayanda Cannabis Corporation

APPENDIX "J" – Blackline copy of the Amended Proposal, setting out the changes from the Initial Proposal

APPENDIX "K" – Minutes of the Creditors' Meeting

APPENDIX "L" – Affidavit of Adam Sherman sworn May 25, 2022

APPENDIX "M" – Affidavit of Mitch Grossell sworn May 25, 2022

Court File No. 35-2802344
Estate No. 35-2802344

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION
OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

SECOND REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE UNDER THE
NOTICE OF INTENTION TO MAKE A PROPOSAL OF
AYANDA CANNABIS CORPORATION

MAY 25, 2022

I. INTRODUCTION

1. This report (the “**Second Report**”) is filed by Richter Inc. (formerly, Richter Advisory Group Inc.) (“**Richter**”) in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”).
2. On February 4, 2022 (the “**Filing Date**”), Ayanda filed a NOI pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the “**BIA**”), and Richter was named as Proposal Trustee. Ayanda’s NOI proceedings are referred to herein as the “**NOI Proceedings**”.
3. As described in the First Report of the Proposal Trustee dated February 24, 2022 (the “**First Report**”), in the face of a looming liquidity crisis and after completion of an extensive sale and investment solicitation process, Ayanda entered into a transaction (the “**Transaction**”) for the sale of all of its issued and outstanding shares pursuant to a share purchase agreement dated February 2, 2022 (the “**SPA**”) between Ayanda, as vendor, and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), as purchaser. The Transaction was approved by Ayanda’s Class A (voting) shareholders.
4. As outlined in the First Report, in addition to the impending liquidity crisis, the Company faced the threat of various contingent claims (the “**Contingent Claims**”) from certain former employees and shareholders.
5. In these circumstances, Ayanda considered it appropriate to commence the NOI Proceedings in order to, among other things: (i) create a stabilized environment to allow the Company to complete the Transaction, (ii) present a proposal to the Company’s creditors, and (iii) provide a forum to address the Contingent Claims in the context of a court-supervised insolvency process.
6. On March 1, 2022, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued the Approval and Vesting Order (the “**Approval and Vesting Order**”), *inter alia*:
 - a) approving the Transaction, including the incorporation of a new corporation (“**ResidualCo**”) that, upon closing of the Transaction, will receive the Excluded Assets and assume the Excluded Liabilities (each as defined in the SPA), and authorizing and directing the Company to take such other steps as may be necessary or desirable to complete the Transaction; and
 - b) certifying, upon the delivery of the Proposal Trustee’s certificate to the Purchaser after the satisfaction or waiver of all closing conditions under the SPA (the “**Effective Time**”), the following will be deemed to have occurred concurrently:
 - (i) the vesting of all of Ayanda’s right, title and interest in and to the Excluded Assets in ResidualCo;

- (ii) the channeling, assumption and vesting in ResidualCo of the Excluded Liabilities (including the Excluded Contracts (as defined in the SPA));
- (iii) the termination and cancellation of all issued and outstanding equity interests in the capital of Ayanda, other than the common shares of Ayanda and the New Common Shares (as defined in the SPA);
- (iv) the vesting of all of the right, title and interest in and to the New Common Shares in the Purchaser; and
- (v) granting, at the Effective Time, a release in favour of: (i) Ayanda's current directors, officers, employees, and independent contractors that have provided legal or financial services to the Company, (ii) legal counsel and advisors of the Company, and (iii) the Proposal Trustee and its legal counsel.

A copy of the Approval and Vesting Order is attached hereto as **Appendix "A"**.

7. On the same date, the Court issued the DIP Facility and Stay Extension Order (the "**DIP Facility and Stay Extension Order**"), *inter alia*:
- a) authorizing the Company to obtain interim financing up to the maximum principal amount of \$400,000 (the "**DIP Facility**") pursuant to an interim facility term sheet dated February 16, 2022 (the "**DIP Term Sheet**") between Ayanda and Cardinal Advisory Limited (the "**DIP Lender**");
 - b) approving the following super-priority charges over all the Company's property, assets and undertakings:
 - (i) a charge in the amount of \$300,000 to secure the fees and disbursements of the Proposal Trustee, legal counsel to the Proposal Trustee, and the Company's legal counsel (the "**Administration Charge**"); and
 - (ii) a charge in the amount of \$400,000 in favour of the DIP Lender to secure advances to the Company made under the DIP Facility (the "**DIP Charge**", and together with the Administration Charge, the "**Charges**"); and
 - c) extending the deadline by which Ayanda was required to file its proposal up to and including April 20, 2022.

A copy of the DIP Facility and Stay Extension Order is attached hereto as **Appendix "B"**.

II. PURPOSE OF THE SECOND REPORT

8. The Proposal Trustee filed its First Report in support of the Approval and Vesting Order and the DIP Facility and Stay Extension Order. A copy of the First Report (excluding appendices) is attached hereto as **Appendix “C”**.
9. The purpose of this Second Report is to report to the Court regarding:
 - a) the activities of the Company and the Proposal Trustee since the First Report;
 - b) the key terms of the Proposal of Ayanda dated April 19, 2022, filed pursuant to Part III of the BIA (the “**Initial Proposal**”), as amended (the “**Amended Proposal**”) at the meeting of creditors held on May 9, 2022 (the “**Creditors’ Meeting**”), which Amended Proposal was unanimously approved by the creditors of the Company who voted at the Creditors’ Meeting;
 - c) the status of the Charges; and
 - d) the Proposal Trustee’s recommendation that this Court grant an order (the “**Proposal Approval Order**”), *inter alia*:
 - (i) approving the Amended Proposal;
 - (ii) terminating the Administration Charge and the DIP Charge upon the Proposal Trustee filing a certificate (the “**Proposal Trustee’s Charge Termination Certificate**”) certifying that provisions have been made for the satisfaction of the amounts secured by the Charges;
 - (iii) approving the Proposal Trustee’s fees and disbursements and those of its counsel, Thornton Grout Finnigan LLP (“**TGF**”), for the period from February 1, 2022 to May 20, 2022; and
 - (iv) approving this Second Report, and the activities, actions and conduct of the Proposal Trustee set out herein.

III. TERMS OF REFERENCE

10. In preparing this Second Report, the Proposal Trustee has relied upon certain unaudited, draft, and / or internal financial information prepared by representatives of the Company, the Company’s books and records, and discussions with representatives of the Company and the Company’s legal counsel (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in this Second Report, the Proposal Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a

manner that would comply with Canadian Auditing Standards (“**CAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, as such, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.

11. Parties using this Second Report other than for the purposes outlined herein are cautioned that it may not be appropriate for such purposes, and consequently should not use this Second Report for any other purpose.
12. Unless otherwise noted, all monetary amounts contained in this Second Report are expressed in Canadian dollars.
13. Capitalized terms not otherwise defined in this Second Report have the meanings given to them in the Amended Proposal.

IV. ACTIVITIES OF THE COMPANY

14. As described in the First Report, among a variety of external factors, the Company’s operations were primarily limited to small batch cultivation activities given the size of its operations and inability to sell its product through retail channels. Accordingly, the Company never earned revenue.
15. After entering into the Transaction, and to address immediate liquidity concerns while maintaining ordinary course growing operations for the benefit of the Purchaser, on March 1, 2022, the Company entered into a services agreement with the Purchaser to reimburse Ayanda for the ordinary course obligations incurred prior to closing of the Transaction.
16. In addition, Ayanda’s activities since the date of the First Report include:
 - a) responding to enquiries from creditors and shareholders regarding the NOI Proceedings, the Transaction and the terms of the Amended Proposal;
 - b) making payments in the ordinary course to suppliers for goods and services received following the Filing Date;
 - c) reporting receipts and disbursements to the Proposal Trustee;
 - d) communicating with the Proposal Trustee and Ayanda’s legal counsel, Miller Thomson LLP (“**MT**”), on various matters in connection with the NOI Proceedings, the Transaction and considerations regarding the Initial Proposal;
 - e) preparing, with the assistance of the Proposal Trustee, Ayanda’s statement of projected cash flow for the period from April 17, 2022 to July 2, 2022 (the “**Cash Flow Forecast**”) and related reports pursuant to section 50(6) of the BIA, copies of which are attached hereto as **Appendix “D**”; and

- f) preparing the Initial Proposal (as amended by the Amended Proposal), including various communications with the Proposal Trustee and MT in connection with same.

V. ACTIVITIES OF THE PROPOSAL TRUSTEE

17. The Proposal Trustee's activities since the First Report have included, *inter alia*:

- a) maintaining a case website where all materials filed with the Court, all Orders made by the Court, and other relevant documentation in connection with the NOI Proceedings, including information regarding filing a Proof of Claim with the Proposal Trustee and notices of the Creditors' Meeting and this motion are available in electronic format. The case website may be accessed at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation>;
- b) implementing procedures for the monitoring of the Company's cash flows and for the ongoing reporting of variances to the Cash Flow Forecast;
- c) attending before the Court in connection with the Approval and Vesting Order and the DIP Facility and Stay Extension Order;
- d) assisting the Company with the preparation of the Cash Flow Forecast and related reports pursuant to section 50(6) of the BIA;
- e) meeting and corresponding with the Company and MT regarding cash management, the development of the Initial Proposal, the Cash Flow Forecast and related reports, and other matters in connection with the Company's operations and the NOI Proceedings;
- f) responding to calls and enquiries from creditors and other stakeholders, including their respective counsel, in connection with the NOI Proceedings and the terms of the Amended Proposal;
- g) on April 29, 2022 and in accordance with section 51(1) of the BIA, mailing a notice of the Creditors' Meeting to consider and vote on the Initial Proposal (the "**Creditors' Meeting Notice**") to Ayanda, the Superintendent of Bankruptcy (the "**Superintendent**") and every known creditor affected by the Initial Proposal. A copy of the Creditors' Meeting Notice (excluding attachments) is attached hereto as **Appendix "E"**;
- h) preparing the Company's statement of affairs sworn April 19, 2022 (the "**SOA**"), detailing, among other things, Ayanda's assets and liabilities (a copy of which was included in the Creditors' Meeting Notice). A copy of the SOA is attached hereto as **Appendix "F"**;

- i) pursuant to section 50(10)(b) of the BIA, preparing a report on Ayanda’s financial circumstances and the Initial Proposal (the “**Proposal Report**”). A copy of the Proposal Report, which was also included in the Creditors’ Meeting Notice, is attached hereto as **Appendix “G”**;
- j) on May 9, 2022, convening and chairing the Creditors’ Meeting;
- k) through TGF, applying within the prescribed time period under the BIA for a hearing for the Court’s approval of the Amended Proposal;
- l) on May 19, 2022 and May 25, 2022, and in accordance with section 58(b) of the BIA, mailing notices of the date, time and place of the application to the Court to approve the Amended Proposal (the “**Court Approval Hearing Notices**”) to the Company, the Superintendent, the Company’s creditors and certain other stakeholders,. Copies of the Court Approval Hearing Notices are attached hereto as **Appendix “H”**;
- m) communicating and corresponding with TGF regarding various matters in connection with the NOI Proceedings, the Transaction, the Initial Proposal and the Amended Proposal; and
- n) preparing this Second Report, a copy of which will be forwarded to the Superintendent, as provided for pursuant to the BIA.

VI. THE AMENDED PROPSAL

- 18. The Initial Proposal was filed with the Superintendent on April 19, 2022. A copy of the Initial Proposal is attached hereto as **Appendix “I”**. The Initial Proposal provided for the net proceeds from the Transaction (after payment of the secured claim in favour of Michael Sioen Farms Ltd. (“**MSFL**”)) to be distributed among proven unsecured creditors with any remaining funds to be distributed by MT to Class B (non-voting) shareholders. In the Proposal Trustee’s view, the Initial Proposal was advantageous to a bankruptcy because the claims of proven secured and unsecured creditors would be repaid in full, subject to implementation of the Initial Proposal.
- 19. During the Creditors’ Meeting (as discussed further below) to consider and vote on the Initial Proposal, several attendees inquired about the timing for distributions to shareholders pursuant to section 6.4 of the Initial Proposal. After discussion and pursuant to section 8.2 of the Initial Proposal, section 6.4 of the Initial Proposal was amended as follows:

6.4 Post-Implementation Obligations

Within ten (10) calendar days following the distribution of the Net Purchase Proceeds in accordance with Section 6.1 of this Proposal, and subject to any ongoing or outstanding equity holder disputes, Debtor’s Counsel, on behalf of ResidualCo, shall distribute the Equity Fund as follows:

- (a) first, to the Class B Equity Claimants, pro rata, based upon the number of Class B Shares each Class B Equity Claimant holds in the Debtor as at the Date of Filing; and
- (b) second, to the Class A Equity Claimants, pro rata, based upon the number of Class A Shares each Class A Equity Claimant holds in the Debtor as at the Date of Filing.

The books and records of the Debtor as at the calendar day immediately prior to the date that the Certificate of Full Performance is issued shall serve as prima facie evidence of such number of Class B Shares or Class A Shares held.

- 20. All other terms of the Initial Proposal remain unchanged. A blackline copy of the Amended Proposal, setting out the changes from the Initial Proposal, is attached hereto as **Appendix "J"**.
- 21. Save for the revisions described above, the key terms of the Amended Proposal are discussed in the Proposal Report (see **Appendix "G"**). The Amended Proposal provides for the distribution of the Net Purchase Proceeds from the Transaction to Ordinary Unsecured Creditors with Proven Claims (less any levies payable to the Superintendent of Bankruptcy) in a manner that, in the opinion of the Proposal Trustee, results in the Ordinary Unsecured Creditors with Proven Claims deriving a greater benefit from the distribution contemplated by the Amended Proposal than they would otherwise receive from a bankruptcy of the Company.
- 22. Should the Court approve the Amended Proposal, implementation of the Proposal is conditional on the closing of the Transaction and the payment of the MSF Claim Amount by the Purchaser to MSFL, the Company's only secured creditor. Pursuant to the Amended Proposal, the Company shall provide a payment direction to the Purchaser regarding payment of the secured claim in favour of MSFL. The date upon which the foregoing conditions are satisfied or waived is referred to as the **"Implementation Date"**.
- 23. Upon the Closing of the Transaction, the Purchaser will pay to the Proposal Trustee the Net Purchase Proceeds. As soon as practicable following the Implementation Date, the Proposal Trustee will distribute the Net Purchase Proceeds in accordance with section 6.1 of the Proposal.
- 24. Upon receipt of the Net Purchase Proceeds, the Proposal shall have been fully performed and the Proposal Trustee shall be entitled to issue to Ayanda the certificate referred to in section 65.3 of the BIA.
- 25. On the Implementation Date, all Claims (other than Unaffected Claims) will be discharged, except for the obligations of ResidualCo to make distributions in accordance with Article 6 of the Proposal.
- 26. The Proposal provides for a full and final release and discharge of all claims against the Company (collectively, the **"Releases"**), which Releases are operative upon the Implementation Date.

27. Prior to the Creditors' Meeting, the Proposal Trustee conducted a review of the Company's assets and the estimated value thereof, the liabilities of the Company, and causes of the Company's insolvency. In addition, the Proposal Trustee performed an investigation regarding the Company's conduct in accordance with, among other things, sections 50(10)(b) of the BIA. A summary of the Proposal Trustee's findings is set out in the Proposal Report. In connection with the foregoing, the Proposal Trustee is of the opinion that:
- a) the assets of the Company and their fair realizable value are as reflected on the SOA;
 - b) the liabilities of the Company are materially consistent with the liabilities as reflected on the SOA;
 - c) based on information provided by the Company, and as discussed in the First Report and the Proposal Report, the Company experienced significant financial difficulties due to a combination of factors, including (i) competition in the cannabis industry, (ii) licencing delays, (iii) pandemic related set-backs and cost overruns, (iv) an inability to attract required capital to commercialize operations, and (v) a breakdown in the relationship among the co-founders of Ayanda (including threatened litigation), certain investors, and senior management, thereby accelerating the deterioration of Ayanda's financial position;
 - d) based on the Proposal Trustee's investigations regarding Ayanda's conduct as set out in the Proposal Report, the Proposal Trustee is of the opinion that Ayanda's conduct is reasonable. Further, the Proposal Trustee's investigations did not identify any transactions that may qualify as preferences and/or transactions at undervalue pursuant to the BIA and the exclusion of sections 95 to 101 of the BIA from the Amended Proposal is reasonable; and
 - e) the Proposal Trustee is not aware of any facts, pursuant to section 173 of the BIA, which may be proved against the Company.
28. The Proposal Trustee is further of the opinion that the Amended Proposal is advantageous for the Ordinary Unsecured Creditors of the Company for the following reasons:
- a) if the Proposal is not approved by the Court, the Company will become bankrupt. In such a scenario, the Transaction will not be completed, and it appears unlikely that there would be any remaining proceeds from the liquidation of the Company's assets to support a distribution to the Ordinary Unsecured Creditors. As reported by the Company on the SOA, absent the closing of the Transaction, the estimated realizations from the Company's assets are insufficient to satisfy the secured claim of MSFL. The Proposal Trustee prepared its own analysis of the estimated realizable values of Ayanda's assets and, based on that analysis, the Proposal Trustee is of the view that the recoveries attributed to the Company's assets on the SOA appear reasonable; and

- b) if the Proposal is approved by the Court and implemented, it is anticipated that the Claims of Affected Creditors will be paid in full and the balance of the Net Purchase Proceeds will be made available to Ayanda's Class B (non-voting) shareholders on a *pro rata* basis. Many of the Class B (non-voting) shareholders are family and friends who invested in the Company.

VII. CREDITORS' MEETING

- 29. As noted above, the Creditors' Meeting was held on May 9, 2022. The Creditors' Meeting was presided over by a representative of the Proposal Trustee, who chaired the meeting (the "**Chairperson**"). The Creditors' Meeting attained quorum in accordance with section 106(1) of the BIA as one creditor entitled to vote at the Creditors' Meeting was present.
- 30. After discussing and finalizing the amendments to the Initial Proposal (as detailed above), the Chairperson moved for the creditors present at the meeting to vote on the Amended Proposal. The Chairperson explained the voting procedure and that only those creditors who filed a proof of claim with the Proposal Trustee prior to the Creditors' Meeting and/or held a valid proxy (where applicable) were eligible to vote.
- 31. The Chairperson advised those in attendance at the Creditors' Meeting of the following in connection with the vote on the Amended Proposal:
 - a) two (2) proofs of claim totaling \$1,167,073.00 were filed with the Proposal Trustee prior to the Creditors' Meeting; and
 - b) one (1) of the proofs of claim in the amount of \$1,148,618.20 filed prior to the Creditors' Meeting was marked as an objected claim in accordance with the BIA because the Proposal Trustee was not in a position to value the proof of claim for the purposes of voting at the Creditors' Meeting.
- 32. Following a brief discussion, the Amended Proposal was unanimously approved. One (1) creditor with a proof of claim in the amount of \$16,454.80 voted in favour of the Amended Proposal.
- 33. The Chairperson confirmed that the creditor whose proof of claim had been marked as objected to for voting purposes at the Creditors' Meeting did not wish to vote on the resolution considering the Amended Proposal.
- 34. Following the approval of the Amended Proposal, V. Ringelberg and N. Cain were elected to be inspectors under the BIA to assist the Proposal Trustee in the administration of the Amended Proposal.
- 35. A copy of the minutes of the Creditors' Meeting is attached hereto as **Appendix "K"**

VIII. CHARGES

36. As noted above, the DIP Facility and Stay Extension Order granted the Administration Charge and the DIP Charge. The Proposal Trustee provides the following update in connection with the Charges:

- a) **Administration Charge**: provides for a super-priority charge in the maximum amount of \$300,000 to secure the fees and disbursements incurred in connection with services rendered to the Company before and after the Filing Date by the Proposal Trustee, TGF and MT.

Should the Court grant the Proposal Approval Order, work remains to be completed by the Proposal Trustee, TGF and MT in furtherance of closing the Transaction and the implementation of the Amended Proposal, including reviewing and determining one of the proofs of claim filed prior to the Creditors' Meeting. As such, in the Proposal Trustee's view, it is appropriate for the Administration Charge to remain in place until such time as the portion of the Net Purchase Proceeds are used to satisfy any amounts secured thereunder, which is consistent with the terms of the Amended Proposal.

- b) **DIP Charge**: provides for a super-priority charge (subordinate only to the Administration Charge), in the amount of \$400,000, to secure the maximum principal amount of any advances made by the DIP Lender to the Company under the DIP Facility.

The timing of the closing of the Transaction is currently unknown and could be subject to regulatory delays that are outside the control of the Company and the Purchaser. The DIP Term Sheet provides the Company with access to interim financing that may be required to fund operations while the Company and the Purchaser work to close the Transaction. In the Proposal Trustee's view, it is appropriate for the DIP Charge to remain in place until such time as the portion of the Net Purchase Proceeds are used to satisfy any amounts secured thereunder, which is consistent with the terms of the Amended Proposal.

37. Considering the above, the Proposal Trustee is of the view that it is appropriate that the Administration Charge and the DIP Charge be terminated upon the filing of the Proposal Trustee's Charge Termination Certificate, which is expected to occur after the close of the Transaction and implementation of the Amended Proposal.

IX. THE FEES AND DISBURSEMENT OF THE PROPOSAL TRUSTEE AND ITS COUNSEL

38. The Proposal Trustee has reported on the status of the NOI Proceedings, including the actions and activities of the Proposal Trustee in connection thereto in the First Report and this Second Report (collectively, the "Court Reports"). As detailed in the Court Reports, to the best of the Proposal Trustee's knowledge, the Proposal Trustee has carried out its duties, as set out in the BIA and the various Orders issued by the Court in respect of the NOI Proceedings.

39. The Proposal Trustee and TGF have maintained detailed records of their professional time and costs. The Proposal Trustee is seeking the approval of its fees and disbursements and those of TGF for the period from February 1, 2022 to May 20, 2022 (the “**Fee Period**”) in connection with the performance of their duties during these NOI Proceedings.
40. The total fees of the Proposal Trustee during the Fee Period amount to \$130,375.00, together with expenses and disbursements in the amount of \$380.26 (both amounts excluding applicable sales taxes) (collectively, the “**Proposal Trustee Fees and Disbursements**”). The time spent by the Proposal Trustee’s personnel during the Fee Period is more particularly described in the affidavit of Adam Sherman, sworn May 25, 2022 (the “**Sherman Affidavit**”), attached hereto as **Appendix “L”**. The Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee during the Fee Period. The Sherman Affidavit also provides a breakdown of the expenses and disbursements incurred during the Fee Period.
41. The total fees for services provided by TGF during the Fee Period amount to \$66,087.50, together with expenses and disbursements in the amount of \$303.40, plus Harmonized Sales Tax of \$8,619.39, for a total amount of \$75,010.29 (collectively, the “**TGF Fees and Disbursements**”). As noted above, the time spent by TGF’s personnel during the Fee Period is more particularly described in the affidavit of Mitch Grossell, sworn May 25, 2022 (the “**Grossell Affidavit**”), attached hereto as **Appendix “M”**. Included in the Grossell Affidavit is a summary of the personnel, hours and hourly rates charged by TGF during the Fee Period.
42. The Proposal Trustee respectfully submits that the Proposal Trustee Fees and Disbursements and the TGF Fees and Disbursements are fair and reasonable in the circumstances and have been properly incurred. Accordingly, the Proposal Trustee is seeking approval of the Proposal Trustee Fees and Disbursements and the TGF Fees and Disbursements.

X. CONCLUSION AND RECOMMENDATION

43. Based on all of the foregoing, the Proposal Trustee respectfully recommends that this Court issue the Proposal Approval Order substantially in the form of order included at Tab 3 of the Motion Record of the Proposal Trustee, filed with the Court, which the Proposal Trustee views as being advantageous to the Company's creditors.

All of which is respectfully submitted this 25th day of May 2022.

**Richter Inc. (formerly, Richter Advisory Group Inc.)
in its capacity as Trustee *in re* the Proposal of
Ayanda Cannabis Corporation
and not in its personal capacity**

Per:



Adam Sherman, MBA, CIRP, LIT
Senior Vice President



Adam Zeldin, CPA, CA, CIRP, LIT
Vice President

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION

Estate / Court File No. 35-2802344

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

Proceedings commenced at Toronto

**SECOND REPORT OF THE PROPOSAL
TRUSTEE**

Thornton Grout Finnigan LLP

Barristers and Solicitors
Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON M5K 1K7

Fax: (416) 304-1313

Robert I. Thornton (LSO # 24266B)

Tel: (416) 304-0560 / Email: rthornton@tgf.ca

Mitchell W. Grossell (LSO # 69993I)

Tel: (416) 304-7978 / Email: mgrossell@tgf.ca

Lawyers for the Proposal Trustee, Richter Advisory
Group Inc.

Appendix G

DATED [] of the date first []

ACKNOWLEDGEMENT AGREEMENT

Re: Extension of Outside Date

This Acknowledgement Agreement is made as of the 21st day of June, 2022, between:

AYANDA CANNABIS CORPORATION
(the "**Corporation**")

- and -

12830353 CANADA INC.
(the "**Purchaser**")

RECITALS:

- A. The Corporation and the Purchaser (collectively, the "**Parties**") are parties to a share purchase agreement dated February 2, 2022 (the "**Purchase Agreement**"). Pursuant to the terms of the Purchase Agreement, the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the "**Transaction**").
- B. The Purchase Agreement stipulates that the Transaction must close on or before June 30, 2022 (the "**Outside Date**"), or such later date as the Parties may agree to in writing.
- C. The Parties wish to extend the Outside Date pursuant to, and in accordance with, the terms and conditions of this Acknowledgement Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

1. The Outside Date is hereby extended to August 31, 2022, or such later date as may be agreed to by the Parties in writing.
2. This Acknowledgement Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.
3. This Acknowledgement Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

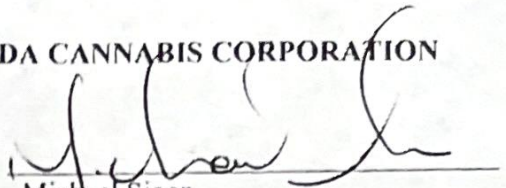
Per: 

Name: Pankaj Sharma

Title: CEO / President

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: 

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix H

ACKNOWLEDGEMENT AGREEMENT

Re: Extension of Closing Date

This Agreement is made as of the 25th day of July, 2022, between:

AYANDA CANNABIS CORPORATION
(the "Corporation")

- and -

12830353 CANADA INC.
(the "Purchaser")

RECITALS:

- A. The Corporation and the Purchaser (collectively, the "**Parties**") are parties to a share purchase agreement dated February 2, 2022 (the "**Purchase Agreement**"). Pursuant to the terms of the Purchase Agreement, the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the "**Transaction**").
- B. The Purchase Agreement stipulates that the Transaction must close on or before June 30, 2022 (the "**Outside Date**"), or such later date as the Parties may agree to in writing. The Parties agreed to extend the Outside Date to August 31, 2022, pursuant to an Acknowledgement Agreement dated June 21, 2022.
- C. The Purchase Agreement stipulates that the Transaction is to close on the earlier to occur of: (i) ten (10) business days after the date the Approval and Vesting is obtained; and (ii) the date that Health Canada approves the change of control of the Corporation, or such other earlier or later date as may be agreed by the Parties (the "**Closing Date**").
- D. The Purchaser has requested an extension of the Closing Date in order to secure the financing required to close the Transaction. The Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date to August 31, 2022.
- 3. The Parties agree that \$150,000 shall be held back from the Cash Purchase Price at Closing to accommodate closing adjustments required and considered pursuant to the Purchase Agreement, including but not limited to HST and expenses incurred after the date of the Term Sheet. Such holdback shall be released within six (6) months of the Closing Date.
- 4. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

5. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

DATED as of the date first written above.

12830353 CANADA INC.

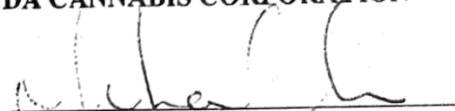
Per: 

Name: Pankaj Sharma

Title: CEO / President

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: 

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix I

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this “**Agreement**”) is made as of the 30th day of August, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

- and -

12830353 CANADA INC.
(the “**Purchaser**”)

RECITALS:

- A. The Corporation and the Purchaser (collectively, the “**Parties**”) are parties to a share purchase agreement dated February 2, 2022 (the “**Purchase Agreement**”), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the “**Transaction**”).
- B. The corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was amended and unanimously approved by its creditors on May 9, 2022 and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction (the “**Closing Date**”) and the outside date to close the Transaction (the “**Outside Date**”) to August 31, 2022 pursuant to acknowledgement agreements dated as of June 21, 2022 and July 25, 2022. The Parties have been working to close the Transaction, and have satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested an extension of the Closing Date and the Outside Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date and the Outside Date to September 15, 2022 (the “**Extension**”). In exchange for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$240,000, which amount shall be paid to the Corporation’s solicitors, in trust, on or before August 31, 2022, and shall be treated as a credit to the Cash Purchase Price at Closing.
- 3. The Purchaser shall have the option, in the Purchaser’s sole discretion, to further extend the Closing Date and the Outside Date to September 30, 2022 (the “**Extension Option**”). The Purchaser shall give the Corporation notice of its intention to exercise the Extension Option on or before September 14, 2022. If the Purchaser elects to exercise the Extension Option, the Purchaser shall increase the

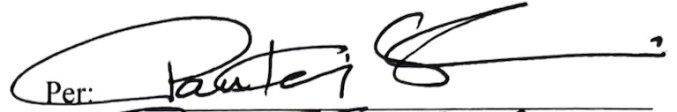
Deposit contemplated by Section 3.2(a) of the Purchase Agreement by an additional \$100,000, which amount shall be paid to the Corporation's solicitors, in trust, on or before September 15, 2022, and shall be treated as a credit to the Cash Purchase Price at Closing.

4. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to "this Agreement", "the Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.
5. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.
6. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

Per: 

Name: PANKAJ SHARMA

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix J

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this “**Agreement**”) is made as of the 29th day of September, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

- and -

12830353 CANADA INC.
(the “**Purchaser**”)

RECITALS:

- A. The Corporation and the Purchaser (collectively, the “**Parties**”) are parties to a share purchase agreement dated February 2, 2022 (the “**Purchase Agreement**”), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the “**Transaction**”).
- B. The corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was amended and unanimously approved by its creditors on May 9, 2022 and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction (the “**Closing Date**”) and the outside date to close the Transaction (the “**Outside Date**”) to September 30, 2022 pursuant to acknowledgement and amendment agreements dated as of June 21, 2022, July 25, 2022 and August 3, 2022. The Parties have been working to close the Transaction, and have satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested a further extension of the Closing Date and the Outside Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date and the Outside Date to October 14, 2022 (the “**Extension**”). In exchange for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$100,000, which amount shall be paid to the Corporation’s solicitors, in trust, on or before October 3, 2022. Following such payment, the aggregate amount of the Deposit paid by the Purchaser will be equal to \$640,000, which amount shall be treated as a credit to the Cash Purchase Price at Closing.
- 3. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the

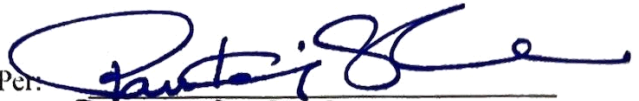
Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to “this Agreement”, “the Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.

4. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.
5. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

Per: 

Name: PANKAJ SHARMA

Title: PRESIDENT

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: _____

Name: Michael Sioen

Title: President

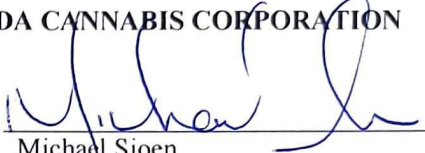
I have the authority to bind the corporation.

DATED as of the date first written above.

12830353 CANADA INC.

Per: _____
Name:
Title:
I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: 
Name: Michael Sioen
Title: President
I have the authority to bind the corporation.

Appendix K

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this “**Agreement**”) is made as of the 14th day of October, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

- and -

12830353 CANADA INC.
(the “**Purchaser**”)

RECITALS:

- A. The Corporation and the Purchaser (collectively, the “**Parties**”) are parties to a share purchase agreement dated February 2, 2022 (the “**Purchase Agreement**”), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the “**Transaction**”).
- B. The corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was subsequently amended and unanimously approved by its creditors on May 9, 2022, and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction and the outside date to close the Transaction (collectively, the “**Closing Date**”) to October 14, 2022 pursuant to Amendment Agreements dated as of June 21, 2022, July 25, 2022, August 3, 2022, and September 29, 2022. The Parties have been working to close the Transaction, and have either satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested a further extension of the Closing Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date to November 15, 2022 (the “**Extension**”). As consideration for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$160,000, which amount shall be paid to the Corporation’s solicitors, in trust, on or before October 17, 2022. Following such payment, the aggregate amount of the Deposit paid by the Purchaser will be equal to \$800,000, which amount shall be treated as a credit to the Cash Purchase Price at Closing.
- 3. The Purchaser shall have the option, at the Purchaser’s sole discretion, to further extend the Closing Date to:

- (a) November 30, 2022 (the “**First Extension Option**”) provided that on or before November 15, 2022, the Purchaser shall: (i) provide written notice to the Corporation of its intention to exercise the First Extension Option; and (ii) increase the Deposit by paying an additional \$100,000 to the Corporation’s solicitors, in trust; and
- (b) December 15, 2022 (the “**Second Extension Option**”) provided that on or before November 30, 2022, the Purchaser shall: (i) provide written notice to the Corporation of its intention to exercise the Second Extension Option; and (ii) increase the Deposit by paying an additional \$100,000 to the Corporation’s solicitors, in trust.

The additional Deposit funds described in Sections 3(a) and 3(b), as applicable, shall be treated as a credit to the Cash Purchase Price at Closing.

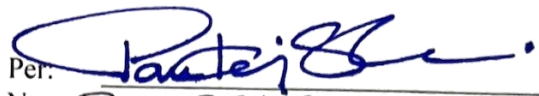
- 4. The Parties covenant and agree that all closing documents contemplated by Article 7 of the Purchase Agreement, together with all documents required to carry out the Pre-Closing Reorganization, shall be settled and signed on or before October 31, 2022, and thereafter shall be held in escrow pending Closing.
- 5. The Purchaser shall be solely responsible for the costs incurred by the Corporation associated with the Extension, including the Corporation’s legal fees and interest on the Corporation’s debtor-in-possession loan from Cardinal Advisory Limited, up to a maximum of \$15,000. The Purchaser shall pay such amounts within three (3) Business Days of receiving an invoice for same.
- 6. The Purchaser hereby expressly and irrevocably agrees as follows:
 - (a) Notwithstanding any provision in the Purchase Agreement, the Deposit shall be non-refundable and save and except to be used as a credit to the Cash Purchase Price at Closing, the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion, including to satisfy working capital or other expenses incurred by the Corporation, including permanent repayment of any amounts outstanding that are subject to the DIP Lender’s Charge; and
 - (b) Subject to the Transaction closing on or before November 30, 2022, in accordance with Section 3.4 of the Purchase Agreement, the Cash Purchase Price shall be increased at Closing by \$300,000. If the Transaction does not close on November 30, 2022, the Parties shall reconsider the Adjustments but in no event shall the Adjustments be less than \$300,000.
- 7. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to “this Agreement”, “the Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.
- 8. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

Per: 
Name: PANKAJ SHARMA
Title: CEO
I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: _____
Name: Michael Sioen
Title: President
I have the authority to bind the corporation.

DATED as of the date first written above.

12830353 CANADA INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per:  _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix L

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this “**Agreement**”) is made as of the 15th day of December, 2022, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

- and -

12830353 CANADA INC.
(the “**Purchaser**”)

RECITALS:

- A. The Corporation and the Purchaser (collectively, the “**Parties**”) are parties to a share purchase agreement dated February 2, 2022 (the “**Purchase Agreement**”), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the “**Transaction**”).
- B. The Corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was subsequently amended and unanimously approved by its creditors on May 9, 2022, and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction and the outside date to close the Transaction (collectively, the “**Closing Date**”) to December 15, 2022 pursuant to Amendment Agreements dated as of June 21, 2022, July 25, 2022, August 3, 2022, September 29, 2022 and October 14, 2022. The Parties have been working to close the Transaction, and have either satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested a further extension of the Closing Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date to January 10, 2022 (the “**Extension**”). As consideration for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$50,000, which amount shall be paid to the Corporation’s solicitors, in trust, on or before December 16, 2022. Following such payment, the aggregate amount of the Deposit paid by the Purchaser will be equal to \$1,050,000, which amount shall be treated as a credit to the Cash Purchase Price at Closing.
- 3. The Purchaser shall have the option, at the Purchaser’s sole discretion, to further extend the Closing Date to January 31, 2022, provided that: (a) the Purchaser has fulfilled its obligations to fund the

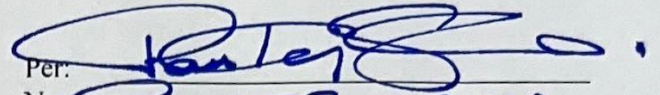
operating expenses of the Corporation in accordance with Section 5 of this Agreement; and (b) the Purchaser has delivered evidence satisfactory to the Corporation that the Purchaser has secured the financing necessary to close the Transaction on January 31, 2022.

4. The Parties covenant and agree that all closing documents contemplated by Article 7 of the Purchase Agreement, together with all documents required to carry out the Pre-Closing Reorganization, shall be settled and signed on or before January 10, 2022, and thereafter shall be held in escrow pending Closing.
5. The Purchaser shall be solely responsible for any and all costs and expenses incurred by the Corporation in the ordinary course from and after December 1, 2022 including, without limitation, operating expenses and legal fees incurred in connection with any further extension of the Closing Date. On or before December 16, 2022, the Purchaser shall make an initial payment of \$25,000 to the Corporation's solicitors on accounts of such fees and expenses.
6. Pursuant to the Amendment Agreement dated October 14, 2022, the Purchaser and the Corporation determined that the Cash Purchase Price would be increased by a minimum of \$300,000 at Closing to account for the Adjustments contemplated by Section 3.4 of the Purchase Agreement (the "**Agreed Adjustments**"). On or before December 16, 2022, the Purchaser shall make an initial payment of \$50,000 to the Corporation's solicitors on accounts of such Agreed Adjustments, which amount shall be treated as a credit to the Agreed Adjustments at Closing.
7. The Purchaser hereby expressly and irrevocably re-affirms and agrees that notwithstanding any provision in the Purchase Agreement, the Deposit shall be non-refundable and save and except to be used as a credit to the Cash Purchase Price at Closing, the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion.
8. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to "this Agreement", "the Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.
9. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.
10. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

Per: 

Name: PANKAJ SHARMA

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

DATED as of the date first written above.

12830353 CANADA INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per:  _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix M

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this “**Agreement**”) is made as of the 30th day of January, 2023, between:

AYANDA CANNABIS CORPORATION
(the “**Corporation**”)

- and -

12830353 CANADA INC.
(the “**Purchaser**”)

RECITALS:

- A. The Corporation and the Purchaser (collectively, the “**Parties**”) are parties to a share purchase agreement dated February 2, 2022 (the “**Purchase Agreement**”), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the “**Transaction**”).
- B. The Corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was subsequently amended and unanimously approved by its creditors on May 9, 2022, and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction and the outside date to close the Transaction (collectively, the “**Closing Date**”) to January 31, 2022 pursuant to Amendment Agreements dated as of June 21, 2022, July 25, 2022, August 3, 2022, September 29, 2022, October 14, 2022 and December 15, 2022 (the “**Amendment Agreements**”). The Parties have been working to close the Transaction, and have either satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested a further extension of the Closing Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

- 1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
- 2. The Purchase Agreement is hereby amended by extending the Closing Date to February 15, 2023 (the “**Extension**”). As consideration for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$100,000, which amount shall be paid to the Corporation’s solicitors, in trust, on or before January 31, 2023. Following such payment, the aggregate amount of the Deposit paid by the Purchaser will be equal to \$1,150,000, which amount shall be treated as a credit to the Cash Purchase Price at Closing.

3. The Purchaser shall continue to be solely responsible for any and all costs and expenses incurred by the Corporation in the ordinary course from and after December 1, 2022 including, without limitation, operating expenses and legal fees incurred in connection with any further extension of the Closing Date. The Parties acknowledge that the Purchaser has paid \$63,000 on account of such costs and expenses to date.
4. Pursuant to the Amendment Agreement dated October 14, 2022, the Purchaser and the Corporation determined that the Cash Purchase Price would be increased by a minimum of \$300,000 at Closing to account for the Adjustments contemplated by Section 3.4 of the Purchase Agreement (the “**Agreed Adjustments**”). The Parties acknowledge that the Purchaser made an initial payment of \$50,000 on December 20, 2022 on accounts of such Agreed Adjustments, which amount shall be treated as a credit to the Agreed Adjustments at Closing.
5. The Purchaser hereby expressly and irrevocably re-affirms and agrees that notwithstanding any provision in the Purchase Agreement, the Deposit, as increased by the Amendment Agreements, shall be non-refundable and, save and except to be used as a credit to the Cash Purchase Price at Closing, the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion.
6. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to “this Agreement”, “the Agreement”, “hereunder”, “hereof”, “herein” or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.
7. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.
8. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]

DATED as of the date first written above.

12830353 CANADA INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per: _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

DATED as of the date first written above.

12830353 CANADA INC.

Per: _____

Name:

Title:

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION

Per:  _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix N

AMENDMENT TO PURCHASE AGREEMENT

This Amendment Agreement (this "Agreement") is made as of the 15th day of February, 2023, between:

AYANDA CANNABIS CORPORATION
(the "Corporation")

- and -

12830353 CANADA INC.
(the "Purchaser")

RECITALS:

- A. The Corporation and the Purchaser (collectively, the "Parties") are parties to a share purchase agreement dated February 2, 2022 (the "Purchase Agreement"), pursuant to which the Purchaser agreed to purchase all of the issued and outstanding shares of the Corporation (the "Transaction").
- B. The Corporation filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 on February 4, 2022. The Corporation submitted a proposal to its creditors on April 19, 2022, which was subsequently amended and unanimously approved by its creditors on May 9, 2022, and by the Ontario Superior Court of Justice (Commercial List) on June 3, 2022.
- C. The Parties agreed to extend the closing date of the Transaction and the outside date to close the Transaction (collectively, the "Closing Date") to February 15, 2023 pursuant to Amendment Agreements dated as of June 21, 2022, July 25, 2022, August 3, 2022, September 29, 2022, October 14, 2022, December 15, 2022 and January 30, 2023 (the "Amendment Agreements"). The Parties have been working to close the Transaction, and have either satisfied or waived all of the conditions contained in the Purchase Agreement.
- D. The Purchaser has requested a further extension of the Closing Date, and the Corporation has agreed to provide such extension subject to and in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby confirm, acknowledge, covenant and agree as follows:

1. The Recitals to this Agreement are correct and accurate in all respects and form part of this Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.
2. The Purchase Agreement is hereby amended by extending the Closing Date to March 15, 2023 (the "Extension"). As consideration for the Extension, the Purchaser shall increase the Deposit contemplated by Section 3.2(a) of the Purchase Agreement by \$500,000, which amount shall be paid to the Corporation's solicitors, in trust, on or before February 15, 2023. Following such payment, the aggregate amount of the Deposit paid by the Purchaser will be equal to \$1,650,000, which amount shall be treated as a credit to the Cash Purchase Price at Closing.
3. The Purchaser shall continue to be solely responsible for any and all costs and expenses incurred by the Corporation in the ordinary course from and after December 1, 2022 including, without limitation, operating expenses and legal fees incurred in connection with any further extension of the Closing Date. The Parties acknowledge that the Purchaser has paid \$63,000 on account of such costs and expenses to date.
4. Pursuant to the Amendment Agreement dated October 14, 2022, the Purchaser and the Corporation determined that the Cash Purchase Price would be increased by a minimum of \$300,000 at

Closing to account for the Adjustments contemplated by Section 3.4 of the Purchase Agreement (the "Agreed Adjustments"). The Parties acknowledge that the Purchaser made an initial payment of \$50,000 on December 20, 2022 on accounts of such Agreed Adjustments, which amount shall be treated as a credit to the Agreed Adjustments at Closing.

5. The Purchaser hereby expressly and irrevocably re-affirms and agrees that notwithstanding any provision in the Purchase Agreement, the Deposit, as increased by the Amendment Agreements, shall be non-refundable and, save and except to be used as a credit to the Cash Purchase Price at Closing, the Purchaser abandons its interest in the Deposit. The Deposit may be used by the Corporation in its sole discretion.

6. Except as expressly provided in this Agreement, all the terms and provisions of the Purchase Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties, and the Parties acknowledge and agree that the condition contained in Article 8 of the Purchase Agreement have been satisfied or waived. On and after the date hereof, each reference in the Purchase Agreement to "this Agreement", "the Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Purchase Agreement, will mean and be a reference to the Purchase Agreement as amended by this Agreement.

7. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without regard to any rules or principles relating to conflicts of laws.

8. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same agreement. Transmission by facsimile or by email of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[Signature Page Follows]—

DATED as of the date first written above.

12830353 CANADA INC.


Per: _____

Name: Pankaj Sharma

Title: President

I have the authority to bind the corporation.

AYANDA CANNABIS CORPORATION


Per: _____

Name: Michael Sioen

Title: President

I have the authority to bind the corporation.

Appendix 0

From: [Nicolas Canizares](#)
To: [Massie, Sam](#)
Subject: RE: **[**EXT**]** [MTDMS-Legal.FID11164070]
Date: Wednesday, May 10, 2023 3:49:39 PM
Attachments: [image001.png](#)

Hi Sam,

Thank you. I will be in touch shortly.

Kind regards,
Nicolas

From: Massie, Sam [mailto:smassie@millerthomson.com]
Sent: May-10-23 3:48 PM
To: Nicolas Canizares
Cc: Ellis, Larry
Subject: RE: **[**EXT**]** [MTDMS-Legal.FID11164070]

Nicolas,

I understand that our clients have already connected on this – I hadn't received that update.

The Closing Date is set for May 19, 2023. I'm told that your clients have been advised that this will be the final extension for this transaction. To be clear, the company will not agree to extend the Closing Date past May 19, 2023.

I'll make myself available between now and next Friday to help get this closed. To the extent that you have comments on the closing documents, it would be helpful to receive them by Monday to give us some runway to close.

Happy to discuss.

Sam

SAM MASSIE

Partner

Miller Thomson LLP

Scotia Plaza

40 King Street West, Suite 5800

P.O. Box 1011

Toronto, Ontario M5H 3S1

Direct Line: +1 416.595.8641

Email: smassie@millerthomson.com

millerthomson.com



From: Massie, Sam <smassie@millertthomson.com>

Sent: Wednesday, May 10, 2023 3:12 PM

To: Nicolas Canizares <equinoxgroup@bellnet.ca>

Cc: Ellis, Larry <lellis@millertthomson.com>

Subject: RE: [**EXT**] [MTDMS-Legal.FID11164070]

Nicolas,

Last Friday, May 5, was the 10th Closing Date set for this Transaction. We haven't received any explanation as to why your client wasn't able to close on that date. We haven't been able to provide an update to Ayanda's shareholders, the proposal trustee, creditors, or any other stakeholders. We also haven't received any comments on the closing documents that we prepared.

I expect that Ayanda will need more information before deciding whether or not to grant an extension. Specifically, I think the company will need to understand the purpose of the extension, and the proposed economics. Are you proposing to increase the closing cash number? If so, by how much, and has your client secured funds? We'll discuss the extension with the company once we receive this information.

Sam

SAM MASSIE

Partner

Miller Thomson LLP

Scotia Plaza

40 King Street West, Suite 5800

P.O. Box 1011

Toronto, Ontario M5H 3S1

Direct Line: +1 416.595.8641

Email: smassie@millertthomson.com

millertthomson.com



From: Nicolas Canizares <equinoxgroup@bellnet.ca>

Sent: Wednesday, May 10, 2023 2:42 PM

To: Massie, Sam <smassie@millertthomson.com>

Subject: [**EXT**]

Hi Sam, my client suggests a closing date of May 19, 2023. Please advise. regards, Nicolas

[EXTERNAL EMAIL / COURRIEL EXTERNE]

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Appendix P

SERVICE AGREEMENT

THIS SERVICE AGREEMENT (this "Agreement") dated as of March 1, 2022 (the "Effective Date"), between:

Ayanda Cannabis Corporation
(the "Corporation")

- and -

PARTY B 12830353 CANADA INC.
(the "Purchaser")

WHEREAS:

- A. the parties hereto (each a "Party" and collectively the "Parties") are in the process of finalizing a share purchase agreement whereby Purchaser will purchase all of the issued and outstanding shares in the capital of the Corporation (the "Transaction");
- B. the Corporation is the holder of licences under the *Cannabis Act* (Canada) (the "Cannabis Act") for the cultivation, processing and sale of cannabis as well as for research at the Corporation's leased premises located at 324 Burford Delhi Townline Road, Norwich, ON N0J 1P0 (the "Facility");
- C. in order to ensure an orderly transition of the business of the Corporation to Purchaser, Purchaser, and the Corporation have agreed to enter into this Agreement, under which the Corporation will provide such services to Purchaser on a transitional basis for purposes of conducting its business, as more particularly described herein (the "Services");
- D. the Parties desire and intend that (1) the rights and obligations of each of the Corporation with respect to their performance of the Services for Purchaser will be those of an independent contractor and (2) all Services hereunder shall be provided and received in full compliance with all laws, rules and regulations applicable to each of the Parties; and
- E. the Parties desire to set forth herein the parameters and terms of the relationship between the Corporation and Purchaser with respect to the Services.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereby agree as follows:

1.0 RELATIONSHIP OF THE PARTIES

- 1.1 The Parties hereby express their desire and intent that the Corporation shall perform the Services hereunder as an independent contractor of Purchaser. Notwithstanding any other terms or conditions in this Agreement: (a) the Corporation has no authority to contract and/or execute any agreement on behalf of Purchaser except as expressly provided for herein and (b) Purchaser has no authority to contract and/or execute any agreement on behalf of the Corporation except as expressly provided for herein.
- 1.2 The Parties acknowledge and agree that neither the Corporation on the one hand, nor Purchaser on the other hand, shall hold themselves out or represent in any way as being an agent of any other Party(ies) and that each Party's authority is strictly limited only to the powers specifically provided for in this Agreement. This Agreement shall not create any partnership between the Parties.

2.0 TERM AND TERMINATION OF AGREEMENT

- 2.1 *Term of the Agreement.* This Agreement is effective as of the Effective Date and shall continue until the closing of the Transaction, unless (i) terminated in its entirety at an earlier date pursuant to Section 2.2, or (ii) extended upon the mutual written agreement of Purchaser and Corporation (the "**Term**"), and provided that should the closing of the Transaction not occur by September 30th, 2022, the Parties shall use reasonable commercial efforts to determine the appropriate amount of fees to be paid to Corporation' for the Services and shall enter into an agreement to reflect the obligation of Purchaser to pay such fees.
- 2.2 *Early Termination of the Agreement.* This Agreement may be terminated in its entirety before the expiration of its Term, upon the earliest of the following occurrences:
- (a) by each of the Parties upon their mutual agreement set out in writing;
 - (b) by the non-breaching Party(ies) in the event any Party is in breach or default of their obligations under this Agreement, upon receipt by the breaching Party of a thirty (30)-day prior written notice from the non-breaching Party(ies) notifying the breaching Party(ies) of their default and the termination of this Agreement if the breach is not cured within that thirty (30)-day period;
 - (c) by Purchaser upon thirty (30) days prior written notice if the Corporation is unable to render the Services to Purchaser, including as a result of Force Majeure Event (as defined below), for at least five (5) days; or
 - (d) by Purchaser, on one hand the Corporation,, if the Purchaser becomes insolvent, makes an assignment for the benefit of creditors, seeks the protection of any bankruptcy or similar statute governing creditors' rights or an appointment of a liquidator, receiver, manager or receiver/manager in respect of Purchaser..

3.0 SERVICES AND COVENANTS OF THE PARTIES

3.1 *Intentionally deleted.*

3.2 *Operation of Business.* the Corporation shall, take commercially reasonable efforts to operate the business of the Corporation in accordance with the instructions of Purchaser provided that (i) Purchaser provides the Corporation with reasonable assurance that any costs incurred in connection with the carrying out of such instructions will be paid by Purchaser or otherwise reimbursed by Purchaser to the Corporation as soon as is reasonably practicable and (ii) such instructions conform to the requirements of the Cannabis Act and the *Excise Act, 2001* and the Corporation remains in compliance with its licences and any applicable laws, as determined by Corporation's Affiliate in its sole discretion, acting reasonably.

3.3 *Third Party Arrangements.* Purchaser shall be entitled to engage with third parties on behalf of itself and the Corporation and share its views and opinions to Corporation's Affiliate and the Corporation with respect to any plans regarding the Corporation related to the operation of the business of the Corporation during the Term, and the Corporation shall be required to incorporate such views and opinions into such plans, in accordance with Section 3.2. Prior to Purchaser or the Corporation entering into any arrangements or Contracts with third parties related to the business of the Corporation Purchaser shall fully advise Corporation and the Corporation' shall reasonably consider, in good faith, such arrangements, proposed Contracts, views and opinions. Notwithstanding the foregoing, any final decisions regarding any arrangements with respect to the Corporation, including arrangements or Contracts between the Corporation and third parties during the Term shall be at the sole determination of Corporation, acting reasonably. Without limiting the generality of the foregoing, any Contracts to be entered into by the Corporation as contemplated by this Section 3.3, which include fixed or minimum purchase commitments shall not extend beyond six (6) months of the date hereof without the prior written approval of Corporation, such consent not to be unreasonably withheld, conditioned, or delayed, or unless such Contracts include a termination for convenience in favour of the Corporation. Purchaser and Corporation' shall


negotiate in good faith the commercial arrangements between Purchaser and Corporation with respect to any arrangements or Contracts entered into by the Corporation with any third party during the Term which resulted from actions of Purchaser including whether Corporation has any interest in the revenue generated by such arrangements or Contracts. In this Agreement, "**Contract**" means any contract, agreement, instrument or other legally binding commitment or arrangement, written or oral, to which the Corporation is a party or under which it has rights or obligations.

3.4 *Accounting and Payments.*

- (a) Any arrangements and Contracts entered into by the Corporation pursuant to Subsections 3.2 or 3.3 shall be managed and operated by the Corporation.
- (b) During the Term, the Corporation to send to Purchaser at the end of each month, on a monthly basis, a statement setting out the preceding monthly amounts of the following costs and Purchaser shall pay to the Corporation the total of such amounts within ten (10) business days of receipt of such statement: (i) all amounts to operate the business at the Facility including but not limited to utilities, repairs & maintenance, computer expense, regulatory fees, testing, regulatory support, greenhouse supplies, telecommunications and security monitoring; (ii) the employment costs paid related to the Corporation's employees; (iii) all amounts paid under any insurance policies applicable to the Corporation and its business; (iv); and (v) all additional costs and expenses of the Corporation incurred upon the acceptance of Corporation's Affiliate at the request of Purchaser pursuant to this Agreement. For certainty, (A) the pro rata amounts payable under this Section 3.4(b) pertaining to the number of days in the month after the date this Agreement is signed shall be the responsibility of Purchaser and specified in such statements provided by Corporation and (B) any amounts paid in lump sum by the Corporation with respect to the amounts payable under this Section 3.4(b), such as any annual payments or advances shall be incorporated into the monthly statements on a lump sum basis.
- (c) During the Term, at the end of each month, on a monthly basis, any amounts earned by the Corporation through the operation of the Corporation carried on directly, or indirectly through Corporation at the request of Purchaser shall be transferred by the Corporation, net of any amounts owing by Purchaser to Corporation, as contemplated by section 3.4(b). For certainty, all amounts received by the Corporation shall be retained in the accounts of the Corporation and will remain the sole and exclusive property of the Corporation upon the closing of the Transaction.
- (d) In the event the Transaction does not close, this Agreement is terminated, the share purchase agreement to be entered into between the Corporation is terminated, or upon the request of Purchaser, the Corporation shall pay all amounts transferred to the Corporation pursuant to Section 3.4(c) to Purchaser or as directed by Purchaser within five (5) business days of receipt of a written request from Purchaser.

3.5 *Intentional deleted .*

ONT ↘

- 3.6 *Cannabis Supply Arrangements.* Corporation agrees to use commercially reasonable efforts to cause the Corporation to enter into non-medicinal cannabis supply agreements with the appropriate governmental authorities in the Provinces of  and to submit products, formulations and brands identified by Purchaser for approval by such governmental authorities for approval and sale through the appropriate channels in such provinces in accordance with applicable laws. For certainty, the Parties agree that all products, formulations and brands presented by Purchaser shall be the sole and exclusive property of Purchaser and shall be kept strictly confidential, other than to the extent required for submission to the governmental authorities, for certainty the Corporation shall have the necessary level of control and oversight with respect to such products, formulations and brands presented by Purchaser to ensure compliance by the Corporation of its licences and applicable laws. [NTD – does the purchaser need this section?]

- 3.7 *Employee Termination.* During the Term, if Purchaser desires the Corporation to terminate the employment of the Corporation's employees Corporation shall determine, in its sole discretion whether or not to terminate the employment of such employee. Corporation shall be solely responsible for all costs related to such termination pursuant to this Subsection 3.7, including, without limitation, any pay in lieu of notice of termination payable to such employee.
- 3.8 *Facility Access.* Purchaser employees, independent contractors, agents and representatives shall have access to the Facility in accordance with required safety and security rules and regulations established by the Corporation. Upon reasonable notice and confirmation by Corporation, Purchaser may deliver and install equipment at the facility at Purchaser's sole cost and expense in compliance with applicable laws and the lease for the Facility. Notwithstanding the foregoing, Purchaser shall have the right to remove any equipment owned or leased by Purchaser at the cost and expense of Purchaser pursuant to this Agreement that is installed at the Facility at Purchaser's sole cost and expense without any payment being required to be made to the Corporation in respect of such removal subject to compliance with applicable laws.
- 3.9 *Intentionally deleted .*
- 3.10 *Cannabis Activities.* Any activities conducted at the Facility which involve Cannabis (as defined under the Cannabis Act), or which are otherwise activities governed by the Cannabis Act under the Corporation's licences, shall throughout the Term be subject to the oversight of the Corporation, and Purchaser shall comply with the reasonable instructions of the Corporation in relation to any such activities.
- 3.11 *Standard of Performance.* Corporation shall ensure that the Services are provided in good faith, in accordance with applicable laws and in a diligent and commercially reasonable manner. Without limiting the generality of the foregoing, the Corporation shall ensure that the nature, quality, standard of care and service levels at which the Services are provided are materially similar in nature, quality, standard of care and service levels as those applicable to similar services performed by the Corporation in the ordinary course or with commercially reasonable care and diligence. Requests for support by Purchaser to the Corporation will be responded to as soon as practicable and no later than after three full business day following receipt of the request.

4.0 REPRESENTATIONS AND WARRANTIES

- 4.1 Each Party hereby represents and warrants to the other as follows:
- (a) Such Party has the power, capacity and authority to execute, deliver and perform the terms and provisions of this Agreement and has taken all necessary action to authorize the execution, delivery and performance by it of this Agreement.
 - (b) Such Party has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms.
 - (c) Neither the execution, delivery or performance by such Party of this Agreement will:
 - (i) contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality,
 - (ii) conflict or be inconsistent with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other agreement, Contract or instrument to which such Party is a party or by which such Party or any of its property or assets is bound or to which such Party may be subject, or
 - (iii) violate any provision of the constating documents of such Party.

5.0 CONFIDENTIALITY

- MAR 1, 22 → 5.1 The Parties acknowledge and agree that they remain bound by a confidentiality agreement dated [Date] made between them relating to the Transaction (the "**Confidentiality Agreement**"). The Parties further acknowledge that for the purposes of this Agreement, all information exchanged between the Parties shall be considered "Confidential Information" as defined in the Confidentiality Agreement.

6.0 INDEMNIFICATION

- 6.1 *Purchaser Indemnification.* Purchaser shall indemnify and hold the Corporation, each of their respective officers, directors, shareholders, employees and agents (each a "**Corporation Indemnified Party**") harmless against all Damages (as defined below) incurred by any Corporation Indemnified Party resulting from (i) third party claims relating to the breach by Purchaser of any covenants set forth in this Agreement; (ii) claims relating to the Services rendered by the Corporation to Purchaser in compliance with this Agreement; (iii) claims relating to the supply of goods or services rendered to the Corporation, at the request of Purchaser, by third-parties after the date hereof or products manufactured, distributed or produced after the date hereof by third-parties pursuant to Contracts entered into by the Corporation, including from any product liability; (iv) claims relating to the supply of the products of the Corporation after the date hereof pursuant to Contracts entered into by the Corporation at the request of Purchaser; (v) claims resulting from the negligence or intentional or wilful misconduct of any of Purchaser or its affiliates or subcontractors in their business activities pursuant to this Agreement or their activities at the Facility; except in each case to the extent such claims are attributable to a failure by the Corporation to comply with either of their obligations under this Agreement.

- 6.2 *Intentionally deleted*

- 6.3 *Damages.* For the purposes of this Agreement, "**Damages**" means, any damages (available at law or in equity), losses, liabilities, claims, demands, debts, interest, charges, fines, penalties, assessments, reassessments, judgments, costs or expenses, including the costs and expenses of any legal proceeding or any order, settlement or compromise relating thereto, including reasonable costs, fees and expenses, including legal fees and including any remediation costs related to any deficiency or non-compliance notwithstanding whether the remediation is completed prior to or following termination of this Agreement, but excluding any contingent liability until it becomes actual.

- 6.4 *Recourse for Damages.* Notwithstanding the indemnification obligations set forth herein, in the event that the Corporation or Purchaser maintain insurance policy coverage for matters serving as the basis of any claim for Damages, the Corporation and Purchaser agree that any proceeds recoverable pursuant to the terms of any such insurance policy shall serve as the primary recourse for addressing any such claim and to limit the liability of a Party in respect of any such Damages and the Parties shall use reasonable commercial efforts to obtain payment from their insurance providers. Notwithstanding the foregoing, the Party who would, absent the existence of such insurance coverage, be obligated to indemnify the other Party, shall be responsible for all deductibles required to be paid in connection with such insurance claim. Further, in the event that Damage occurs to any of the assets of the Corporation, any amounts paid by an insurance provider shall be transferred to and remain in the accounts of the Corporation until the closing of the Transaction.

7.0 MISCELLANEOUS

- 7.1 *Force Majeure.* Notwithstanding any other provision of this Agreement, neither the Corporation shall be liable for any interruption of any Service or for any delay or failure to perform under this Agreement when such interruption, delay or failure results from a force majeure event, which shall be deemed to include, without limitation, any enemy or hostile action, sabotage, war, blockade, insurrection, destruction of material equipment required for the performance of the applicable Service, strike, government declared emergency, riot, epidemic or pandemic (including, for greater

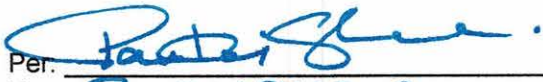
certainty, the current COVID-19 pandemic or second or any subsequent waves thereof if it has a significant adverse impact on either of such Party's ability to perform the Services and the services which they perform for their own businesses which are the same as or substantially similar to the Services), flood, earth quake, washout, civil disturbance, explosion, lighting or fire (each, a "**Force Majeure Event**"); provided, that Corporation's Affiliate and the Corporation shall (a) exert commercially reasonable efforts to eliminate, cure, or overcome any of such causes; (b) give written notice thereof to Purchaser (giving details of the Force Majeure Event) as soon as possible; and (c) promptly provide any further information in relation to such Force Majeure Event that Purchaser reasonably requires. In the event of a Force Majeure Event, the obligations of the Corporation, as applicable hereunder shall be postponed for such time as their performance is suspended or delayed on account thereof. Upon the cessation of such Force Majeure Event, Corporation's Affiliate and the Corporation will use commercially reasonable efforts to resume the performance of the affected Services as soon as practicable thereafter.

- 7.2 *Notice.* Each Party shall deliver all notices, requests, consents, claims, demands, waivers and other communications under this Agreement (each, a "**Notice**") in writing and addressed to the other Party at the addresses set forth on the last page of this Agreement (or to such other address that may be designated by the receiving party from time to time in accordance with this section). Each Party shall deliver all Notices by personal delivery, nationally recognized overnight courier (with all fees prepaid), or email of a PDF document (with confirmation of transmission, excluding system generated responses) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party, and (b) if the party giving the Notice has complied with the requirements of this Section.
- 7.3 *Public Announcements.* No Party will make any public announcement concerning this Agreement or related negotiations without the other Parties' prior written approval, except as may be required by law. Where a public announcement is required by law, the Party required to make the announcement will inform the other Parties of the contents of the proposed announcement and will make reasonable efforts to obtain the other Parties' approval for the announcement, which approval may not be unreasonably withheld.
- 7.4 *Assignment.* This Agreement shall be binding upon and enure to the benefit of and be enforceable by the respective successors and assigns of the Parties. No Party may assign any of its rights or obligations or any part of its rights or obligations under this Agreement at any time without the prior express written consent of the other Party.
- 7.5 *Severability.* If one or more provisions of this Agreement are held to be unenforceable against a Party under applicable law pertaining to such Party or determined by pronouncement or interpretation of any regulatory agency to be in violation of law or regulation, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were not a part of this Agreement.
- 7.6 *Governing Law.* This Agreement and the rights and obligations of the Parties hereunder shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 7.7 *Counterparts.* This Agreement may be executed and delivered in digital form or by any other electronic means including execution by electronic signature and may be delivered by transmission in electronic format, including portable document format (PDF) or tagged image file format (TIFF), and if so executed and delivered this Agreement will be for all purposes effective as if the executing party had delivered and executed the original Agreement. In addition, this Agreement may be signed in one or more counterparts, each of which when executed and delivered shall together constitute one Agreement.
- 7.8 *Amendments.* Neither this Agreement nor any terms hereof may be changed, waived, amended, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Parties.

[Signature page follows]

IN WITNESS WHEREOF, Corporation's Affiliate, Purchaser and the Corporation have caused their duly authorized officers to execute and deliver this Agreement as of the date first written above.

PURCHASER

Per: 


Name: PANKAJ SHARMA

Title: CEO.

Notice Address:

Email:

CORPORATION

Per: 

Name: Michael Sica

Title: CEO

Notice Address:

Email: mike@ayondacorp.com

Appendix Q

July 20, 2023

BY EMAIL

Peter Sharma

Email: punksharma@icloud.com

- and -

Nicolas Canizares

3500 Dufferin Street, #400

Toronto, ON M3K 1N2

Email: equinoxgroup@bellnet.ca

Dear Mr. Sharma and Mr. Canizares:

Re: Ayanda Cannabis Corporation and 12830353 Canada Inc.

We are the lawyers for Ayanda Cannabis Corporation.

Reference is made to the Share Purchase Agreement (“**SPA**”) dated February 2, 2022 entered into by Ayanda Cannabis Corporation (“**Ayanda**”) and 12830353 Canada Inc. (“**128 Canada**”), as same was subsequently amended by various Amendment Agreements, pursuant to which, *inter alia*, 128 Canada agreed to purchase all of the issued and outstanding shares of Ayanda (the “**Transaction**”). The Transaction was ultimately scheduled to close on May 19, 2023.

Reference is also made to the Service Agreement dated March 1, 2022 (the “**Service Agreement**”) entered into by Ayanda and 128 Canada, pursuant to which, *inter alia*, 128 Canada agreed to be responsible for any and all costs and expenses incurred by Ayanda in the ordinary course of operating the business from December 1, 2022 until the closing of the Transaction.

The Transaction did not close on May 19, 2023 as required. 128 Canada has also ceased to pay Ayanda’s costs and expenses pursuant to the Service Agreement, resulting in Ayanda being unable to fund ongoing operations at its leased premises located at 324 Burford Delhi Townline Road in Norwich, Ontario (the “**Facility**”).

Ayanda is not in compliance with its licences granted by Health Canada under the *Cannabis Act* (Canada).

July 20, 2023
Page 2

Accordingly, by this letter, we notify you that Ayanda will take immediate steps to: (i) surrender any and all licences that it currently holds from Health Canada; and (ii) destroy any and all product located at the Facility, including all plant material.

Yours truly,

AIRD & BERLIS LLP



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IA/ml

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Appendix R

**IN THE MATTER OF THE PROPOSAL OF
AYANDA CANNABIS CORPORATION
OF THE COUNTY OF NORFOLK
IN THE PROVINCE OF ONTARIO**

MINUTES OF THE SECOND MEETING OF INSPECTORS

Minutes of the second meeting of inspectors of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), held on July 17, 2023 at 2:00 p.m. via videoconference.

ATTENDANCE

Inspectors:

Vicki Ringelberg

On behalf of the Trustee:

Adam Sherman (Richter Inc., formerly, Richter Advisory Group Inc.)

Adam Zeldin (Richter Inc., formerly, Richter Advisory Group Inc.)

Mitch Grossell (Thornton Grout Finnigan LLP)

Noted Inspector Absence:

Natalie Cain

CALL TO ORDER

The Proposal Trustee (the “**Trustee**”) called the second meeting of inspectors (the “**Second Inspectors Meeting**”) to order at approximately 2:05 p.m. Adam Sherman and Adam Zeldin acted as Chairperson and Secretary, respectively, for the Second Inspectors Meeting.

The Trustee notes that Ms. Ringelberg was the only estate inspector in attendance at the Second Inspectors Meeting. The Trustee made several attempts by email to contact the second estate inspector, Ms. Cain, in connection with the Second Inspectors Meeting, but received no reply. Ms. Cain has failed to respond to the Trustee’s correspondence since December 2022 following her disagreement with the Trustee’s proposed treatment of the claim filed in Ayanda’s proposal by Mr. Ramdhany, a related person to Ms. Cain. Ms. Cain has also refused to approve the minutes of the first meeting of inspectors held on November 25, 2022. In the circumstances, the Trustee is of the view that Ms. Cain no longer has the intent to participate as an estate inspector in Ayanda’s proposal proceedings.

The Trustee advised the estate inspector that the purpose of the Second Inspectors Meeting is to provide an update on, and discuss various matters in connection with the Company’s proposal proceedings, including:

- the failure by 12830353 Canada Inc. (the “**Purchaser**”) to complete the transaction with Ayanda for the sale of all Ayanda’s issued and outstanding shares (the “**Transaction**”) pursuant to a share purchase agreement dated February 2, 2022 (the “**SPA**”), as amended from time to time, and the effective

termination of the services agreement (the “**Services Agreement**”) that detailed the terms upon which Ayanda would continue operations during the interim period prior to the closing of the Transaction, both for the benefit of and at the expense of the Purchaser;

- the Company’s current financial circumstances;
- the Trustee’s view that failure to close the Transaction and the effective termination of the Services Agreement represents a material adverse change in the Company’s financial circumstances and its ability to implement its proposal, as amended (the “**Proposal**”), as approved by both Ayanda’s unsecured creditors and the Court; and
- the Trustee’s proposed next steps.

STATUS OF TRANSACTION

The Trustee reminded the estate inspector that, notwithstanding that all conditions to closing the Transaction had been satisfied for a significant period of time, the Purchaser did not have the necessary funds to close the Transaction on the terms set out in the SPA. In an effort to preserve the Transaction, which was considered favourable by the Company and its stakeholders, Ayanda and the Purchaser entered into a series of amendments to the SPA (the “**Amending Agreements**”) that, among other things, extended the closing date for the Transaction and required the Purchaser to pay further deposit monies (the “**Deposit**”) as a credit to the purchase price payable under the Transaction to Ayanda.

The Trustee and estate inspector discussed that the extended closing date under the final amendment to the SPA (May 19, 2023) had lapsed and that, although the Trustee and inspector were aware of recent communications among Ayanda, the Purchaser and other interested parties in an attempt to complete the Transaction subject to certain material amendments required by the Purchaser, as at the date of the Second Inspectors Meeting, no such agreement had been reached.

The Trustee advised the inspector that, in its view, the Purchaser had sufficient time to complete the Transaction if it was possible for the Purchaser to do so. The closing date under the SPA, as amended and extended, has lapsed, and it has become clear that the Purchaser does not have the required funding to close the Transaction.

In connection with the above, the Trustee reminded the inspector that the Proposal is conditional on, among other things, closing the Transaction. Although the Proposal provides for the possibility that, in the event the Transaction does not close, Ayanda may present an amended proposal for consideration by affected creditors, the Trustee noted its concerns with Company’s ability to present a viable amended proposal to its creditors and the cost to the estate in attempting this course of action.

In addition to the above, the Trustee also informed the inspector that the Purchaser ceased making payments to the Company pursuant to the agreement (the “**Services Agreement**”) dated March 1, 2022, which detailed the terms upon which Ayanda would continue operations during the period leading up to the closing of the Transaction, both for the benefit of and at the expense of the Purchaser.

The Trustee further informed the inspector that, notwithstanding the additional Deposit monies paid pursuant to the Amending Agreements,¹ as a result of the failure to close the Transaction and the effective termination of the Services Agreement, it did not appear that Ayanda had the necessary funds to continue operations.

COMPANY STATUS

The Trustee and inspector discussed the Company's current financial circumstances, including the Trustee's understanding that the Company's remaining funds were limited to funds held in trust by the Company's current legal counsel (approximately \$169,000), Aird & Berlis LLP, and funds on deposit in the Company's bank account (approximately \$30,000). Taking into consideration the accrued and outstanding amounts currently owed to the Trustee and its legal counsel, the Trustee advised that Ayanda was almost entirely out of funds.

The Trustee also noted that it had been informed that Ayanda's last remaining employee, the master grower, recently resigned from his position at the Company. In addition, Ayanda's insurance had recently expired, and the Company was having significant difficulty finding replacement coverage.

The Trustee informed the inspector of the recent discussion among the Trustee, the Company and Mr. Hyde of Hyde Advisory & Investments Ltd., an experienced advisor in the Canadian cannabis market and the financial advisor initially retained by Ayanda to conduct its previous sale process that resulted in the Transaction. In Mr. Hyde's view, given the costs to bring Ayanda's cannabis licenses into compliance and the simplified process for new federal cannabis license applications, Ayanda's cannabis licenses appeared to hold little, if any, value should the Company's assets be remarketed for sale.

In the circumstances, the Trustee advised that, in its view, Ayanda did not have sufficient liquidity to remarket the Company's business or assets for sale as a going concern and, in the absence of value attributable to the Company's cannabis licenses, it appeared that the Company's only remaining assets are the lease (the "**Lease**") for the Company's 55,000 square foot cultivation/processing facility (the "**Facility**") and the Company's building/equipment.

MATERIAL ADVERSE CHANGE IN THE COMPANY'S FINANCIAL CIRCUMSTANCES

The Trustee informed the inspector that, in its view, failure to close the Transaction and the effective termination of the Services Agreement represents a material adverse change in the Company's financial circumstances and its ability to implement the Proposal (which is conditional on, among other things, closing the Transaction).

In circumstances where a trustee has determined that a material adverse change has occurred, the Trustee noted that it was required pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") to prepare and issue a report (the "**Material Adverse Change Report**") to creditors and other interested parties advising of such material adverse change and the circumstances leading to the material adverse change.

The Trustee informed the inspector of the Trustee's intention to issue the Material Adverse Change Report to the Company's known creditors, the Office of the Superintendent of Bankruptcy (the "**Superintendent**") and other interested parties advising of the material adverse change in Ayanda's financial circumstances.

¹ In certain of the Amending Agreements, the Purchaser confirmed in writing that the Deposit funds were not refundable and could be used at the Company's discretion.

NEXT STEPS

Given the Trustee's view that Ayanda does not have the means to continue business operations or activities in the ordinary course or present a viable amended Proposal to its creditors, the Trustee informed the inspector of its intended next steps, including:

- finalizing and filing the Material Adverse Change Report with the Superintendent;
- distributing the Material Adverse Change Report to all known creditors of Ayanda and other interested parties; and
- bringing a motion to the Court for an order annulling the Proposal and deeming Ayanda bankrupt (the "**Motion**").

The Trustee further informed the inspector that, should the Trustee's requested relief be granted, Ayanda will be deemed bankrupt and Richter appointed as bankruptcy trustee of the Company's estate (subject to creditor affirmation at the first meeting of creditors). The Trustee would then, subject to the rights of secured creditors, move to realize on the Company's remaining assets, including the Lease/Facility that the Trustee (and inspector) understood may be attractive to potential parties outside the cannabis industry. The Trustee and inspector discussed other attractive qualities to the Lease, including: (i) considerably under market rents (\$400 annually plus utilities/property taxes), (ii) term (10 years plus two 5-year options), and (iii) the fact that upon the expiration/termination of the Lease, the Building and Improvements (as defined in the Lease) remain the property of the tenant.

After some discussion with respect to the above, the inspector stated her support for the Trustee's intended next steps, including the finalization and issuance of the Material Adverse Change Report and the Motion.

ADJOURNMENT

There being no further business to discuss, it was resolved by the inspector that the Second Inspectors Meeting be adjourned. The Second Inspectors Meeting was adjourned by the Chairperson at approximately 2:40 p.m.



Adam Sherman, Chairperson

I hereby approve the Minutes of the Second Inspector Meeting:

Vicki Ringelberg

Vicki Ringelberg, Inspector

Appendix S

RICHTER

District of Ontario
Division No. 5 - London
Court No. 35-2802344
Estate No. 35-2802344

July 18, 2023

REPORT OF TRUSTEE PURSUANT TO SECTION 50(10) OF THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)

**In the Matter of the Proposal of
Ayanda Cannabis Corporation
of the Town of Norwich,
in the Province of Ontario**

Enclosed please find the report of Richter Inc., in its capacity as trustee (the “**Trustee**”) in re the proposal of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), pursuant to Section 50(10) of the *Bankruptcy and Insolvency Act* (Canada) dated July 18, 2023. As stated therein, the Trustee is of the view that certain events have occurred since Ayanda’s proposal was approved by both the Company’s creditors and the Ontario Superior Court of Justice (Commercial List) that represent a material adverse change in Ayanda’s financial circumstances.

Should you have any questions or require further information, please contact the Trustee at 416-646-7390 or azeldin@richter.ca.

Richter Inc.
**Licensed Insolvency Trustee acting *in re* the proposal of
Ayanda Cannabis Corporation
and not in its personal or corporate capacity**

**In the Matter of the Proposal of
Ayanda Cannabis Corporation
of the Town of Norwich,
in the Province of Ontario**

INTRODUCTION

The purpose of this report (the “**Material Adverse Change Report**”) is to provide the Official Receiver, the known creditors of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), and other interested parties with notice, pursuant to Section 50(10) of the *Bankruptcy and Insolvency Act* (the “**BIA**”), that the Trustee (as defined below) has determined that a material adverse change in the Company’s financial circumstances has occurred.

BACKGROUND

On February 4, 2022 (the “**Filing Date**”), Ayanda filed a Notice of Intention to Make a Proposal (“**NOI**”), pursuant to section 50.4 of the BIA, and Richter Inc. (“**Richter**”) agreed to act as proposal trustee under the Company’s NOI (in such capacity, the “**Trustee**”). The primary objectives of the NOI were to:

- (a) create a stabilized environment to permit Ayanda to complete a transaction with 12830353 Canada Inc. (the “**Purchaser**”) for all of Ayanda’s issued and outstanding shares (the “**Transaction**”) pursuant to a share purchase agreement dated February 2, 2022 (the “**SPA**”);
- (b) determine the universe of claims against Ayanda, including a determination of the validity and quantum of such claims, if necessary; and
- (c) present a proposal to the Company’s creditors that, subject to completion of the Transaction, intended to pay Ayanda’s unsecured creditors in full and permit the Company, through its counsel, to provide a distribution to Ayanda’s Class B shareholders.

The Transaction was approved by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on March 1, 2022.

On April 19, 2022, the Company filed a proposal pursuant to section 62 of the BIA, which was amended at the meeting of creditors held on May 9, 2022 (as amended, the “**Proposal**”). The Proposal was approved by the Court on June 3, 2022. Pursuant to the Proposal, it was expected (subject to closing of the Transaction) to provide a 100% recovery (less any levies payable to the Superintendent of Bankruptcy) to unsecured creditors with proven claims and permit the Company to provide recoveries to the Company’s Class B shareholders.

MATERIAL ADVERSE CHANGE

The SPA provided for a closing date of the Transaction on or before June 30, 2022, or such later date as Ayanda and the Purchaser agreed to in writing. Following a series of communications between the Company and the Purchaser (and their respective counsel), at the request of the Purchaser, the parties entered into successive extension agreements amending the SPA such that the closing date for the Transaction and the outside date to close the Transaction was extended to May 19, 2023. In addition to the SPA, Ayanda and the Purchaser also entered into an agreement dated March 1, 2022 (the “**Services Agreement**”), which detailed the terms upon which Ayanda would continue operations during the period prior to the anticipated closing of the Transaction, both for the benefit of and at the expense of the Purchaser.

The closing date under the SPA (as amended) has lapsed. Although the Trustee is aware of recent communications among Ayanda, the Purchaser, and other interested parties in an attempt to complete the Transaction subject to certain amendments required by the Purchaser, as at the date of this Material Adverse Change Report, no such agreement has been reached. In addition, the Trustee understands that following the expiration of the SPA, the Purchaser has not been making any payments pursuant to the Services Agreement jeopardizing the Company’s limited continuing operations.

In the Trustee’s view, failure to close the Transaction (and the effective termination of the Services Agreement) represents a material adverse change in the Company’s financial circumstances and its ability to implement the Proposal, as approved by both the Company’s unsecured creditors and the Court. Given the Company’s limited liquidity, the Trustee has concerns that Ayanda does not have the means to continue its current operations or present a viable alternative proposal to its creditors.

In the circumstances, the Trustee intends to: (i) file this Material Adverse Change Report with the Official Receiver without delay, (ii) distribute this Material Adverse Change Report to all known creditors of Ayanda (and other interested parties), and (iii) make an application to the Court for an order annulling the Proposal and deeming the Company bankrupt (the “**Trustee Application**”). Should the requested relief be granted, Ayanda will be deemed bankrupt, and Richter appointed as trustee of the Company’s bankrupt estate (subject to creditor affirmation). This Material Adverse Change Report and all publicly available information filed in respect of the Trustee Application will be made available on the Trustee’s website for the Ayanda Proposal proceedings at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation>.

Dated at Toronto, Ontario, this 18th day of July 2023.

Richter Inc.
Licensed Insolvency Trustee acting *in re* the proposal of
Ayanda Cannabis Corporation
and not in its personal or corporate capacity

Appendix T

GROUND LEASE

THIS LEASE made as of the 1st day of June 2022.

BETWEEN:

LUKE & BLANCHE SIOEN FARMS LTD.

(hereinafter called the "**Landlord**")

OF THE FIRST PART

- and -

AYANDA CANNABIS CORPORATION

incorporated under the laws of the Province of Ontario

(hereinafter called the "**Tenant**")

OF THE SECOND PART

WHEREAS the Landlord and the Tenant have agreed to enter into this lease (herein referred to as the "**Lease**"), upon the terms specified hereinafter;

AND WHEREAS the Landlord is the owner of certain lands in the County of Norfolk, in the Province of Ontario, municipally known as 324-372 Burford Delhi Townline Road, Norwich and legally described in Schedule A attached hereto, and the Tenant has agreed to cause to be designed, constructed, operated and maintained a facility on a portion of the said lands, as more particularly set out herein between the Landlord and the Tenant.

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 The Schedules to this document are a part of this Lease.

1.2 In this document the following words and expressions wherever used shall have the following meanings:

- (a) "**Additional Tenant Defaults**" has the meaning ascribed to it in Section 11.6.
- (b) "**Building**" means a 52,000 square foot 1 storey cannabis manufacturing, producing and processing facility and related uses and such other components as described or required by the Plans and Specifications.
- (c) "**Commencement Date**" means the date hereof.
- (d) "**Facility**" means the Land, Building and Improvements.

(e) This "**Ground Lease**", this "**Lease**", these "**Presents**" this "**Agreement**", "**herein**", "**hereby**", "**hereunder**" and similar expressions as used herein refer to this Ground Lease and the accompanying Schedules.

(f) "**Improvements**" means all other equipment, improvements and structures other than the Building to be procured or constructed by the Tenant as described or required by the Plans and Specifications.

(g) "**Land**" means the parcel of land of approximately 2 acres situate in the County of Norfolk, Province of Ontario at 324 Burford Delhi Townline Road, Norwich, ON N0J 1P0

(h) "**Landlord's Property**" means the parcel of land of approximately 97 acres situate in the County of Norfolk, Province of Ontario and legally described in Schedule A and all out buildings, greenhouses and homes located on the property but excluding any tobacco kilns .

(i) "**Lease Year**" refers to the period of twelve (12) months commencing on the Commencement Date and every twelve (12) month period thereafter.

(j) "**Mortgage**" means a mortgage or charge of all or any part of the leasehold estate created hereby and includes a deed of trust and mortgage securing bonds.

(k) "**Mortgagee**" means the mortgagee or trustee for bondholders, as the case may be, named in a Mortgage.

(l) "**Parties**" means the Landlord and the Tenant and their respective permitted successors and assigns.

(m) "**Permitted Uses**" means the design, construction, operation and maintenance, in each case in accordance with all applicable laws and zoning provisions, of a cannabis manufacturing, producing and processing facility and related uses.

(n) "**Plans and Specifications**" means the Tenant's specifications, plans and drawings, information, documentation and contracts in relation to the design and construction of the Building and Improvements, including all engineering works and landscape works, equipment, machinery, accessories and other facilities therein as set forth in Appendix I, as the same may be amended from time to time.

(o) "**Prime Rate**" means the prime commercial lending rate per annum used by the bank designated by the Landlord, from time to time on demand loans in Canadian funds (any change in such rate of interest to be effective from the date the change in such prime commercial lending rate becomes effective) at its head office in Toronto, Ontario as a basis for determining interest on loans to its largest and most credit-worthy commercial borrowers.

(p) "**Property Taxes**" means all taxes, including taxes for local improvements and school purposes and all other charges, rates, duties, license fees and levies of every kind, imposed on the Land, Building and Improvements, or the business carried on the Land or in the Building and Improvements, and shall also include any and all taxes which may in future be levied in lieu of Property Taxes as hereinbefore defined.

(q) "**Term**" means the term of years demised by the Landlord to the Tenant pursuant to Article 2 hereof (including, for clarity, the Extension Terms, if the options contained in Section 2.2 are exercised by the Tenant) commencing on the Commencement Date.

1.3 The Landlord and the Tenant agree that each expression in this Lease of an obligation of one of them is considered to be a covenant of the one obligated made with the other to perform the obligation.

1.4 Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and the neuter gender and words importing persons shall include firms, associations and corporations and vice versa and wherever two or more persons are bound to any obligation hereby their liability shall be joint and several.

1.5 The headings herein have been inserted for convenience of reference only and shall not affect the construction or interpretation of this Lease.

1.6 Where reference is made herein to an Article hereof, such reference shall include all of the subdivisions of such Article; and where reference is made herein to a Section hereof; such reference shall include all of the subdivisions of such Section.

1.7 If the date upon which something is required to be done hereunder or upon which a delay expires hereunder should fall on a Saturday, Sunday or legal holiday, such things shall be done or such delay shall expire on the next following business day.

ARTICLE 2 DEMISE

2.1 In consideration of the rent reserved and the covenants and agreements on the part of the Tenant contained in this Lease, the Landlord demises and leases the Land to the Tenant, for a term commencing on the Commencement Date and expiring upon the expiry of the tenth (10th) year following the Commencement Date at the rent and on the terms and conditions stated in this Lease, as the same may be extended in accordance with the terms hereof.

2.2 The Landlord hereby grants to the Tenant two (2) options (herein called the "**Option**") to extend the Lease for two additional five (5) year periods each (herein collectively called the "Extension Terms" and individually an "Extension Term") on the same terms and conditions as contained in this Lease save and except that at the end of the Extension Term, there shall be no additional options to extend.

2.3 In order to exercise the Option, the Landlord shall advise the Tenant, in writing, at least three (3) months prior to the last day of the initial Term and the Extension Term, as the case may be, requesting confirmation of the Tenant's intention to extend the lease. Should the Tenant decide not to agree to the Extension Terms, the Tenant shall vacate the leased premises at the end of the initial Term or Extension Term, as the case may be.

2.4 The Tenant shall be entitled to occupy, use and lease the Land for the Permitted Uses, subject to the terms and conditions of this Lease. Notwithstanding anything contained herein to the contrary, in no event shall the Tenant be required to complete construction of the Building and

Improvements. Construction of the Building and Improvements is at the sole discretion of the Tenant.

ARTICLE 3 BUILDING AND OPERATION

3.1 Except where the Landlord and the Tenant have otherwise agreed in writing, the Landlord shall have no responsibility for the design or construction of the Building or Improvements nor payment of any costs in connection with same.

3.2 In the event that the Tenant chooses to construct the Building and Improvements, the Tenant covenants, warrants and represents as follows:

(a) it shall design and construct the Building or cause it to be constructed in a good and workmanlike manner and in accordance in all material respects with the Plans and Specifications; and

(b) the Building shall be designed and constructed in accordance with all building by-laws, municipal by-laws and other legal requirements pertaining to the construction and all necessary building permits shall have been obtained.

3.3 The Tenant covenants and agrees on behalf of itself and contractors that it will not damage any building, structure or real or personal property situate on the lands adjacent to the Land, and if any such damage results to any building, structure or real or personal property, or to any person, which is attributable to the construction of the Building or Improvements, the Tenant shall be responsible therefor and shall forthwith make repairs to rectify such damage to the satisfaction of the Landlord.

3.4 The Tenant covenants that the Building and Improvements will only be used throughout the Term for the Permitted Uses.

3.5 The Landlord and the Tenant agree that the Building and Improvements as modified from time to time in accordance with this Lease are intended to be and become the absolute property of the Tenant upon the expiration or termination of this Lease, and shall be treated, as between the Landlord and the Tenant during this Lease, to be the separate property of the Tenant and not of the Landlord, but subject to and governed by all the provisions of this Lease applicable thereto.

3.6 The Tenant and Landlord shall at all times comply with and perform their respective obligations under this Lease.

3.7 The Tenant shall always act so that no party has the right to register a lien on any part of the Facility arising from any construction or installation carried on by or on behalf of the Tenant. In the event that any lien so arising from any construction or installation carried on by or on behalf of the Tenant is registered on the Facility, the Tenant will forthwith obtain at its expense a full discharge and vacation of such lien unless the Tenant is disputing the indebtedness relating to such lien in good faith.

ARTICLE 4 RENT

4.1 Minimum Rent: The Tenant covenants and agrees to pay to the Landlord, in lawful money of Canada, without any set-off or deduction whatsoever hereunder or pursuant to any other agreement with the Landlord, during the Term, annual rent of Four Hundred (\$400.00) Dollars plus harmonized sales tax in advance.

4.2 Set-Off: The Tenant shall have no right to offset, deduct or abate any monies owing by the Tenant to the Landlord or other entity under this Lease, nor to withhold the performance of any obligation of the Tenant hereunder for any reason whatsoever including, but not limited to, by reason of a default by the Landlord under this Lease or pursuant to any other agreement between the Landlord and the Tenant.

4.3 Net Lease: It is the intention of the Landlord and the Tenant that Rent, except as otherwise provided herein, shall be net to the Landlord and the Tenant shall, at its expense, except as otherwise provided, pay or cause to be paid all costs, outlays, outgoings and expenses of any nature and kind whatsoever relating to or affecting the Facility from and after the Commencement Date and throughout the Term, except to the extent that the Landlord has specifically exempted the Tenant in writing. The Tenant shall furnish to the Landlord within seven (7) days after a written request therefor, such reasonable proof of payment of all or any charges payable under this Lease as the Landlord may reasonably require.

ARTICLE 5 PROPERTY TAXES, SERVICES AND UTILITIES

5.1 The Tenant covenants to pay the Landlord during the Term all Property Taxes within thirty (30) days after they become due and payable.. The Tenant has the right at its sole cost and expense to appeal assessments or to apply for a reduction of any of the Property Taxes. While contesting any taxes or assessments the Tenant shall make all tax payments when due.

5.2 The Tenant warrants and represents that the Building and Improvements will be separately metered for all utilities. The Tenant covenants to pay or cause to be paid promptly during the Term directly to the service provider, all charges for electricity, water, telephone, gas, heat, power, sewer and all other services and utilities, supplied to the Facility where failure to do so could result in a lien or charge on all or any part of the Facility or on the Landlord on account thereof, and shall indemnify and save harmless the Landlord from any such charges.

5.3 The Landlord hereby acknowledges and agrees that the Tenant shall have the right and shall be permitted to connect to and draw from the gas line that shall run through the Landlord's Property which adjoins to the Land.. The Tenant shall be responsible for all costs associated with its consumption of gas and for the costs associated to connect to such gas line from the point of access at the Land and the Tenant shall be responsible for all costs associated with laying down and constructing sewers, drains and pipes for natural gas in and under and upon the Landlord's Property and bringing and running the gas line across the Landlord's Property to the Land. The Landlord grants, conveys and transfers unto the Tenant, the right at any time and from time to time to enter upon the Landlord's Property for the purposes of connecting the sewers, drains and pipes

for natural gas in and under and upon the Landlord's Property and for the purposes of keeping and maintaining them at all times in good condition and repair and for every such purpose the Tenant shall have access to the Landlord's Property at all times by their servants, employees and workmen

ARTICLE 6 REPAIR/MANAGEMENT AND OPERATIONS

6.1 The Tenant covenants and agrees that the Tenant shall manage and operate the Building and Improvements as per Health Canada Cannabis Act GPP regulations.

6.2 The Tenant covenants and agrees, at its own expense, to keep the Facility, including, without limitation, the landscaping, pedestrian walkways, driveways, parking areas, signage and external lighting within the Land free from snow and ice and in conformance with the requirements of applicable laws and zoning.

6.3 Upon the termination of this Lease, including without limitation, in the event that the Tenant becomes bankrupt or Additional Tenant Defaults arise, the Building and Improvements shall at all times remain the exclusive property of the Tenant, provided that, for greater certainty and notwithstanding anything contained herein to the contrary, the Tenant may, at its sole option, at the expiry or earlier termination of this Lease, at the Tenant's expense, remove and dispose of all Buildings and Improvements and repair all damage occasioned by the construction and removal of the Building and Improvements.

ARTICLE 7 INDEMNITY

7.1 The Tenant shall indemnify and save harmless the Landlord against and from any and all claims, demands, actions, causes of action, suits, damages and any and all costs, counsel fees, expenses and liabilities incurred by the Landlord in connection with any such claim or any action or proceeding brought thereon whatsoever relating to or arising out of:

(a) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Tenant to be fulfilled, kept, observed and performed;

(b) any injury to person or persons, including death resulting at any time therefrom occurring on or in the Facility; and,

(c) any damage to property of the Tenant, any sub-lessee, licensee and all persons claiming through or under it, them or any of them, or damage to any other property occasioned on or in the Facility.

7.2 The obligations of the Tenant to indemnify the Landlord under Section 7.1 shall not apply to costs, fees, expenses and liabilities to the extent they are caused by the negligence of the Landlord or any person for whom the landlord is in law responsible.

7.3 The Landlord shall indemnify the Tenant and save it harmless against and from any and all claims, demands, actions, suits and proceedings made or brought against the Tenant and any and all damages, liabilities, costs and expenses incurred by the Tenant to the extent caused by:

(a) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Landlord to be fulfilled, kept, observed or performed; or

(b) the negligence of the Landlord or any person for whom the Landlord is in law responsible. The obligation of the Landlord to indemnify the Tenant under this Section 7.3 shall not apply to costs, fees, expenses and liabilities (i) to the extent that they are caused by the negligence of the Tenant or any person for whom the Tenant is responsible.

ARTICLE 8 INSURANCE

8.1 During the whole of the Term the Tenant will, at its own expense, insure and keep insured, as is reasonable in the cannabis industry,:

(a) The Building and Improvements against all losses by all perils covered by a standard "all risks" form of policy.

(b) property damage and public liability insurance, with reasonable limits.

(c) the Building and Improvements against all other perils as the Tenant may require from time to time.

The Tenant covenants and agrees with the Landlord that all contracts of insurance required herein to be maintained shall be with a company or companies licensed under the laws of Canada and ordinarily engaged, inter alia, in the business of insuring against such risks.

ARTICLE 9 DISTRESS

9.1 The Landlord hereby acknowledges and agrees that in no event shall the Landlord be entitled to distress on any of the Tenant's goods and chattels, including without limitation the Building and Improvements, which are the property of the Tenant on the Facility.

ARTICLE 10 DAMAGE OR DESTRUCTION

10.1 In the event that the Building and Improvements are damaged or destroyed, then the Tenant, may, at its sole option,:

(a) terminate this Lease as at the date of such damage or destruction, in which event this Lease shall have no further force or effect as and from such date, or

(b) repair such damage or replace such destruction, or reconstruct or replace the Building and Improvements in whole or in part (as is needed) with a new structure.

ARTICLE 11 DEFAULT

11.1 If the Tenant shall be in default hereunder in the payment of rent or amounts collectible hereunder as rent reserved and in arrears, the Landlord may give notice of such default to the Tenant and the Tenant shall have fifteen (15) days after receipt of such notice within which to remedy, such default. If the Tenant shall be in default of any of its covenants and obligations hereunder, other than its covenant to pay rent or amounts collectible hereunder as rent reserved and in arrears, the Landlord may give notice to the Tenant forthwith upon such default coming to the attention of the Landlord and in such notice the Landlord shall with reasonable particularity state the nature of the default and require the same to be remedied and the Tenant shall have from the receipt of such notice thirty (30) days (or, such longer period as may be reasonably necessary bearing in mind the nature of the default, so long as the Tenant has commenced and is diligently pursuing the rectification of the default or such shorter period as is reasonably necessary in the event of a default requiring more urgent rectification) within which to remedy such default.

11.2 Notwithstanding anything contained herein to the contrary, in no event shall the Landlord become entitled to re-enter upon the Facility or to relet the Facility as agent of the Tenant. The Tenant shall have the sole option, to demolish the Facility upon an event of default or Additional Tenant Defaults under this Agreement.

11.3 The Landlord may nevertheless sue for rents (whether or not and both before and after the Lease has been terminated).

11.4 No condoning, excusing or overlooking by the Landlord or the Tenant of any default, breach or non-observance by the Tenant or by the Landlord at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's or the Tenant's rights (as the case may be) hereunder, respectively, in respect of any continuing or subsequent default, breach or non-observance or so as to defeat or affect in any way the rights of the Landlord or the Tenant in respect of any such continuing or subsequent default or breach and no waiver shall be inferred from or implied by anything done or omitted by the Landlord or the Tenant save only express waiver in writing. All rights and remedies of the Landlord and the Tenant, as the case may be, in this Lease contained shall be cumulative and not alternative.

11.5 All monies owed to the Landlord by the Tenant, whether minimum rent or otherwise, shall be treated as rent and Landlord shall have all rights to recover the same as if the same were rent.

11.6 The following shall be Additional Tenant Defaults:

(a) the Tenant making an assignment for the benefit of creditors or any bulk sale of goods on the leased premises or taking advantage of any winding up, dissolution, insolvency, bankruptcy, reorganization or creditor protection proceedings (immediately with no cure period); and

(b) a third party commencing any bankruptcy, insolvency, winding up, dissolution, creditor protection or reorganization proceeding or lodging an execution against the Tenant or its assets unless within 10 days thereafter the Tenant has not commenced action to stay and dismiss or terminate the proceedings and obtained a stay of such proceedings and thereafter diligently and continuously pursued to completion the discharge and termination of such proceedings.

ARTICLE 12 UNAVOIDABLE DELAYS

12.1 Each of the Landlord and the Tenant shall be excused from the observance or performance of an obligation under this Lease (other than an obligation to make a payment of money), and shall not be liable for the failure to observe or perform such obligation, for such time and to the extent that observance or performance of such obligation is rendered impossible by reason of any strike, lockout or other labour dispute, a shortage or unavailability of materials or services, the imposition of any new law, regulation, rule or order by any governmental or public authority, any riot, vandalism, civil unrest or act of war, or any other cause whatsoever that is beyond the control of the Landlord or the Tenant, as the case may be, acting in a commercially reasonable manner (other than lack of money).

ARTICLE 13 OBSERVANCE OF GOVERNMENT REGULATIONS

13.1 The Tenant covenants that it will comply with or cause to be complied with all provisions of law, including, without limiting the generality of the foregoing, federal and provincial legislative enactments, zoning and building by-laws and any other governmental or municipal regulations which relate to the Facility and to the equipment, maintenance, operation and use of the Building and Improvements and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Facility or any part thereof. The Tenant covenants to comply with or cause to be complied with all lawful, police, fire and sanitary regulations imposed by any federal, provincial or municipal authorities and to observe and obey all lawful governmental and municipal regulations and other requirements governing the conduct of any Permitted Uses conducted on the Facility. The Tenant shall have the right to contest by appropriate legal proceedings, without cost or expense to the Landlord, the validity of any law, ordinance, order, rule, regulation or requirement of the nature herein referred to and if, by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be held in abeyance without subjecting the Tenant or the Landlord to any liability of whatsoever nature for failure so to comply therewith, the Tenant may postpone compliance therewith until the final determination of such proceedings, provided that all such proceedings shall be prosecuted with all diligence and dispatch.

ARTICLE 14 ASSIGNING, SUBLETTING AND MORTGAGING

14.1 The Tenant shall not sublet or assign the Facility, nor this Lease, nor any part thereof, nor will the Tenant mortgage or encumber this Lease or the Tenant's interests in the Facility or any part of them (all of which transactions are herein referred to as a "Transfer" or "Transfers"), without the Landlord's prior written consent, such consent may be unreasonably withheld.

The consent by the Landlord to any Transfer will not constitute a waiver of the necessity for the Landlord's consent to any subsequent or other Transfer whether by the Tenant or the Transferee. This restriction on Transfers applies also to any Transfer by operation of law.

14.2 If the Tenant intends to effect an assignment of the Lease the Tenant shall give prior notice to the Landlord of such intent specifying the identity of the assignee and shall provide such financial, business or other information related to the proposed assignee and its principals as the Landlord or any Mortgagee reasonably requires, together with copies of any documents which record the particulars of the proposed Transfer. The Landlord shall, within ninety (90) days after having received such notice and all requested information, notify the Tenant that it consents or does not consent to the Transfer in accordance with the provisions and qualifications of this Article 14.

14.3 Any consent by the Landlord shall be subject to the Tenant and any subtenant or assignee executing an agreement with the Landlord agreeing that the assignee or sublessee, as the case may be, will be bound by all of the terms of this Lease and, except in the case of a sublease, that the assignee will be so bound as if it had originally executed this Lease as Tenant.

14.4 Landlord consent is required for a any Change of Control. . For the purposes of this Lease the phrase "Change of Control" means the transfer by sale, assignment, mortgage, charge, security interest, operation of law or otherwise, in a single transaction or a series of related transactions, which would result in Ayanda Cannabis Corporation ceasing to own and/or control the Building.

ARTICLE 15 BANKRUPTCY

15.1 If the Term hereby granted shall at any time be seized or taken in execution by any creditor of the Tenant, or if the Tenant shall make a general assignment for the benefit of creditors, or if it shall institute proceedings to subject itself to the *Winding-up Act* or to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file an application or petition or answer or consent seeking re-organization or readjustment of its indebtedness under the *Bankruptcy Act* or the *Companies Creditors' Arrangement Act* or any law of Canada or any Province thereof or of the jurisdiction in which the Tenant was incorporated relating to bankruptcy or insolvency, or shall consent to the filing of any such application or petition, or shall consent to the appointment of a receiver, or if the Tenant or its directors shall pass any resolution authorizing the dissolution or winding-up of the company, or if a receiver, interim receiver, trustee or liquidator of all or substantially all of its property shall be appointed, or if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging it a bankrupt or insolvent, or subject to the proceedings of the *Winding-up Act* or *Bankruptcy Act* or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the *Bankruptcy Act* or the *Companies Creditors' Arrangement Act* or any law of Canada or any Province thereof or of the jurisdiction in which the Tenant was incorporated relating to bankruptcy or insolvency have been properly instituted, rent and additional rent for the six (6) months next ensuing after the then current month shall immediately become due and payable and the Lease shall, at the option of the Landlord, immediately become terminated. Notwithstanding anything contained herein to the

contrary, the Tenant shall be entitled, at its sole option and expense, to demolish the Building and Improvements.

**ARTICLE 16
LANDLORD'S COVENANTS**

16.1 The Tenant shall and may peaceably enjoy and possess the Facility for the Term hereby granted without any interruption or disturbance whatsoever from the Landlord or any other person, persons, firm or corporation lawfully claiming from or under the Landlord.

**ARTICLE 17
END OF TERM**

17.1 At the end of the Term hereby granted whether by forfeiture, default, effluxion of time, exercise of the options set out herein or otherwise, the Building and Improvements shall remain the property of the Tenant and title to the Building and Improvements shall remain vested in the Tenant and the Tenant shall have the sole option, at its expense to demolish the Building and Improvements.

17.2 Except as herein provided, no surrender of this Lease by the Tenant prior to the end of the Term by effluxion of time shall be valid unless accepted in writing by the Landlord.

**ARTICLE 18
OVERHOLDING**

18.1 It is agreed that upon the termination of this Lease by effluxion of time and in the event that the Tenant remains in possession of the Facility with or without the consent of the Landlord and without any further written agreement, a tenancy from year to year shall not be created by implication of law, but the Tenant shall be deemed to be a monthly tenant and rent shall be adjusted to reflect fair market value rent and otherwise upon and subject to the same terms and conditions as herein contained in so far as they are applicable to a monthly tenancy, without prejudice to the Landlord's rights to evict the Tenant for failure to vacate the Land at the end of the Term.

**ARTICLE 19
ESTOPPEL CERTIFICATE**

19.1 The Landlord and the Tenant each agree at any time and from time to time so long as this Lease shall remain in effect, and provided the party requesting is not then in default, upon not less than twenty (20) days' prior request by the other party, to execute, acknowledge and deliver to the other party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified, stating the modifications) and the dates to which the rent and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article 19 may be relied upon by any prospective purchaser or mortgagee of the Landlord's fee simple interest in the Land or by any assignee of the Tenant's leasehold estate (including a Mortgagee), as the case may be.

**ARTICLE 20
LIENS AND ENCUMBRANCES**

20.1 The Tenant shall throughout the Term at its own cost and expense cause any and all statutory liens, construction liens and other liens or encumbrances for labour, services, utilities or materials alleged to have been furnished to or to have been charged by or for the Tenant or anyone on its behalf or in respect of levies or taxes which may be registered against or otherwise affect the Facility to be vacated within thirty (30) days after the Tenant has notice that a claim for such lien or encumbrance has been made or has been registered or after the Landlord shall send to the Tenant written notice by registered mail of any claim for any such liens or encumbrances whichever shall be the earliest, unless such vacation requires more than thirty (30) days to complete notwithstanding diligent pursuit by the Tenant, in which case the Tenant shall have such additional time to diligently pursue such vacation provided that the Tenant is diligently and continuously disputing the indebtedness underlying such liens or encumbrances and/or pursuing the vacation of the lien or encumbrance in good faith and with reasonable dispatch to completion (including, if necessary, the posting of security required to obtain any such vacation of a lien or encumbrance).

**ARTICLE 21
NOTICES**

21.1 Any notice, statement or request herein required or permitted to be given by either party to the other shall be in writing and shall be deemed to have been sufficiently and effectually given if signed by or on behalf of the party giving the notice or its agent and either mailed by prepaid registered post, or delivered personally, or sent by facsimile transmission, in the case of the Landlord addressed to:

Luke & Blanche Sioen Farms Ltd., c/o Mike Sioen
372 Burford Delhi Townline Road
Norwich, Ontario
N0J 1P0

and in the case of the Tenant addressed to it at:

Ayanda Cannabis Corporation, 324 Burford Delhi Townline Road, Norwich Ontario N0J 1P0
Attn: CEO

If served personally upon an executive officer of the party for whom it is intended, any such notice given as aforesaid shall be conclusively deemed to have been given and received if delivered on the date of such delivery and if mailed on the fourth day after such mailing (Saturdays, Sundays and postal holidays excluded), provided such notice be mailed in Ontario. Either party may from time to time by notice to the other change the address to which notices are to be given. In the event that postal service is disrupted by strike or other cause, any notice, statement or request herein provided for may be given by delivering the same to the address of the Landlord hereinbefore mentioned or by delivering the same to the address of the Tenant hereinbefore mentioned and shall be deemed to have been given when delivered.

**ARTICLE 22
MISCELLANEOUS**

22.1 The intention of this Lease is that, except as otherwise provided herein, it shall be a "carefree" lease to the Landlord the rental being entirely net to the Landlord. Without limiting the generality, of the foregoing, except as otherwise provided herein, it is declared and agreed that the Tenant is solely responsible for the condition, operation, maintenance and management of the Facility, and the Landlord shall not be liable for damage to the property of the Tenant or any other persons at any time upon the Facility.

22.2 The Tenant and the Landlord acknowledge that there are no covenants, representations, warranties, agreements or conditions expressed or implied, collateral or otherwise forming part of or in any way affecting or relating to this Lease save as expressly set out in this Lease and in other written agreements among the Parties and that this Lease and such other agreements between the Landlord and the Tenant may not be modified except as herein explicitly provided or except by subsequent agreement in writing of equal formality hereto executed by the Landlord and the Tenant

22.3 The Tenant hereby waives and renounces any and all existing and future claims and off-sets against any rental or other amounts due hereunder and agrees to pay such rental and other amounts regardless of any claim or off-set which may be asserted by the Tenant or on its behalf.

22.4 It is agreed that the provisions contained in this Lease are not considered to create a relationship other than that of Landlord and Tenant as to the Land. Nothing contained in this Lease, nor any acts of the Tenant or the Landlord, are or were intended by the parties hereto to constitute, nor shall they be deemed to constitute, the Landlord and the Tenant as partners, joint venturers, or principal and agent.

22.5 This Lease is entered into on the express condition that it is to be effective only if the provisions of Section 50 of the Planning Act, R.S.O. 1990, as amended, or any legislation in substitution therefor or in addition thereto are complied with.

22.6 Time shall be of the essence of this Lease save as herein otherwise specified.

22.7 If any covenant, obligation or agreement of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease or the application of such covenant, obligation or agreement to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each covenant, obligation and agreement of this Lease shall be separately valid and enforceable to the fullest extent possible.

22.8 This indenture and everything herein contained shall enure to the benefit of, extend to and be binding upon the respective heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each and every of the parties hereto subject to the granting of consent by the Landlord to any assignment or sub-lease, where required hereunder, and every reference herein to any party hereto shall include the heirs, executors, administrators, successors, assigns and other legal representatives of such party and this Indenture shall be interpreted according to the laws of the Province of Ontario.

22.9 The Landlord and the Tenant acknowledge that the contents of this Lease may be disclosed and may become a matter of public record (including registration of a notice thereof (which shall not contain financial terms) against title to the Land and/or the Landlord's Property) and further acknowledge and agree that applicable law may require disclosure of information provided by one party to the other pursuant to or in connection with this Lease.

22.10 This Lease and the rights and obligations and relations of the parties hereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (but without giving consideration to any conflict of laws rules). The parties hereto agree that the Courts of Ontario shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Lease. Each party hereto does hereby attorn to the jurisdiction of the Courts of the Province of Ontario.

22.11 The headings of this Lease and in the Schedules hereto are solely for convenience of reference and do not affect the interpretation thereof or define, limit or construe the contents of any provision of this Lease.

22.12 This Lease may be executed in any number of counterparts and all such counterparts shall for all purposes constitute one agreement, binding on the parties hereto, provided each party hereto has executed at least one counterpart, and each shall be deemed to be an original, notwithstanding that all parties are not signatory to the same counterpart. This Lease may be executed and delivered by either of the parties by transmitting to the other a copy of this Lease (executed by such delivering Party) by telecopier or other means of electronic communication, and delivery in that manner by a party shall be binding upon such party and deemed to be an original.

22.13 Each party hereto acknowledges that it shall have no right to rely upon any amendment, promise, modification, statement or representation made or occurring subsequent to the execution of this Lease unless the same is in writing and executed by each of the parties hereto.

22.14 No remedy herein conferred upon or reserved in favour of any party hereto shall exclude any other remedy herein or existing at law or in equity or by statute, but each shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing.

22.15 Each party hereto agrees from time to time, subsequent to the date hereof, to execute and deliver or cause to be executed and delivered to the others of them such instruments or further assurances as may, in the reasonable opinion of any other of them, be necessary or desirable to give effect to the provisions of this Lease.

22.16 Unless the context clearly requires otherwise, the singular usage includes the plural and the masculine and neuter usages include the other and the feminine.

IN WITNESS WHEREOF the Parties hereto have caused this indenture to be executed as of the date first above written.

LUKE & BLANCHE SIOEN FARMS LTD.

Per:

Name:

Title:

I have the authority to bind the Corporation

AYANDA CANNABIS CORPORATION

Per:

Name:

Title:

I have the authority to bind the Corporation

SCHEDULE A

LEGAL DESCRIPTION OF THE LANDLORD'S PROPERTY

PIN No. 50175-0124 (LT)

PT LT 20 CON 1 WINDHAM AS IN NR515272; NORFOLK COUNTY

Appendix U

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF
AYANDA CANNABIS CORPORATION
OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF ADAM SHERMAN
(sworn August 4, 2023)

I, Adam Sherman, of the City of Vaughan, in the Province of Ontario, **MAKE OATH AND STATE AS FOLLOWS:**

1. I am a Senior Vice President at Richter Inc. (formerly, Richter Advisory Group Inc.) ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. Unless otherwise stated, all monetary amounts contained herein (including exhibits) are expressed in Canadian dollars.
3. On February 4, 2022 (the "**NOI Filing Date**"), Ayanda Cannabis Corporation ("**Ayanda**" or the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the "**BIA**"), and Richter was named as proposal trustee of the Company (in such capacity, the "**Proposal Trustee**").
4. Pursuant to paragraph 4 of the order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated March 1, 2022, the Proposal Trustee and its legal counsel are required to pass their accounts from time to time, which accounts are referred to a judge of the Court.
5. On April 19, 2022, the Company filed its proposal (as amended, the "**Proposal**"), under Part III, Division I of the BIA with the Proposal Trustee, which Proposal, as amended at the first meeting of creditors held on May 9, 2022 (the "**Meeting**"), was unanimously approved by the Company's creditors voting at the Meeting. The Proposal was approved by the Court pursuant to an order dated June 3, 2022 (the "**Proposal Approval Order**").

6. Pursuant to the Proposal Approval Order, the Court approved the fees and disbursements of the Proposal Trustee and its counsel, Thornton Grout Finnigan LLP (“**TGF**”), for the period from February 1, 2022 to May 20, 2022.
7. During the period from May 21, 2022 to July 31, 2023 (the “**Period**”), the Proposal Trustee rendered four (4) invoices on this matter. During the Period, the Proposal Trustee provided services (net of discounts) and incurred disbursements with respect to services provided, in the amounts of \$176,620.50 and \$100.66, respectively, plus Harmonized Sales Tax of \$22,973.76, for a total amount of \$199,694.92. The Proposal Trustee’s invoices include work undertaken by the Proposal Trustee to, among other things, support the Company in its motion seeking the Proposal Approval Order, review and assess claims filed against Ayanda, deal with various matters in connection with closing the transaction for the sale of all of Ayanda’s outstanding common shares, and otherwise fulfill its obligations as Proposal Trustee in the administration of the Company’s proceedings. Attached hereto and marked as **Exhibit “A”** to this Affidavit is a summary of the invoices rendered by the Proposal Trustee on a periodic basis during the Period (the “**Accounts**”).
8. True copies of the Accounts, which include a fair and accurate description of the services provided, along with the hours and applicable rates claimed by the Proposal Trustee, are attached as **Exhibit “B”** to my Affidavit.
9. Richter, in its capacity as Proposal Trustee, filed two reports with the Court with respect to these proceedings, as well as a report on the Company’s financial circumstances and the Proposal, pursuant to section 50(10)(b) of the BIA. Contemporaneous with the filing of this Affidavit, the Proposal Trustee files its third report to the Court with respect to Ayanda’s proceeding (the “**Third Report**”). Details of the activities undertaken, and services provided by the Proposal Trustee, as applicable, during the Period are described in the Third Report and incorporated herein by reference.
10. In the course of performing its duties as Proposal Trustee, Richter staff expended a total of 309.85 professional hours during the Period. Attached as **Exhibit “C”** to my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the within proceeding during and the hours and applicable rates claimed by the Proposal Trustee for the Period. The average hourly rate billed by the Proposal Trustee during the Period, net of discounts, is \$570.02.
11. The Proposal Trustee requests the Court approve its Accounts for the Period, in the total amount of \$176,721.16 (including disbursements but excluding HST) for services rendered and recorded during the Period.

12. TGF, as counsel to the Proposal Trustee, has provided legal services to the Proposal Trustee throughout the Company's proceedings in a manner consistent with the instructions of the Proposal Trustee. TGF has prepared an affidavit with respect to its fees and disbursements charged in connection with services rendered during the Period. The Proposal Trustee has reviewed the invoices rendered by TGF during the Period and believes the services performed are consistent with the instructions given by the Proposal Trustee.
13. To the best of my knowledge, the rates charged by Richter and TGF are comparable to the rates charged for the provision of similar services by other restructuring and law firms in downtown Toronto.
14. I verily believe that the fees and disbursements incurred by the Proposal Trustee and TGF are fair and reasonable in the circumstances.
15. This Affidavit is sworn in connection with a motion for an Order of the Court to, among other things, approve the fees and disbursements of the Proposal Trustee and those of its legal counsel and for no improper purpose.

SWORN BEFORE ME over videoconference on this 4th day of August, 2023. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the Town of Minett, in the Province of Ontario.



Commissioner for taking affidavits

in the Province of Ontario

Mitchell W. Grossell
LSO # 699931

Adam Sherman

Adam Sherman

This is Exhibit "A" referred to in the Affidavit of
Adam Sherman, sworn on August 4, 2023

A handwritten signature in blue ink, appearing to read "M. Bull", written in a cursive style.

Commissioner for Taking Affidavits, etc.

Richter Inc. (formerly, Richter Advisory Group Inc.)

Exhibit A

In its capacity as Proposal Trustee of

Ayanda Cannabis Corporation

And not in its personal or corporate capacity

Statement of accounts

Invoice #	Period	Fees	Discount	Net Fees	Disbursements	Sub total	HST	Total
20407930	May 21, 2022 to September 9, 2022	\$ 68,964.00	\$ -	\$ 68,964.00	\$ 64.48	\$ 69,028.48	\$ 8,973.70	\$ 78,002.18
20408140	September 10, 2022 to November 30, 2022	\$ 44,730.00	\$ -	\$ 44,730.00	\$ -	\$ 44,730.00	\$ 5,814.90	\$ 50,544.90
20408235	December 1, 2022 to December 30, 2022	\$ 7,993.50	\$ -	\$ 7,993.50	\$ 36.18	\$ 8,029.68	\$ 1,043.86	\$ 9,073.54
20408535	January 1, 2023 to March 31, 2023	\$ 11,329.50	\$ -	\$ 11,329.50	\$ -	\$ 11,329.50	\$ 1,472.84	\$ 12,802.34
20408897	April 1, 2023 to July 31, 2023	\$ 53,603.50	\$ (10,000.00)	\$ 43,603.50	\$ -	\$ 43,603.50	\$ 5,668.46	\$ 49,271.96
Total		\$ 186,620.50	\$ (10,000.00)	\$ 176,620.50	\$ 100.66	\$ 176,721.16	\$ 22,973.76	\$ 199,694.92

This is Exhibit "B" referred to in the Affidavit of
Adam Sherman, sworn on August 4, 2023

A handwritten signature in blue ink, appearing to read "M. Bull", written in a cursive style.

Commissioner for Taking Affidavits, etc.

RICHTER

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Date: 10/17/2022
Invoice No.: 20407930
Engagement No.: 2022585
Payment Terms: Due on Receipt

RE: Notice of Intention to Make a Proposal

Professional services rendered to September 9, 2022 \$ 68,964.00

Disbursements 64.48

Sub-Total 69,028.48

GST/HST #885435842 RT0001 8,973.70

Total Due CAD **\$ 78,002.18**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

Invoice No.: 20407930
Date: 10/17/2022

Fees

Name	Hours	Rate	Amount
Adam Sherman	24.20	\$ 795.00	\$ 19,239.00
Adam Zeldin	84.95	550.00	46,722.50
Carol O'Donnell	5.30	300.00	1,590.00
Nicole Fournier	0.30	125.00	37.50
Shane Connolly	3.50	375.00	1,312.50
Vicky Coupal	0.50	125.00	62.50
	118.75		\$ 68,964.00

Disbursements

Photocopies			\$ 22.50
Postage/Courier			41.98
			\$ 64.48

Invoice No.: 20407930
Date: 10/17/2022

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
5/24/2022	Carol O'Donnell Prepare mail affidavit and efile with OSB. Prepare attendance register.	0.90	\$ 300.00	\$ 270.00
5/24/2022	Nicole Fournier Mail Affidavit commissioned	0.30	125.00	37.50
5/24/2022	Adam Sherman Review and update Trustee report/fee affidavit. Review/provide comments on draft order. Draft/finalize minutes of creditor meeting. Emails from TGF. Emails/discussions with A. Zeldin.	4.50	795.00	3,577.50
5/24/2022	Adam Zeldin Review counsel comments on report, fee affidavit, creditor meeting minutes, update same. Several emails/calls with TGF/Richter team re same. Review/comment on draft Proposal Approval Order.	3.60	550.00	1,980.00
5/24/2022	Shane Connolly Draft fee affidavit of A. Sherman and calls/emails with A. Zeldin re same.	1.00	375.00	375.00
5/25/2022	Carol O'Donnell Prepare updated Notice of Hearing of Application for Court Approval by mail and email. Prepare mail affidavit and e-file with OSB	1.30	300.00	390.00
5/25/2022	Adam Sherman Review/sign revised notice re Court approval. Finalize/swear fee affidavit. Finalize/sign Trustee report. Emails with MT/TGF. Emails/discussions with Richter team.	2.50	795.00	1,987.50
5/25/2022	Adam Zeldin Update/finalize/sign Second Report, compile appendices for same. Review/update fee affidavit. Several emails/calls with TGF/Richter team re Second Report, related matters. Emails with MT/Ayanda re Second Report. Update notice re: Court Hearing.	3.30	550.00	1,815.00
5/25/2022	Shane Connolly Review/revise fee affidavit of A. Sherman/prepare exhibits re same. Communications with Richter team re finalizing fee affidavit of A. Sherman	2.50	375.00	937.50
5/26/2022	Adam Sherman Emails from TGF re draft NoM/Order, including comments on same. Emails/discussions with A. Zeldin.	0.50	795.00	397.50
5/26/2022	Adam Zeldin Review/comment on draft NoM, updated draft order. Emails/calls with TGF/Richter team re same.	1.00	550.00	550.00

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
5/27/2022	Carol O'Donnell Post document to website and efile to OSB.	0.40	300.00	120.00
5/27/2022	Adam Zeldin Emails with TGF re draft NoM. Arrange for motion materials to be posted to website. Review of TGF email re S. Ramdhany claim, Ayanda's responses to same. Emails with V. Ringelberg re S. Ramdhany claim.	1.50	550.00	825.00
5/30/2022	Adam Zeldin Call with CRA re payroll audit, emails with V. Ringelberg re same. Call with Cassels re S. Randhany claim, next steps in process. Review of various documents/emails re S. Randahmy claim, emails with V. Ringelberg re same. Discussions with Richter team.	2.60	550.00	1,430.00
5/31/2022	Adam Sherman Email from TGF re draft factum, including comments on same. Emails/discussions with A. Zeldin.	0.70	795.00	556.50
5/31/2022	Adam Zeldin Review/comment on draft factum. Discussions with Richter team.	1.40	550.00	770.00
6/1/2022	Carol O'Donnell Post document to website and e-file with OSB.	0.30	300.00	90.00
6/1/2022	Adam Zeldin Finalize review of weekly BBC, prepare inventory analysis, emails/calls with G. Stephenson/BMO re same. Discussions with Richter team.	3.20	550.00	1,760.00
6/3/2022	Adam Sherman Attendance in Court re Court approval of proposal. Emails with TGF. Emails/discussions with A. Zeldin.	0.80	795.00	636.00
6/3/2022	Adam Zeldin Attend Court hearing re proposal approval. Emails/calls with TGF re S. Ramdhany claim, next steps. Review of email from V. Ringelberg re next steps in process.	0.80	550.00	440.00
6/6/2022	Carol O'Donnell Post documents to website and E-file to OSB. Verify POC and enter.	0.50	300.00	150.00
6/6/2022	Adam Sherman Email from TGF attaching Order re Proposal approval. Emails with A. Zeldin/TGF re Ramdhany claim.	0.30	795.00	238.50
6/6/2022	Adam Zeldin	1.60	550.00	880.00

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
6/7/2022	Review of emails from Ayanda re S. Ramdhany claim. Emails with TGF. Call with V. Ringelberg re CF matters, claims matters, next steps in proceedings. Review of Enbridge claim. Carol O'Donnell Prepare wire and update.	0.30	300.00	90.00
6/7/2022	Adam Zeldin Calls with Enbridge re claim, discussions with V. Ringelberg re same. Draft 30-day dividend notice. Call with TGF re S. Ramdhany claim, dividend notice, Enbridge claim, next steps. Discussions with Richter team. Email to inspectors re Sec. 149 notice.	2.60	550.00	1,430.00
6/8/2022	Carol O'Donnell Prepare mailing of 30 day notice, email notice, file with OSB, post to website. Prepare mail affidavit.	1.60	300.00	480.00
6/8/2022	Vicky Coupal Review/comment on mail affidavit	0.50	125.00	62.50
6/8/2022	Adam Sherman Review/sign section 149 notice. Emails/discussions with A. Zeldin re various matters.	0.50	795.00	397.50
6/8/2022	Adam Zeldin Arrange for issuance of S. 149 notice. Discussions with Richter team. Call with Enbridge re claim.	0.60	550.00	330.00
6/9/2022	Adam Zeldin Call/emails with V. Ringelberg re Enbridge claim. Emails with TGF/Cassels re S. Ramdhany claim. Review of invoices/bank details re Enbridge claim, draft notice of disallowance re same.	1.30	550.00	715.00
6/10/2022	Adam Zeldin Review of emails re Health Canada license transfer, closing matters. Discussions with Richter team.	0.40	550.00	220.00
6/13/2022	Adam Sherman Emails/call with M. Sassi re S. Ramdhany/transfer of RP for research license. Emails/call with M. Sioen. Emails/call with A. Zeldin.	2.00	795.00	1,590.00
6/13/2022	Adam Zeldin Respond to enquiry from Shareholder. Review of TGF summary on S. Ramdhany claim. Review of emails re transaction closing matters, HC licenses. Call with TGF. Discussions with Richter team.	2.50	550.00	1,375.00
6/14/2022	Adam Sherman	1.50	795.00	1,192.50

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
6/14/2022	Adam Zeldin Review of emails re HC license transfer matters. Emails with TGF re S. Ramdhany claim.	0.50	550.00	275.00
6/15/2022	Adam Sherman Emails with M. Sassi re confirmation of RP change.	0.20	795.00	159.00
6/15/2022	Adam Zeldin Emails with V. Ringelberg re Enbridge claim. Review/comment on S. Randhany claim analysis. Discussions with Richter team.	1.30	550.00	715.00
6/17/2022	Adam Zeldin Calls/emails with V. Ringelberg/S. Massie/TGF re closing matters. Review of draft statement of adjustments.	1.30	550.00	715.00
6/20/2022	Adam Zeldin Continue review of S. Rahdhany claim, provide comments on claim summary.	0.50	550.00	275.00
6/22/2022	Adam Zeldin Call with D. Hyde re claims matters, HC license matters. Emails with Cassels re status of S. Ramdhany claim.	0.80	550.00	440.00
6/23/2022	Adam Zeldin Respond to enquiry from shareholder.	0.25	550.00	137.50
6/24/2022	Adam Zeldin Emails with V. Ringelberg re closing matters. Review of email from TGF re closing matters.	0.40	550.00	220.00
7/4/2022	Adam Zeldin Update claim analysis/findings memo. Discussions with Richter team.	2.30	550.00	1,265.00
7/6/2022	Adam Sherman Emails/call with A. Zeldin re Ramdhany claim, including preliminary review of analysis on same.	1.00	795.00	795.00
7/6/2022	Adam Zeldin Review/update S. Ramdhany claim analysis, discussions with A. Sherman re same. Emails with TGF re claims.	2.10	550.00	1,155.00
7/8/2022	Adam Zeldin Emails with TGF re status of claim review. Emails with shareholder/counsel re filing claims, distributions under the proposal. Emails with V. Ringelberg re closing matters. Review of SPA.	1.20	550.00	660.00
7/11/2022	Adam Zeldin	0.50	550.00	275.00

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
7/14/2022	Call with V. Ringelberg re closing matters, claims, distributions under the proposal. Discussions with Richter team. Adam Sherman Emails/call with Ayanda re Health Canada approval of change of control. Emails with A. Zeldin.	0.30	795.00	238.50
7/14/2022	Adam Zeldin Review of email from N. Cain re: status update request. Review of emails from V. Ringelberg/MT re HC change of control, next steps re transaction closing. Discussions with Richter team/TGF re same. Review of proposal documents.	1.10	550.00	605.00
7/18/2022	Adam Sherman Emails from Ayanda/Richter team re closing of transaction. Call with M. Sioen re closing matters.	0.30	795.00	238.50
7/18/2022	Adam Zeldin Review of emails re closing matters. Discussions with Richter team.	0.50	550.00	275.00
7/19/2022	Adam Zeldin Emails/calls with V. Ringelberg/TGF/MT re closing matters. Discussions with Richter team re closing matters/claims. Emails with N. Cain re status of proceedings.	1.00	550.00	550.00
7/20/2022	Adam Zeldin Review of email from Cassels re status of S. Ramdhany claim review, emails with Richter team/TGF re same. Draft email to N. Cain re status of proceedings.	1.20	550.00	660.00
7/21/2022	Adam Zeldin Call with Cassels re status of S. Ramdhany claim review, transaction closing matters, other. Emails with TGF. Discussions with Richter team. Respond to enquiry from shareholder. Discussions with Richter team.	1.50	550.00	825.00
7/22/2022	Adam Sherman Emails/call with A. Zeldin re comments on inspector email providing update.	0.60	795.00	477.00
7/26/2022	Adam Zeldin Call with V. Ringelberg re banking matters. Discussions with Richter team.	0.50	550.00	275.00
8/4/2022	Adam Sherman Review/revise/update analysis of Ramdhany claim, including review of various file docs/emails and discussions with A. Zeldin.	4.00	795.00	3,180.00
8/5/2022	Adam Sherman	1.50	795.00	1,192.50

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
8/5/2022	Review/revise/update analysis of Ramdhany claim, including emails/discussions with A. Zeldin. Adam Zeldin Review of updates to S. Ramdhany claim review memo, discussions with Richter team re same.	1.50	550.00	825.00
8/8/2022	Adam Zeldin Call with A. Sherman re S. Ramdhany claim, memo re same. Review/update memo. Draft email to V. Ringelberg for information request.	3.60	550.00	1,980.00
8/9/2022	Adam Zeldin Review/update Ramdhany claim assessment memo, emails/calls with V. Ringelberg re same. Review of historical financials, board minutes, governance comm. charter, other documents re Ramdhany claim.	4.30	550.00	2,365.00
8/10/2022	Adam Zeldin Review/update Ramdhany claim assessment memo, review of various Ayanda documents re same.	2.60	550.00	1,430.00
8/11/2022	Adam Zeldin Review of Ramdhany shareholder agreement, governance committee charter, other documents re assessing his claim. Review/update claim assessment memo.	1.40	550.00	770.00
8/12/2022	Adam Zeldin Review of emails/supporting documents with V. Ringelberg re Ramdhany claim assessment. Respond to shareholder enquiry re closing matters, emails with V. Ringelberg re same.	0.80	550.00	440.00
8/15/2022	Adam Zeldin Review of schedule re payments to directors/officers, emails with V. Ringelberg re same.	0.60	550.00	330.00
8/16/2022	Adam Zeldin Review of payroll records, historical financials re claim of S. Ramdhany, emails with V. Ringelberg re same. Update claim assessment memo.	2.00	550.00	1,100.00
8/18/2022	Adam Zeldin Emails/calls with V. Ringelberg re Ramdhany claim assessment. Review of historical financials, Board minutes, financial forecasts re same. Update claim assessment memo.	3.20	550.00	1,760.00
8/19/2022	Adam Zeldin	1.20	550.00	660.00

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
	Review of shareholders agreement/governance committee charter, financials forecasts, other documents re claim assessment memo.			
8/22/2022	Adam Zeldin Calls with TGF/A. Sherman re: transaction closing matters. Review of SPA/Proposal re same. Review/update Ramdhany claim assessment memo, call with TGF re same.	4.10	550.00	2,255.00
8/23/2022	Adam Zeldin Emails with V. Ringelberg re Ramdhany claim. Review/update claim assessment memo, discussions with Richter team re same. Respond to enquiry from shareholder.	1.40	550.00	770.00
8/24/2022	Adam Zeldin Call with V. Ringelberg re closing matters, Ramdhany claim. Review/update Ramdhany claim assessment memo. Calls/emails with TGF re closing matters.	3.60	550.00	1,980.00
8/25/2022	Adam Sherman Email from S. Massie re transaction closing matters, including emails with TGF on same. Emails with Richter team. Call with M. Sioen.	0.50	795.00	397.50
8/25/2022	Adam Zeldin Review/update Ramdhany claim assessment memo. Emails/calls with V. Ringelberg re same. Review of Amended/Restated SPA, emails from/with MT/TGF re same.	2.20	550.00	1,210.00
8/29/2022	Adam Sherman Calls with M. Sioen re amendment to transaction closing date. Calls with L. Ellis/N. Gareri on behalf of purchaser re extension of closing date. Calls with A. Zeldin.	1.50	795.00	1,192.50
8/29/2022	Adam Zeldin Calls with A. Sherman/Ayanda re closing matters, emails with MT re same. Review/update Ramdhany claim assessment memo.	2.40	550.00	1,320.00
8/30/2022	Adam Sherman Emails from S. Massie re transaction amendment docs, including emails with TGF on same. Email from purchaser attaching signed amendment docs/evidence of funds transfer, including emails with TGF on same. Emails/calls with A. Zeldin. Calls with M. Sioen.	1.00	795.00	795.00
8/30/2022	Adam Zeldin	2.80	550.00	1,540.00

Invoice No.: 20407930
Date: 10/17/2022

Date	Name and Description	Hours	Rate	Amount
8/31/2022	Calls/emails with A. Sherman/TGF re transaction closing matters. Review/update claim assessment memo. Review amendments to SPA, emails re same. Review of reimbursable exp. schedule, emails/call with V. Ringelberg re same. Respond to shareholder enquiry. Adam Zeldin Emails with V. Ringelberg re pre-filing payments to Directors/Officers, update claim assessment memo re same.	1.60	550.00	880.00
9/6/2022	Adam Zeldin Review/update claim assessment memo, compile appendices re same. Emails with V. Ringelberg/MT re documents/information re Ramdhany claim.	2.30	550.00	1,265.00
Fees Total		118.75		\$ 68,964.00
Date	Name and Description	Hours	Rate	Amount
6/8/2022	Photocopies Re S. 149 Notice			\$ 22.50
5/19/2022	Postage/Courier 05/19/2022: Re S. 149 Notice			29.10
5/25/2022	Postage/Courier 05/25/2022: Updated Notice of Court Approval of Proposal			12.88
Disbursements Total				\$ 64.48

Invoice No.: 20407930
Date: 10/17/2022

Remittance Form

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Invoice Summary

Sub-Total		\$ 69,028.48
GST/HST #885435842 RT0001		8,973.70
Total Due	CAD	\$ 78,002.18

Payment Options

**At this time, we ask that payment not be made by cheque.
Please use one of the payment options below. We appreciate your collaboration.**

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
Bank Institute No.: 004
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Credit Card payments can be made by contacting us as indicated below.

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca
Please note the legal name change of this entity from Richter Advisory Group Inc. to Richter Inc.**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Date: 12/09/2022
Invoice No.: 20408140
Engagement No.: 2022585
Payment Terms: Due on Receipt

Proposal of Ayanda Cannabis Corporation

Professional services rendered to November 30, 2022 \$ 44,730.00

Sub-Total 44,730.00

GST/HST #885435842 RT0001 5,814.90

Total Due CAD **\$ 50,544.90**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

Invoice No.: 20408140
Date: 12/09/2022

Fees

Name	Hours	Rate	Amount
Adam Sherman	18.50	\$ 795.00	\$ 14,707.50
Adam Zeldin	54.15	550.00	29,782.50
Carol O'Donnell	0.80	300.00	240.00
	73.45		\$ 44,730.00

Invoice No.: 20408140
Date: 12/09/2022

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
09/07/2022	Adam Zeldin Call with A. Sherman re Ramdhany claim assessment memo, emails with MT re same. Emails with N. Cain re status of proceedings, claim assessment.	0.80	\$ 550.00	\$ 440.00
09/08/2022	Adam Sherman Review/revise/update Ramdhany claim analysis, including discussions with A. Zeldin. Review Company docs. Call with M. Sioen.	4.00	795.00	3,180.00
09/09/2022	Adam Sherman Review/revise/updgate Ramdhany claim analysis, including emails/discussions with A. Zeldin. Review Company docs.	4.00	795.00	3,180.00
09/09/2022	Adam Zeldin Calls with A. Sherman re Ramdhany claim assessment memo, various documents (forecast, SH agreement, term sheets etc.) re same. Review of Nov 2018 SH agreement.	1.30	550.00	715.00
09/12/2022	Adam Sherman Email from Cassels re update on review of Ramdhany claim. Call with A. Zeldin.	0.20	795.00	159.00
09/12/2022	Adam Zeldin Emails with V. Ringelberg/TGF re transaction closing matters. Review email from Cassels re Ramdhany claim. Call with A. Sherman.	0.30	550.00	165.00
09/13/2022	Adam Sherman Emails with various parties re closing. Emails with A. Zeldin. Calls/emails with M. Sioen re Governance Committee.	0.60	795.00	477.00
09/13/2022	Adam Zeldin Emails with A. Sherman re Ramdhany Claim. Respond to enquiry from Ramdhany counsel re status of claim assessment, transaction closing. Call with MT re Ramdhany claim matters, review of documents re same.	1.60	550.00	880.00
09/14/2022	Adam Zeldin Respond to shareholder enquiry. Review of emails re closing matters.	0.40	550.00	220.00
09/15/2022	Adam Sherman Emails from N. Gareri confirming payment of closing extension fee. Emails with Richter team.	0.20	795.00	159.00
09/16/2022	Adam Sherman Emails with MT/N. Gareri re closing matters. Emails with TGF. Emails with Richter team.	0.20	795.00	159.00
09/16/2022	Adam Zeldin Review of emails re closing extension, emails with TGF/Richter team re same.	0.40	550.00	220.00

Invoice No.: 20408140
Date: 12/09/2022

Date	Name and Description	Hours	Rate	Amount
09/18/2022	Adam Sherman Emails with M. Sioen/V. Ringelberg re Governance Committee. Calls with M. Sioen.	0.30	795.00	238.50
09/27/2022	Adam Sherman Emails from N. Gareri/MT re closing matters. Emails with Richter team.	0.20	795.00	159.00
09/27/2022	Adam Zeldin Review of TGF accounts, email to V. Ringelberg re same. Emails with V. Ringelberg/TGF/MT/A. Sherman re transaction closing and related matters.	0.40	550.00	220.00
09/28/2022	Adam Sherman Emails from N. Gareri/MT re further extension of closing date. Emails with Richter team. Emails/discussion with A. Zeldin re Ramdhany claim analysis/other matters.	0.50	795.00	397.50
09/28/2022	Adam Zeldin Review of emails re extension of closing date, emails with TGF re same. Review updates to Ramdhany claim assessment memo, discussions with A. Sherman re same.	1.40	550.00	770.00
09/29/2022	Adam Sherman Emails from N. Gareri/MT re closing extension matters. Emails with A. Zeldin.	0.20	795.00	159.00
09/29/2022	Adam Zeldin Email to shareholder re transaction closing matters. Review/update Ramdhany claim assessment memo, emails with V. Ringelberg re same. Discussions with Richter team. Review of amending agreement re extending the closing date, emails from MT re same.	3.50	550.00	1,925.00
10/03/2022	Carol O'Donnell Prepare cheque for OSB registration and remittance advice.	0.40	300.00	120.00
10/03/2022	Adam Zeldin Emails with N. Cain re status of transaction closing, related matters. Call with T. Hanson re status of proceedings. Review of Cassels Oct 2021 letter in connection with Ramdhany claim assessment.	1.10	550.00	605.00
10/04/2022	Adam Sherman Emails from MT confirming receipt of closing extension funds. Emails with TGF/Richter team.	0.20	795.00	159.00
10/04/2022	Adam Zeldin Review of emails re transaction closing extension, deposit re same. Update email to shareholder re closing matters.	0.40	550.00	220.00

Invoice No.: 20408140
Date: 12/09/2022

Date	Name and Description	Hours	Rate	Amount
10/07/2022	Adam Zeldin Review of email from V. Ringelberg re Ramdhany claim matters. Emails with MT/TGF re closing matters, claims process update.	0.60	550.00	330.00
10/11/2022	Adam Sherman Review/update Ramdhany claim analysis, including emails/discussions with A. Zeldin. Call with M. Sioen. Emails between L. Ellis/N. Gerari re transaction closing matters.	0.60	795.00	477.00
10/11/2022	Adam Zeldin Review updates to Ramdhany claim assessment memo, emails/call with A. Sherman re same.	0.70	550.00	385.00
10/12/2022	Carol O'Donnell Prepare claims register and email to A Zeldin.	0.10	300.00	30.00
10/12/2022	Adam Sherman Call with TGF re Ramdhany claim analysis/other matters. Discussions with A. Zeldin. Call with L. Ellis re update/extension/etc.	0.80	795.00	636.00
10/12/2022	Adam Zeldin Call with TGF/A. Sherman re Ramdhany claim assessment. Call with MT/TGF re status of claims assessment, closing matters. Review of PPA schedule, emails with TGF re same. Draft language for investor update re claims process. Discussions with Richter team.	2.60	550.00	1,430.00
10/13/2022	Adam Sherman Emails from MT re draft shareholder communication, including subsequent emails with TGF/Richter team on same.	0.30	795.00	238.50
10/13/2022	Adam Zeldin Review/comment on inspector update, amending agreement, emails with TGF/MT/Richter team re same.	1.10	550.00	605.00
10/14/2022	Adam Sherman Emails with TGF/MT re shareholder communication/amending agreement.	0.20	795.00	159.00
10/14/2022	Adam Zeldin Respond to shareholder inquiry re closing extension. Emails with inspector/MT/TGF/Richter team re closing extension matters.	0.60	550.00	330.00
10/17/2022	Adam Zeldin Emails with S. Massie re investor update letter.	0.20	550.00	110.00
10/18/2022	Adam Zeldin	1.30	550.00	715.00

Invoice No.: 20408140
Date: 12/09/2022

Date	Name and Description	Hours	Rate	Amount
10/31/2022	Email to N. Cain re closing extension, related matters, emails with TGF/V. Ringelberg/M. Sioen re same. Discussions with Richter team. Review of Company docs re Ramdhany claim analysis. Adam Zeldin	0.80	550.00	440.00
11/01/2022	Emails with TGF re claim assessment memo. Call with S. Dagge re Ramdhany claim. Discussions with Richter team. Adam Zeldin	0.50	550.00	275.00
11/02/2022	Call with Y. Appalsmy re Ramdhany claim. Discussions with Richter team. Adam Zeldin	1.60	550.00	880.00
11/03/2022	Emails with V. Ringelberg re Ramdhany claim, professional accounts, DIP matters, transaction closing matters, other. Emails with TGF re Ramdhany claim analysis, review TGF comments on Ramdhany claim assessment memo, update same. Adam Zeldin	1.50	550.00	825.00
11/04/2022	Call with TGF re claims assessment memo, review/update same. Adam Zeldin	2.50	550.00	1,375.00
11/07/2022	Review/update Ramdhany claim assessment memo. Emails/calls with V. Ringelberg/A. Sherman re same. Adam Zeldin	1.40	550.00	770.00
11/08/2022	Call with S. Kloepfer re Ramdhany claim. Email to B. Poets re Ramdhany claim. Email to A. Sherman re updates to Ramdhany claim memo. Emails with MT re status of closing documents, related matters. Respond to shareholder enquiry. Adam Zeldin	0.70	550.00	385.00
11/09/2022	Call with B. Poetz re: Ramdhany claim. Discussions with A. Sherman. Update Ramdhany claim assessment memo. Adam Zeldin	0.20	550.00	110.00
11/11/2022	Emails with MT/TGF re closing extension. Adam Sherman	1.00	795.00	795.00
11/11/2022	Review,, revise, update Ramdhany claim memo. Emails with A. Zeldin. Adam Zeldin	1.60	550.00	880.00
	Call with MT/TGF re closing matters/extension, Ramdhany claim, other administration matters. Call with R. Huyge re Ramdhany claim. Review of TGF accounts. Review/update Ramdhany claim assessment memo, email same to MT. Discussions with A. Sherman.			

Invoice No.: 20408140
Date: 12/09/2022

Date	Name and Description	Hours	Rate	Amount
11/17/2022	Adam Zeldin Respond to shareholder enquiry.	0.10	550.00	55.00
11/18/2022	Adam Zeldin Prepare inspector resolution re professional accounts. Review of email from V. Ringelberg re closing matters, cash flow matters. Emails with MT re claim assessment memo. Emails with N. Cain re inspector meeting. Emails with TGF.	1.65	550.00	907.50
11/21/2022	Adam Zeldin Review of email from MT re claim assessment memo. Emails with Inspectors re inspector meeting. Discussions with A. Sherman. Gather/finalize appendices for claim assessment memo. Emails/calls with TGF re claim assessment memo. Emails with Inspectors.	2.30	550.00	1,265.00
11/22/2022	Carol O'Donnell Discussion with A Zeldin, correct creditor list.	0.30	300.00	90.00
11/22/2022	Adam Zeldin Review of professional accounts. Review/update/finalize Ramdhany claim assessment memo. Prepare claims summary. Prepare for Inspector meeting. Call with N. Cain re status update. Discussions with Richter team. Email to equity claimant re claim filed.	4.80	550.00	2,640.00
11/23/2022	Adam Zeldin Call/emails with V. Ringelberg re Ramdhany claim, transaction deposit schedule. Draft notice of disallowance re Ramdhany claim, emails/calls with TGF/A. Sherman re same.	1.50	550.00	825.00
11/24/2022	Adam Sherman Emails/discussion with A. Zeldin re prep for inspector meeting/related matters. Emails from N. Cain re inspector meeting. Emails with M. Grossell re inspector meeting.	0.80	795.00	636.00
11/24/2022	Adam Zeldin Review/finalize claims summary, Ramdhany claim assessment memo, professional accounts summary. Email to Inspectors re same. Discussions with A. Sherman. Call with M. Sassi re Ramdhany claim.	2.60	550.00	1,430.00
11/25/2022	Adam Sherman Emails from N. Cain re inspector meeting. Emails with M. Grossell. Prep for and attendance at inspector meeting, including discussions with Richter team. Call with M. Sioen.	2.00	795.00	1,590.00
11/25/2022	Adam Zeldin	2.80	550.00	1,540.00

Invoice No.: 20408140
Date: 12/09/2022

Date	Name and Description	Hours	Rate	Amount
11/28/2022	Adam Zeldin Emails with N. Cain re professional accounts. Prepare inspector resolution for approval of same.	1.00	550.00	550.00
11/29/2022	Adam Sherman Email from N. Cain. Emails/calls with A. Zeldin. Email from MT. re update on the Transaction.	0.20	795.00	159.00
11/29/2022	Adam Zeldin Emails with Inspectors/TGF re professional accounts approval, claims matters. Review/update First Inspector Meeting minutes. Emails with MT re transaction closing extension.	5.10	550.00	2,805.00
11/30/2022	Adam Sherman Review/revise/update inspector minutes. Emails with M. Grossell. Review/revise/update disallowances. Email from MT confirming extension of Transaction closing date to 12/15/2022 and providing amending agreement. Emails with A. Zeldin.	2.00	795.00	1,590.00
11/30/2022	Adam Zeldin Review/update inspector meeting minutes. Calls/emails/discussions with Richter team, TGF re same. Emails to/with shareholder/inspectors/TGF/MT/A. Sherman re transaction closing extension. Prepare/update notices of dis. re Enbridge and S. Vermeersch claims	2.80	550.00	1,540.00
Fees Total		73.45		\$ 44,730.00

Invoice No.: 20408140
Date: 12/09/2022

Remittance Form

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Invoice Summary

Sub-Total		\$ 44,730.00
GST/HST #885435842 RT0001		5,814.90
Total Due	CAD	\$ 50,544.90

Payment Options

**At this time, we ask that payment not be made by cheque.
Please use one of the payment options below. We appreciate your collaboration.**

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
Bank Institute No.: 004
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Credit Card payments can be made by contacting us as indicated below.

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca
Please note the legal name change of this entity from Richter Advisory Group Inc. to Richter Inc.**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Date: 01/11/2023
Invoice No.: 20408235
Engagement No.: 2022585
Payment Terms: Due on Receipt

RE: Proposal of Ayanda Cannabis Corporation

Professional services rendered to December 31, 2022 \$ 7,993.50

Disbursements 36.18

Sub-Total		<hr/>	8,029.68
GST/HST #885435842 RT0001			1,043.86
Total Due	CAD		<hr/> \$ 9,073.54

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

Invoice No.: 20408235
Date: 01/11/2023

Fees

Name	Hours	Rate	Amount
Adam Sherman	3.30	\$ 795.00	\$ 2,623.50
Adam Zeldin	9.60	550.00	5,280.00
Carol O'Donnell	0.30	300.00	90.00
	13.20		\$ 7,993.50

Disbursements

Postage/Courier re: Notices of Disallowance			\$ 36.18
			\$ 36.18

Invoice No.: 20408235
Date: 01/11/2023

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
12/01/2022	Adam Zeldin Review/update inspector meeting minutes, email to inspectors delivering same. Review/update notices of disallowance, emails/calls with V. Ringelberg/A. Sherman re same, other claims matters.	1.10	\$ 550.00	\$ 605.00
12/02/2022	Carol O'Donnell Send disallowances by registered mail.	0.30	300.00	90.00
12/02/2022	Adam Sherman Finalize/sign Ramdhany disallowance. Emails/discussions with Richter team.	0.50	795.00	397.50
12/02/2022	Adam Zeldin Finalize notices of disallowance and arrange delivery of same. Follow-up email to N. Cain re inspector resolution approving fees. Emails with V. Ringelberg re disallowances. Discussions with Richter team.	1.20	550.00	660.00
12/05/2022	Adam Sherman Email from N. Cain re minutes. Emails with TGF. Emails/discussions with Richter team.	0.30	795.00	238.50
12/05/2022	Adam Zeldin Emails with MT re closing matters. Review of email from N. Cain re comments on inspector meeting minutes, draft response to same. Emails with M. Sassi re Ramdhany disallowance. Emails with TGF/A. Sherman re response to N. Cain.	2.50	550.00	1,375.00
12/06/2022	Adam Sherman Review/provide comments on draft response to N. Cain/revised minutes, including emails/discussions with A. Zeldin. Emails with TGF.	0.80	795.00	636.00
12/06/2022	Adam Zeldin Review/update response email to N. Cain re inspector meeting minutes/professional accounts. Review/update inspector meeting minutes. Emails with TGF/A. Sherman re same.	0.50	550.00	275.00
12/08/2022	Adam Zeldin Emails with V. Ringelberg re Ramdhany disallowance, Inspector review of minutes/accounts, transaction matters. Email to N. Cain re review of minutes/accounts.	0.30	550.00	165.00
12/12/2022	Adam Zeldin Emails with V. Ringelberg re expected distribution on closing. Review of voicemail from Enbridge re disallowance, email to V. Ringelberg re same. Call with Enbridge. Discussions with Richter team.	0.70	550.00	385.00
12/13/2022	Adam Sherman	0.20	795.00	159.00

Invoice No.: 20408235
Date: 01/11/2023

Date	Name and Description	Hours	Rate	Amount
12/15/2022	Adam Sherman Emails/discussions with A. Zeldin. Emails with Richter team/TGF/MT. Call with L. Ellis re update on various matters, including the transaction. Discussion with A. Zeldin.	1.00	795.00	795.00
12/15/2022	Adam Zeldin Emails/calls with Richter team/MT/TGF re status of transaction closing, professional accounts, next steps. Draft email to N. Cain re revised inspector meeting minutes, professional accounts. Email to V. Ringelberg re professional accounts.	2.30	550.00	1,265.00
12/16/2022	Adam Zeldin Emails with V. Ringelberg re professional accounts, expected costs to complete mandate, other matters. Discussions with Richter team.	0.80	550.00	440.00
12/19/2022	Adam Zeldin Emails with MT/Richter team re professional accounts.	0.20	550.00	110.00
12/29/2022	Adam Sherman Emails from Cassels re Ramdhany claim, including service of NoM appealing the Trustee's disallowance. Emails with Richter team/TGF.	0.50	795.00	397.50
Fees Total		13.20		\$ 7,993.50
Date	Name and Description	Hours	Rate	Amount
12/04/2022	Postage/Courier re: Notices of Disallowance			\$ 36.18
Disbursements Total				\$ 36.18

Invoice No.: 20408235
Date: 01/11/2023

Remittance Form

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Invoice Summary

Sub-Total		\$ 8,029.68
GST/HST #885435842 RT0001		1,043.86
Total Due	CAD	\$ 9,073.54

Payment Options

**At this time, we ask that payment not be made by cheque.
Please use one of the payment options below. We appreciate your collaboration.**

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
Bank Institute No.: 004
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Credit Card payments can be made by contacting us as indicated below.

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca
Please note the legal name change of this entity from Richter Advisory Group Inc. to Richter Inc.**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER

BUSINESS | FAMILY OFFICE

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Date: 4/11/2023
Invoice No.: 20408535
Engagement No.: 2022585
Payment Terms: Due on Receipt

Re Proposal of Ayanda Cannabis Corporation

Professional services rendered to March 31, 2023 \$ 11,329.50

Sub-Total 11,329.50

GST/HST #885435842 RT0001 1,472.84

Total Due CAD **\$ 12,802.34**

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CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER.CA

Invoice No.: 20408535
Date: 4/11/2023

Fees

Name	Hours	Rate	Amount
Adam Sherman	4.60	\$ 795.00	\$ 3,657.00
Adam Zeldin	13.95	550.00	7,672.50
	18.55		\$ 11,329.50

Invoice No.: 20408535
Date: 4/11/2023

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
1/3/2023	Adam Sherman Emails with Ayanda re Ramdhany appeal.	0.20	\$ 795.00	\$ 159.00
1/5/2023	Adam Zeldin Review of Ramdhany notice of motion, emails with Cassels/TGF/Richter team re same. Emails with M. Sioen/V. Ringelberg re Notice of Motion, next steps.	1.20	550.00	660.00
1/10/2023	Adam Zeldin Emails with V. Ringelberg/TGF/Richter team re accounts, year-end accruals. Emails with MT re Ramdhany NoM. Emails with V. Ringelberg re retainer funds/info request from purchaser.	0.90	550.00	495.00
1/17/2023	Adam Sherman Email from MT re purchaser extension of transaction. Emails with A. Zeldin/M. Grossell.	0.20	795.00	159.00
1/17/2023	Adam Zeldin Emails with MT/TGF/Richter team re transaction closing matters. Review of latest extension agreement.	1.10	550.00	605.00
1/20/2023	Adam Sherman Emails from A. Zeldin/M. Grossell re purchaser extension/commitment letter.	0.20	795.00	159.00
1/20/2023	Adam Zeldin Review of email from S. Massie re latest extension terms, financing commitment letter, other. Emails with A. Sherman/TGF re same.	0.80	550.00	440.00
1/25/2023	Adam Sherman Emails with TGF. Emails/discussion with A. Zeldin.	0.20	795.00	159.00
1/25/2023	Adam Zeldin Review of emails from TGF to MT re commitment letter from purchaser/other closing matters, emails with TGF re same.	0.40	550.00	220.00
1/26/2023	Adam Zeldin Status update call with MT. Call with A. Sherman/TGF.	0.75	550.00	412.50
2/14/2023	Adam Zeldin Review correspondence and emails with TGF re transaction closing matters/extension.	0.50	550.00	275.00
2/17/2023	Adam Sherman Call with M. Sioen. Emails/call with M. Grossell re further extension of transaction closing date/treatment of extension funds.	1.00	795.00	795.00
2/17/2023	Adam Zeldin	0.80	550.00	440.00

Invoice No.: 20408535
Date: 4/11/2023

Date	Name and Description	Hours	Rate	Amount
2/21/2023	Calls/emails with TGF/Richter team re transaction close extension. Adam Zeldin Emails with TGF re extension, review of agreement re same. Respond to shareholder enquiry. Discussions with Richter team.	0.90	550.00	495.00
3/10/2023	Adam Zeldin Emails with M. Grossell re transaction closing.	0.30	550.00	165.00
3/13/2023	Adam Sherman Emails with TGF re draft email requesting update on transactions. Email from MT.	0.20	795.00	159.00
3/13/2023	Adam Zeldin Calls/emails with TGF re transaction closing matters, next steps. Review of email from TGF to MT re same. Review of email from S. Massie re transaction closing.	0.40	550.00	220.00
3/14/2023	Adam Sherman Email from MT re update. Call with M. Sioen. Emails/discussion with A. Zeldin.	0.30	795.00	238.50
3/14/2023	Adam Zeldin Review of emails from MT/TGF re transaction closing extension. Calls/email with A. Sherman/TGF re same. Email to V. Ringelberg re: post-filing expenses.	1.10	550.00	605.00
3/16/2023	Adam Zeldin Review/respond to enquiry from Enbridge.	0.20	550.00	110.00
3/20/2023	Adam Sherman Emails with Cassels re Ramdhany settlement. Emails with TGF. Emails/discussions with A. Zeldin. Call with M. Sioen.	0.30	795.00	238.50
3/20/2023	Adam Zeldin Review email from Cassels re proposed Ramdhany settlement, emails with A. Sherman/M. Grossell re same. Call with Enbridge re account arrears. Draft email to MT re extension matters, Ramdhany claim settlement, other.	1.10	550.00	605.00
3/21/2023	Adam Sherman Call with Cassels/TGF re proposed Ramdhany settlement/related matters, including follow up call with TGF. Emails/discussions with A. Zeldin. Call with M. Sioen.	0.70	795.00	556.50
3/21/2023	Adam Zeldin Calls with Cassels/TGF/A. Sherman re proposed Ramdhany claim settlement, transaction closing matters. Email to MT re transaction closing matters.	1.00	550.00	550.00

Invoice No.: 20408535
Date: 4/11/2023

Date	Name and Description	Hours	Rate	Amount
3/27/2023	Adam Sherman Call with TGF/MT/Cassels re options for next steps, including follow up call with TGF. Emails/discussions with Richter team. Call with M. Sioen.	1.00	795.00	795.00
3/27/2023	Adam Zeldin Call with MT/TGF/Richter team/Cassels re proposed Ramdhany claim settlement. Follow-up call with TGF/MT re: same, transaction matters. Review of proposal re amendment provisions, call with TGF re same.	1.30	550.00	715.00
3/29/2023	Adam Sherman Emails with TGF re draft email to MT. Email from MT. Emails/discussions with Richter team.	0.30	795.00	238.50
3/29/2023	Adam Zeldin Review/comment on email from TGF to MT re proposed claim settlement structure. Discussions with Richter team.	1.20	550.00	660.00
Fees Total		<hr/> 18.55		<hr/> \$ 11,329.50

Invoice No.: 20408535
Date: 4/11/2023

Remittance Form

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Invoice Summary

Sub-Total		\$ 11,329.50
GST/HST #885435842 RT0001		1,472.84
Total Due	CAD	\$ 12,802.34

Payment Options

**At this time, we ask that payment not be made by cheque.
Please use one of the payment options below. We appreciate your collaboration.**

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
Bank Institute No.: 004
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Credit Card payments can be made by contacting us as indicated below.

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca
Please note the legal name change of this entity from Richter Advisory Group Inc. to Richter Inc.**

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RICHTER

BUSINESS | FAMILY OFFICE

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Date: 08/03/2023
Invoice No.: 20408897
Engagement No.: 2022585
Payment Terms: Due on Receipt

Re Proposal of Ayanda Cannabis Corporation

Professional services rendered to July 31, 2023			\$ 53,603.50
Less: Courtesy discount			-10,000.00
			<hr/>
Sub-Total			43,603.50
GST/HST #885435842 RT0001			5,668.46
			<hr/>
Total Due	CAD		\$ 49,271.96

TORONTO

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181 Bay St., #3510
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514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

Invoice No.: 20408897
Date: 08/03/2023

Fees

Name	Hours	Rate	Amount
Adam Sherman	28.30	\$ 795.00	\$ 22,498.50
Adam Zeldin	55.30	550.00	30,415.00
Carol O'Donnell	2.30	300.00	690.00
	85.90		\$ 53,603.50

Invoice No.: 20408897
Date: 08/03/2023

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
04/10/2023	Adam Zeldin Review of emails from TGF/MT re status of transaction extension, agreement terms, deposit held in trust. Discussions/emails with TGF/Richter team re same, related matters. Email to V. Ringelberg re post-filing utilities expense.	0.90	\$ 550.00	\$ 495.00
04/19/2023	Adam Zeldin Review of emails from Cassels/MT re: claim settlement, transaction. Emails with TGF re claims/transaction closing matters.	0.40	550.00	220.00
04/20/2023	Adam Zeldin Call with A. Sherman re proposed amendments to transaction, related matters. Emails with TGF re same.	0.60	550.00	330.00
04/21/2023	Adam Zeldin Call with M. Grossell re proposed transaction structure/amendments, next steps in consideration of same.	0.50	550.00	275.00
04/22/2023	Adam Zeldin Review of email from MT re proposed transaction amendments. Emails with A. Sherman re same. Review of email from TGF re considerations for transaction amendments. Consider/prepare analysis re sequence of events from proposed transaction amendments.	1.40	550.00	770.00
04/23/2023	Adam Sherman Emails with TGF re comments on amended transaction. Emails with A. Zeldin.	0.20	795.00	159.00
04/23/2023	Adam Zeldin Email to TGF in response to TGF comments on transaction amendments.	0.30	550.00	165.00
04/24/2023	Adam Zeldin Emails with M. Grossell/Richter team re transaction amendment considerations.	0.50	550.00	275.00
04/26/2023	Adam Zeldin Review of emails from MT/TGF re proposed amended transaction structure, closing matters. Emails with TGF re same.	0.50	550.00	275.00
04/27/2023	Adam Zeldin Review/comment on TGF draft email to MT re closing matters, emails with TGF re same. Discussions with Richter team.	0.60	550.00	330.00
04/28/2023	Adam Zeldin Emails with V. Ringelberg re outstanding accounts, estimate to complete mandate.	0.40	550.00	220.00
05/01/2023	Adam Sherman	0.50	795.00	397.50

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
05/01/2023	Email from MT attaching updated closing docs. Emails with TGF/Richter team. Adam Zeldin Review of draft amended transaction documents, email from S. Massie re same. Discussions with Richter team.	1.50	550.00	825.00
05/03/2023	Adam Sherman Emails with Richter team/TGF re comments/questions on revised closing docs. Email from Cassels attaching settlement and assignment agreements re Ramdhany/Sioen, including email with TGF re same. Emails/discussions with Richter team.	0.50	795.00	397.50
05/03/2023	Adam Zeldin Review of claim assignment/assumption/settlement agreement. Review of Ramdhany/Sioen settlement agreement. Call/emails with TGF re amended SPA, GSA, Share pledge agreement, settlement agreements.	2.10	550.00	1,155.00
05/04/2023	Adam Sherman Emails from TGF/MT re transaction documents and related matters. Emails/discussion with A. Zeldin.	0.30	795.00	238.50
05/04/2023	Adam Zeldin Emails/call with V. Ringelberg re transaction matters, inspector meeting. Email to N. Cain re proposed inspector meeting. Review of several emails re claim assignment agreement, A&R, SPA, other closing docs. Emails/calls with TGF/Richter team re same.	2.50	550.00	1,375.00
05/05/2023	Adam Sherman Emails with MT re closing matters. Call with M. Sioen.	0.30	795.00	238.50
05/05/2023	Adam Zeldin Email to N. Cain re inspector meeting. Calls/emails with A. Sherman/MT/TGF/V. Ringelberg re closing matters.	0.60	550.00	330.00
05/08/2023	Adam Sherman Emails from MT/TGF re closing matters.	0.20	795.00	159.00
05/08/2023	Adam Zeldin Email from/with MT re closing matters, emails with TGF/V. Ringelberg re same. Discussions with A. Sherman. Call with M. Sassi re closing matters. Emails with N Cain re inspector meeting.	1.40	550.00	770.00
05/09/2023	Adam Zeldin Emails with MT/TGF re closing matters. Discussions with A. Sherman.	0.50	550.00	275.00
05/11/2023	Adam Sherman	0.20	795.00	159.00

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
05/11/2023	Adam Zeldin Emails with MT re update on transaction. Email from TGF. Review of email from MT re transaction closing matters, review of response email from TGF re same. Discussions with Richter team.	0.50	550.00	275.00
05/17/2023	Adam Sherman Emails with MT re update on transaction. Emails with Richter team. Call with M. Sioen.	0.50	795.00	397.50
05/17/2023	Adam Zeldin Emails with MT re transaction closing matters.	0.30	550.00	165.00
05/18/2023	Adam Zeldin Call with A. Sherman re landlord matters, transaction closing matters.	0.50	550.00	275.00
05/19/2023	Adam Sherman Emails/calls with MT. Call with M. Sioen. Emails/call with TGF. Review/provide comments on draft TGF communications re lease termination, transaction. Emails/call with R. Fellin re next steps. Emails/discussions with Richter team.	2.50	795.00	1,987.50
05/19/2023	Adam Zeldin Call with TGF re transaction closing matters. Review of letter/email from TGF to landlord/purchaser re Ayanda's lease. Call with Cassels re Ramdhany claim matters, transaction matters. Emails/discussions with A. Sherman.	2.00	550.00	1,100.00
05/23/2023	Adam Sherman Emails with R. Fellin. Call/email with L. Sioen.	0.20	795.00	159.00
05/23/2023	Adam Zeldin Emails/call with Cassels re transaction closing matters, counsel replacement, Ramdhany claim matters.	0.30	550.00	165.00
05/24/2023	Adam Sherman Call/emails with R. Fellin/D. Hynes. Emails with TGF. Emails/discussions with A. Zeldin. Emails from L. Ellis re outstanding matters/trust funds/amounts due to MT. Email from M. Sassi re assignment docs.	1.50	795.00	1,192.50
05/24/2023	Adam Zeldin Review of emails from MT re o/s transaction closing issues, funds in trust, other. Review of emails from TGF/A. Sherman re next steps. Discussion with A. Sherman. Review of email from M. Sassi re Ramdhany claim settlement docs, response from TGF re same.	1.30	550.00	715.00

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
05/25/2023	Adam Sherman Email from D. Hynes. Call with R. Fellin. Calls with M/L Sioen. Discussion with A. Zeldin.	0.50	795.00	397.50
05/25/2023	Adam Zeldin Call with TGF/Richter team re Ayanda counsel, transaction update, next steps.	0.50	550.00	275.00
05/26/2023	Adam Zeldin Review of emails from purchaser, A. Sherman re transaction matters, next steps. Review of past correspondence/agreement re transaction extensions.	0.80	550.00	440.00
05/28/2023	Adam Sherman Email from R. Fellin. Email to R. Fellin, F/J. Sgro. Email from TGF.	0.20	795.00	159.00
05/29/2023	Adam Zeldin Review of emails with Srgo/TGF/Richter team re next steps/transaction matters. Call with TGF re transaction structure, closing issues. Calls with L. Sioen/Enbridge re Enbridge bills/arrears, review of past correspondence re same. Call with Cassels.	1.50	550.00	825.00
05/30/2023	Adam Zeldin Intro call with Srgo/TGF/L. Sioen. Calls/emails with TGF re transaction matters, claim assignment, new Ayanda counsel, other. Calls/emails with L. Sioen/Enbridge re post-filing Enbridge bills, prepare analysis of same.	2.00	550.00	1,100.00
05/31/2023	Adam Zeldin Emails/call with TGF/Cassels re status update, next steps, claim assignment, other.	0.70	550.00	385.00
06/01/2023	Adam Sherman Emails/call with R. Fellin. Calls with M/L Sioen.	0.50	795.00	397.50
06/01/2023	Adam Zeldin Emails with L. Sioen re new counsel. Review of email from Cassels re claim assignment, emails/calls with TGF re same and assignment agreement. Review comments on assignment agreement.	1.20	550.00	660.00
06/02/2023	Adam Sherman Calls with L. Sioen. Call with R. Fellin. Emails/call with I. Aversa. Emails/discussion with A. Zeldin. Emails with TGF.	1.00	795.00	795.00
06/02/2023	Adam Zeldin Emails with L. Sioen re new counsel. Discussions with Richter team/TGF re same. Email to A&B re conflicts.	0.80	550.00	440.00
06/06/2023	Adam Sherman	0.50	795.00	397.50

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
	Emails/call with I. Aversa. Email to M/L Sioen.			
06/06/2023	Adam Zeldin Intro call with A&B.	0.50	550.00	275.00
06/07/2023	Adam Zeldin Emails with A&B re SPA. Discussions with Richter team.	0.30	550.00	165.00
06/08/2023	Adam Zeldin Review of emails from Cassels/R. Fellin/Richter team re claim assignment.	0.30	550.00	165.00
06/09/2023	Adam Zeldin Review of emails re claim assignment.	0.30	550.00	165.00
06/12/2023	Adam Sherman Email from L. Sioen re outstanding invoices. Email/discussion with A. Zeldin.	0.20	795.00	159.00
06/12/2023	Adam Zeldin Review of email from TGF re claim assignment agreement. Discussions with Richter team. Review of email re o/s post-filing liabilities.	0.50	550.00	275.00
06/13/2023	Adam Sherman Email from/call with R. Fellin.	0.30	795.00	238.50
06/13/2023	Adam Zeldin Review of emails from N. Canizares/TGF re claim assignment matters. Call with M. Grossell re closing matters, status update, next steps.	0.80	550.00	440.00
06/14/2023	Adam Sherman Emails/call with L. Sioen. Emails/discussions with A. Zeldin re required funding to close revised transaction.	0.50	795.00	397.50
06/14/2023	Adam Zeldin Prepare estimating funding need analysis, emails/calls with Richter team/TGF re same. Email to R. Fellin/Ayanda re same. Review email from L. Sioen re o/s post-filing liabilities.	1.20	550.00	660.00
06/15/2023	Adam Zeldin Email/call with insurer re coverage. Discussions with A. Sherman re same, closing matters.	0.50	550.00	275.00
06/21/2023	Adam Zeldin Emails with L. Sioen re post-filing Hydro expenses.	0.20	550.00	110.00
06/26/2023	Adam Zeldin Call with M. Sassi re claim assignment, discussions with A. Sherman re same.	0.30	550.00	165.00
06/27/2023	Adam Zeldin	0.30	550.00	165.00

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
06/30/2023	Discussions with A. Sherman re closing matters. Adam Zeldin Emails with L. Sioen re post-filing expenses. Review of utilities invoices.	0.30	550.00	165.00
07/06/2023	Adam Sherman Calls with L/M Sioen.	0.50	795.00	397.50
07/07/2023	Adam Sherman Emails/call with M. Grossell and A. Zeldin. Email from A&B confirming receipt of MT trust funds/release of funds to Ayanda to pay expenses. Calls with L/M Sioen.	1.00	795.00	795.00
07/07/2023	Adam Zeldin Calls/emails with A. Sherman/M. Grossell re status of transaction, proposed next steps. Emails with A&B re funds in trust.	1.00	550.00	550.00
07/09/2023	Adam Sherman Attendance at Ayanda facility re Class B shareholder meeting, including discussions with various attendees.	4.00	795.00	3,180.00
07/10/2023	Adam Sherman Emails/call with I. Aversa of A&B. Emails/call with L. Sioen re Hydro account. Emails with A. Zeldin re MAC Report.	1.00	795.00	795.00
07/10/2023	Adam Zeldin Draft MAC Report, email to A. Sherman re same. Review of SPA Amendment Agreements, prepare summary of same.	1.60	550.00	880.00
07/12/2023	Adam Sherman Review/revise/update MAC Report, including emails/discussions with A. Zeldin.	1.00	795.00	795.00
07/12/2023	Adam Zeldin Review/update MAC Report, emails/discussions with A. Sherman/M. Grossell re same.	0.50	550.00	275.00
07/13/2023	Adam Sherman Emails from TGF re comments on MAC Report. Emails discussions with A. Zeldin. Call with L. Sioen.	1.00	795.00	795.00
07/13/2023	Adam Zeldin Review of counsel comments re MAC Report, emails/calls with TGF/A. Sherman re same. Calls/emails with S. Massie re extension agreements, review of same. Emails with Richter Real Estate team re ground lease.	1.20	550.00	660.00
07/14/2023	Adam Sherman	0.70	795.00	556.50

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
07/14/2023	Adam Zeldin Emails/discussions with A. Zeldin re inspector meeting, Court time, other matters. Emails from TGF. Emails from A&B. Call with L. Sioen.	1.20	550.00	660.00
07/17/2023	Adam Sherman Email to inspectors re urgent inspector meeting. Call with V. Ringelberg re inspector meeting. Calls/emails with A Sherman/M. Grossell re transaction matters, next steps. Call with realtor/Richter real estate team re Ayanda facility/lease.	2.50	795.00	1,987.50
07/17/2023	Adam Zeldin Review of MT trust statement, Ayanda banking and other schedules. Prepare Statement of R&D re MT Trust Statement. Emails to inspectors. Attend inspector meeting. Review of updates to MAC Report, email same to TGF. Calls/emails with A. Sherman/TGF.	3.10	550.00	1,705.00
07/18/2023	Carol O'Donnell Prepare mailing for Adverse Change Report. Prepare mailing lists. Send emails.	1.60	300.00	480.00
07/18/2023	Adam Sherman Email from TGF re R. Fellin email/reply. Finalize/send responding email to R. Fellin. Finalize MAC Report. Emails/discussions with Richter team.	1.50	795.00	1,192.50
07/18/2023	Adam Zeldin Review/finalize MAC Report. Review/update mailing list for same. Review of V. Ringelberg email re post-filing expenses, schedule summarizing same. Discussions with Richter team. Emails with L. Sioen re post-filing expenses. Call with Cassels.	1.30	550.00	715.00
07/19/2023	Adam Sherman Call with Hyde Advisory/L. Sioen. Emails/call with L. Sioen. Email from TGF confirming Court date. Emails/discussion with A. Zeldin.	1.50	795.00	1,192.50
07/20/2023	Carol O'Donnell Prepare mail affidavit and Efile	0.70	300.00	210.00
07/20/2023	Adam Sherman Emails/calls with A&B re letter to Purchaser on surrender of cannabis license/related matters. Emails/discussions with A. Zeldin. Emails/calls with L. Sioen.	1.00	795.00	795.00

Invoice No.: 20408897
Date: 08/03/2023

Date	Name and Description	Hours	Rate	Amount
07/20/2023	Adam Zeldin Email to A&B re transaction documents and services agreement. Review of A&B letter re HC license. Call/emails with A. Sherman. Review of expense reconciliation.	1.00	550.00	550.00
07/21/2023	Adam Zeldin Review of Ayanda post-filing banking details, prepare RD re same. Review of trust ledgers. Begin drafting Report to Court. Discussions with Richter team. Review of June 2022 lease. Emails with M. Sassi re MAC Report.	2.80	550.00	1,540.00
07/24/2023	Adam Zeldin Review/update post-filing R&D and MT trust account RD. Continue drafting Report to Court. Discussions with Richter team. Emails with TGF re June 2022 lease. Emails with realtor re market rents.	1.30	550.00	715.00
07/25/2023	Adam Zeldin Continue drafting Report to Court.	2.00	550.00	1,100.00
07/26/2023	Adam Zeldin Review/update Third Report, review of SPA, Amending Agreements. Review/update MT trust account R&D, Ayanda post-filing R&D. Emails to V. Ringelberg re cash matters. Discussions with Richter team.	1.20	550.00	660.00
07/27/2023	Adam Zeldin Review/update Ayanda post-filing R&D, email to V. Ringelberg re same. Review/update Third Report. Emails to L. Sioen re post-filing expenses.	1.00	550.00	550.00
07/28/2023	Adam Zeldin Review/update Third Report. Review of transaction extension documents, various correspondence re same. Review of post-filing bank and MT trust activity. Review of various Court materials. Call with L. Sioen re status of licenses.	1.50	550.00	825.00
07/31/2023	Adam Sherman Review/revise/update 3rd report. Emails/discussions with A. Zeldin.	2.00	795.00	1,590.00
07/31/2023	Adam Zeldin Draft minutes of second inspector meeting. Review of Ayanda's historical banking activity, review/update R&D. Emails with TGF re Third Report, motion materials. Discussions with Richter team. Emails with MT.	2.00	550.00	1,100.00
Fees Total		85.90		\$ 53,603.50

Invoice No.: 20408897
Date: 08/03/2023

Remittance Form

Ayanda Cannabis Corporation
324 Burford-Delhi Townline Road
Norwich, ON N0J 1P0

Invoice Summary

Sub-Total		\$ 43,603.50
GST/HST #885435842 RT0001		5,668.46
Total Due	CAD	\$ 49,271.96

Payment Options

**At this time, we ask that payment not be made by cheque.
Please use one of the payment options below. We appreciate your collaboration.**

Wire Transfer Toronto Dominion Bank
Commercial Banking Center
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2
Bank Institute No.: 004
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATTOR
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR
Email payment details, including invoice number and amount paid to:
ClientService@richter.ca

Credit Card payments can be made by contacting us as indicated below.

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca
Please note the legal name change of this entity from Richter Advisory Group Inc. to Richter Inc.**

TORONTO

Richter Inc.
181 Bay St., #3510
Bay Wellington Tower
Toronto ON M5J 2T3
416.488.2345

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

This is Exhibit "C" referred to in the Affidavit of
Adam Sherman, sworn on August 4, 2023

A handwritten signature in blue ink, appearing to read "M. Bull", written in a cursive style.

Commissioner for Taking Affidavits, etc.

Richter Inc. (formerly, Richter Advisory Group Inc.)
In its capacity as Proposal Trustee of
Ayanda Cannabis Corporation
And not in its personal or corporate capacity
Statement of accounts

Exhibit C

Staff member	Number of hours	Hourly rate	Amount
Senior Vice President			
A.Sherman	78.90	\$ 795.00	\$ 62,725.50
Vice President			
A.Zeldin	217.95	\$ 550.00	\$ 119,872.50
Senior Associate			
S.Connolly	3.50	\$ 375.00	\$ 1,312.50
Administration			
C.O'Donnell	8.70	\$ 300.00	\$ 2,610.00
N.Fournier	0.30	\$ 125.00	\$ 37.50
V.Coupal	0.50	\$ 125.00	\$ 62.50
	-	\$ 185.00	\$ -
	-	\$ 105.00	\$ -
Total	309.85		\$ 186,620.50
Courtesy discount			\$ (10,000.00)
Total, net of dicount			\$ 176,620.50
Blended average hourly rate:	\$ 570.02		

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF ADAM SHERMAN
Sworn August 4, 2023**

Thornton Grout Finnigan LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca
Tel: 416 304-0560

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca
Tel: 416 304-1616
Counsel to the Proposal Trustee

Appendix V

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, C. B-3*, as amended**

**AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF AYANDA CANNABIS
CORPORATION OF THE COUNTY OF NORFOLK, IN THE
PROVINCE OF ONTARIO**

AFFIDAVIT OF ROBERT I. THORNTON
(Sworn August 4, 2023)

I, **ROBERT I. THORNTON**, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and I am a partner at Thornton Grout Finnigan LLP (“**TGF**”), counsel to Richter Inc. (formerly, Richter Advisory Group Inc.) in its capacity as Trustee under the Proposal of Ayanda Cannabis Corporation (the “**Proposal Trustee**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as **Exhibit “A”** are copies of the invoices issued by TGF to the Proposal Trustee for fees and disbursements incurred by TGF through the course of these proceedings for the period from May 21, 2022 through to July 31, 2023.

3. Attached hereto as **Exhibit “B”** is a schedule summarizing each invoice in **Exhibit “A”**, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

4. Attached hereto as **Exhibit “C”** is a schedule summarizing the respective years of call, where applicable, and billing rates of each of the TGF professionals who acted for the Proposal Trustee.

5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe the total hours, fees, and disbursements incurred by TGF in this matter are reasonable and appropriate in the circumstances.

6. I make this affidavit in support of a motion by the Proposal Trustee for, *inter alia*, approval of the fees and disbursements of the Proposal Trustee’s counsel.

SWORN remotely via videoconference,
by Robert I. Thornton stated as being
located in the Town of Minett, in the
Province of Ontario, before me at the City
of Toronto in the Province of Ontario, this
4th day of August, 2023, in accordance
with O. Reg 431/20, *Administering Oath or
Declaration Remotely*.



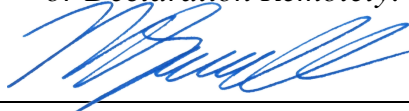
Commissioner for Taking Affidavits

Mitchell W. Grossell
LSO # 699931



ROBERT I. THORNTON

This is Exhibit "A" referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the in the Town of Minett, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 4th day of August, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*



A Commissioner for taking affidavits

MITCHELL W. GROSSELL
(LSO# 69993I)

EXHIBIT "A"



Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

June 7, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38319
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: June 3, 2022

FEES

- May-24-22 Review of draft Proposal Approval Order; revisions to same; email to A. Zeldin; email from A. Zeldin regarding relief sought; telephone call with A. Zeldin regarding timing for report; review of draft minutes; review of Second Report of the Proposal Trustee and provide comments on same; review of fee affidavit; review of comments from A. Zeldin regarding Proposal Approval Order;
- May-25-22 Review of fee affidavit and revisions to same; review of Notice to Creditors; telephone calls (x3) with A. Zeldin regarding Notice and Proposal; review of revised Proposal and provide final comments; review of final Second Report with appendices; dealing with commissioning of fee affidavit; review of draft Notice of Motion and revisions to same;
- Review of email from M. Grossell; updating Schedule "C"; updating Fee Affidavit; emails with M. Grossell;
- May-26-22 Email with B. Brinkman regarding Notice of Motion; review and revision to Notice of Motion; telephone calls with A. Zeldin regarding materials; review of Motion Record and provide comments on same;
- Review of email from M. Grossell; updating Order and Notice of Motion; review of draft index and provide comments; emails with M. Grossell; assist in finalizing materials for service; emails with assistant;
- May-27-22 Continue review of Motion Record and Notice of Motion; telephone call with A. Zeldin; final review of Motion Record and proceed with service of same;
- Uploading motion record to CaseLines;
- May-30-22 Commence drafting Factum in support of Proposal Approval motion;
- May-31-22 Continue drafting factum in support of Proposal Approval Order; review and revision to Factum; sending same to the client;

Jun-01-22 Review of comments from A. Zeldin on Factum; revisions to same; telephone call with A. Zeldin;

Jun-02-22 Review of Counsel Slip; review of materials and factum in preparation for Ayanda motion; preparation of submissions in respect of same;

Jun-03-22 Review of Factum, Motion Record, and Amended Proposal in preparation for hearing; preparation of submissions; telephone call with A. Zeldin; attend Ayanda Proposal Approval hearing; further debrief with A. Zeldin regarding court hearing and next steps; review of responses to additional follow-up questions;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	16.70
Bobbie-Jo Brinkman (Law Clerk)	2.10

Total Fees	\$12,007.50	
HST (@ 13%) on Fees	<u>\$1,560.98</u>	
Total Fees and HST		\$13,568.48

DISBURSEMENTS

Computer Research	\$149.19	
Photocopies	\$6.50	
Filing of Motion Record*	\$50.00	
Total Taxable Disbursements	\$155.69	
HST (@ 13%) on Taxable Disbursements	\$20.24	
Total *Non-Taxable Disbursements	<u>\$50.00</u>	
Total Disbursements and HST		<u>\$225.93</u>

TOTAL DUE & OWING		<u>\$13,794.41</u>
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Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

1. Cheque Payable to Thornton Grout Finnigan LLP or

2. EFT or Wire Transfer to:

Account No. 027779-001

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
 RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
 100 Wellington Street West
 Suite 3200, P.O. Box 329
 Toronto, ON Canada M5K 1K7
 T 416.304.1616 F 416.304.1313

Richter Inc.
 181 Bay Street, Suite 3510
 Bay Wellington Tower
 Toronto, ON M5J 2T3 Canada

June 27, 2022

Invoice No.38391
File No.2170-001

Attention: Adam Sherman and Adam Zeldin

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: June 17, 2022

FEES

- Jun-01-22 Emails with assistant; review of Factum and provide instructions to update and add CaseLines numbers; review of relevant section of BIA and instructions to update same; uploading Factum to CaseLines;
- Jun-02-22 Review of emails from M. Grossell regarding counsel slip; prepare counsel slip; hyperlinking factum in CaseLines; emails with M. Grossell;
- Jun-06-22 Review of email from A. Zeldin with Ayanda's responses to the follow-up questions regarding employment of S. Ramdhany;
- Jun-07-22 Telephone call with A. Zeldin regarding employment claim; review of Proof of Claim regarding same;
- Jun-08-22 Review of notice to creditors; email from M. Sassi regarding update on claim; email with A. Zeldin regarding same;
- Jun-09-22 Emails with A. Zeldin regarding noticing and conversation with employee claimant;
- Jun-13-22 Review of documents from the company regarding analysis of claim of S. Ramdhany; commence drafting analysis of S. Ramdhany's claim; email from A. Zeldin regarding Proof of Claim from class B shareholder; telephone call with A. Zeldin to discuss claim of S. Ramdhany;
- Jun-14-22 Review of emails from A. Zeldin regarding responsible person issue; further emails regarding change in the Responsible Person associated with the research licence;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	4.30
Bobbie-Jo Brinkman (Law Clerk)	1.50

Total Fees	\$3,427.50	
HST (@ 13%) on Fees	<u>\$445.58</u>	
Total Fees and HST		\$3,873.08
<u>DISBURSEMENTS</u>		
Couriers	\$28.24	
Total Taxable Disbursements	\$28.24	
HST (@ 13%) on Taxable Disbursements	\$3.67	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$31.91</u>
TOTAL DUE & OWING		<u>\$3,904.99</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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- Cheque Payable to Thornton Grout Finnigan LLP or*
- EFT or Wire Transfer to:*

Account No. 027779-001

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

July 6, 2022

Invoice No.38430
File No.2170-001

Attention: Adam Sherman and Adam Zeldin

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: June 30, 2022

FEES

- Jun-28-22 Telephone call with A. Zeldin regarding updated closing timeline and S. Ramdhany claim; review of Acknowledgment Agreement;
- Jun-29-22 Review of emails regarding Health Canada approval timing; review of updated Closing Agenda;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	0.60
Total Fees	\$405.00
HST (@ 13%) on Fees	<u>\$52.65</u>
Total Fees and HST	\$457.65
 <u>DISBURSEMENTS</u>	
Computer Research	\$345.68
Filing Factum of the Proposal Trustee	\$60.00
Total Taxable Disbursements	\$405.68
HST (@ 13%) on Taxable Disbursements	\$52.74
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$458.42</u>

TOTAL DUE & OWING**\$916.07****Thornton Grout Finnigan LLP**

Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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Account No. 027779-001

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

August 30, 2022

Invoice No.38623
File No.2170-001

Attention: Adam Sherman and Adam Zeldin

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: August 26, 2022

FEES

- Jul-14-22 Review email from A. Zeldin regarding Health Canada approval;
- Aug-22-22 Review and respond to emails regarding revised structure; telephone call with M. Grossell regarding same;

Telephone call with A. Zeldin; review of Proposal and consideration of the rights of MSF Secured Claim; review of priority provisions in the BIA; drafting email to R. Thornton regarding proposed structure; telephone call with R. Thornton regarding same;
- Aug-25-22 Email to A. Zeldin regarding closing of transaction; review of revised purchase agreement;
- Aug-26-22 Telephone call with A. Zeldin regarding proposal and structure of side deal between the Purchaser and the secured creditor;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Robert I. Thornton	0.50
Mitch Grossell	3.10
 Total Fees	 \$2,767.50
HST (@ 13%) on Fees	<u>\$359.78</u>
 Total Fees and HST	 \$3,127.28

DISBURSEMENTS

Computer Research	\$58.00
Couriers	\$47.76
Total Taxable Disbursements	\$105.76
HST (@ 13%) on Taxable Disbursements	\$13.75
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$119.51</u>
 TOTAL DUE & OWING	 <u>\$3,246.79</u>

Thornton Grout Finnigan LLP


Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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1. *Cheque Payable to Thornton Grout Finnigan LLP or*
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Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
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Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

September 27, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38706
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: September 23, 2022

FEES

- Aug-30-22 Telephone call with A. Zeldin regarding update on Ayanda closing transaction; review of Amendment to the Purchase Agreement and provide comments on same; emails with A. Sherman and A. Zeldin; review of emails from A. Sherman regarding extension agreement; email from A. Sherman regarding extension;
- Sep-13-22 Email from A. Sherman regarding closing status; email from A. Zeldin regarding review of S. Ramdhany claim;
- Sep-16-22 Email update from A. Zeldin regarding closing; respond to same;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	1.90

Total Fees	\$1,282.50
HST (@ 13%) on Fees	<u>\$166.73</u>
Total Fees and HST	\$1,449.23

DISBURSEMENTS

Total Taxable Disbursements	\$0.00
HST (@ 13%) on Taxable Disbursements	\$0.00
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$0.00</u>

TOTAL DUE & OWING	<u>\$1,449.23</u>
------------------------------	--------------------------

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

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1. Cheque Payable to Thornton Grout Finnigan LLP or

2. EFT or Wire Transfer to:

Account No. 027779-001

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

October 13, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38751
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: October 7, 2022

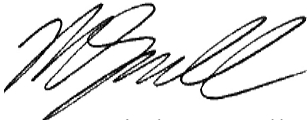
FEES

- Sep-28-22 Emails from and to A. Zeldin regarding closing of the transaction;
- Sep-29-22 Review of draft Amendment Agreement regarding share purchase transaction;
- Oct-07-22 Email from S. Massie regarding update to the shareholders; email to Richter regarding claims process;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	0.60
Total Fees	\$405.00
HST (@ 13%) on Fees	<u>\$52.65</u>
Total Fees and HST	\$457.65
 <u>DISBURSEMENTS</u>	
Total Taxable Disbursements	\$0.00
HST (@ 13%) on Taxable Disbursements	\$0.00
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$0.00</u>
 TOTAL DUE & OWING	 <u>\$457.65</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

1. Cheque Payable to Thornton Grout Finnigan LLP or

2. EFT or Wire Transfer to:

Account No. 027779-001

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

November 11, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38891
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: November 4, 2022

FEES

- Oct-12-22 Review of memorandum summarizing facts in respect of the review of the claim by S. Ramdhany; review of memoranda regarding oral agreements; attend conference call with Richter regarding Ayanda update on closing and the review of S. Ramdhany's claim; review of email from A. Zeldin regarding timing for closing; attend conference call with Miller Thomson regarding update on closing and review of the claim of S. Ramdhany; debrief call with A. Zeldin; review of closing adjustment document from Ayanda; review of
- Oct-13-22 Review of letter to shareholders; review of amendment agreement;
- Oct-14-22 Email from A. Sherman and A. Zeldin regarding Amendment Agreement; email to Miller Thomson regarding same; joint drafting of email to the client;
- Oct-18-22 Review of draft email from A. Zeldin to inspector; provide comments on same;
- Oct-31-22 Email from A. Zeldin regarding analysis of S. Ramdhany claim; responding emails regarding same;
- Nov-02-22 Review of Richter memorandum regarding assessment of claim of S. Ramdhany;
- Nov-03-22 Telephone call with A. Zeldin regarding comments on the memorandum assessing the claim of S. Ramdhany;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
Mitch Grossell

Hours
8.10

Total Fees
HST (@ 13%) on Fees

\$5,467.50
\$710.78

Total Fees and HST **\$6,178.28**

DISBURSEMENTS

Total Taxable Disbursements \$0.00

HST (@ 13%) on Taxable Disbursements \$0.00

Total *Non-Taxable Disbursements \$0.00

Total Disbursements and HST **\$0.00**

TOTAL DUE & OWING **\$6,178.28**

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Name of Bank - HSBC Bank Canada

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Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
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Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
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Richter Inc.

November 23, 2022

181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

Invoice No.38906
File No.2170-001

Attention: Adam Sherman and Adam Zeldin

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: November 18, 2022

FEES

- Nov-07-22 Email from A. Zeldin regarding closing of transaction;
- Nov-11-22 Telephone call with Miller Thomson regarding update on the status of the transaction;
- Nov-13-22 Review of revised draft of the memorandum assessing the claim of S. Ramdhany;
- Nov-18-22 Email from A. Zeldin regarding inspector meeting; emails with A. Zeldin regarding same;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	1.20
Total Fees	\$810.00
HST (@ 13%) on Fees	<u>\$105.30</u>
Total Fees and HST	\$915.30

DISBURSEMENTS

Total Taxable Disbursements	\$0.00
HST (@ 13%) on Taxable Disbursements	\$0.00
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$0.00</u>

TOTAL DUE & OWING**\$915.30****Thornton Grout Finnigan LLP**

Per: Mitch Grossell

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Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

December 9, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38975
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: December 2, 2022

FEES

- Nov-21-22 Telephone call from A. Zeldin regarding Inspectors Meeting; email from A. Zeldin regarding same; review of email from A. Zeldin and settlement agreement; telephone call with A. Zeldin regarding same;
- Nov-23-22 Telephone call with A. Zeldin regarding disallowance of claim of S. Ramdhany; review of notice of revision or disallowance; revisions to same;
- Nov-25-22 Review of the BIA regarding Inspectors Meetings and the ability of the trustee to vote in a tie; email to A. Sherman regarding same; preparation for and attend Inspectors Meeting; debrief telephone call with A. Zeldin;
- Nov-29-22 Email from V. Ringelberg and N. Cain regarding Inspectors Meeting; email to A. Zeldin regarding same; review of email from A. Zeldin and provide comments on same;
- Nov-30-22 Email from A. Zeldin regarding closing update; review of signed Inspectors resolution; review of draft minutes from the Inspectors Meeting and revisions to same;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
Mitch Grossell

Hours
6.70

Total Fees
HST (@ 13%) on Fees

\$4,522.50
\$587.93

Total Fees and HST

\$5,110.43

DISBURSEMENTS

Total Taxable Disbursements	\$0.00	
HST (@ 13%) on Taxable Disbursements	\$0.00	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$0.00</u>
TOTAL DUE & OWING		<u>\$5,110.43</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

January 11, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39091
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: December 31, 2022

FEES

- Dec-05-22 Review of email from N. Cain regarding amendments to the Minutes; emails to and from A. Zeldin regarding same; review of Robert's Rules of Order; email to A. Sherman and A. Zeldin regarding thoughts on the amendments;
- Dec-06-22 Review of draft response to N. Cain; review of revised minutes of inspectors meeting; emails to A. Zeldin regarding same;
- Dec-13-22 Telephone call with A. Zeldin regarding status of the transaction;
- Dec-15-22 Email correspondence regarding update call; email from A. Zeldin regarding deposit; telephone call with A. Zeldin regarding extension of closing and additional deposit;
- Dec-29-22 Email from M. Sassi regarding Notice of Motion; review of Notice of Motion regarding appeal of claim; email correspondence with M. Sassi; email correspondence with A. Sherman and A. Zeldin;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
Mitch Grossell

Hours
2.30

Total Fees	\$1,552.50	
HST (@ 13%) on Fees	<u>\$201.83</u>	
Total Fees and HST		\$1,754.33

DISBURSEMENTS

Total Taxable Disbursements	\$0.00
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HST (@ 13%) on Taxable Disbursements	\$0.00	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$0.00</u>
TOTAL DUE & OWING		<u>\$1,754.33</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Attention: Credit Services Department

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Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

February 23, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39197
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: January 31, 2023

FEES

- Jan-17-23 Email from and to A. Zeldin regarding extension of closing date and requirement for further extension;
- Jan-20-23 Emails from and to Z. Zeldin regarding purchaser commitment letter;
- Jan-22-23 Email to Miller Thomson regarding commitment letter and status of the transaction;
- Jan-25-23 Email correspondence with S. Massie and A. Zeldin regarding purchaser update and commitment letter;
- Jan-26-23 Preparation for and attend update call with Miller Thomson; debrief call with A. Sherman and A. Zeldin;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer

Mitch Grossell

Hours

2.70

Total Fees	\$2,025.00	
HST (@ 13%) on Fees	<u>\$263.25</u>	
Total Fees and HST		\$2,288.25

DISBURSEMENTS

3% Administrative Fee	\$60.75	
Total Taxable Disbursements	\$60.75	
HST (@ 13%) on Taxable Disbursements	\$7.90	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$68.65</u>

TOTAL DUE & OWING**\$2,356.90****Thornton Grout Finnigan LLP**

Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

March 13, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39278
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: February 28, 2023

FEES

- Feb-10-23 Telephone call with S. Massie; telephone call with A. Zeldin; review of closing documents; email to A. Sherman and A. Zeldin regarding same;
- Feb-14-23 Email from A. Zeldin regarding closing update; email correspondence with S. Massie regarding same; email update from S. Massie regarding closing and respond to same; emails with A. Zeldin;
- Feb-17-23 Telephone call with S. Massie regarding closing update; further email correspondence with S. Massie regarding same; review of Ayanda Proposal; telephone calls with A. Sherman and A. Zeldin regarding extension and additional amounts funded by the Purchaser; drafting email to S. Massie regarding extension; further emails regarding receipt of funding; review of extension agreement;
- Feb-22-23 Email from S. Massie regarding deposit; respond to same; email to Richter regarding deposit;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Mitch Grossell	3.30

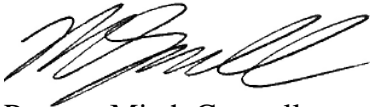
Total Fees	\$2,475.00	
HST (@ 13%) on Fees	<u>\$321.75</u>	
Total Fees and HST		\$2,796.75

DISBURSEMENTS

3% Administrative Fee	\$74.25
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Total Taxable Disbursements	\$74.25
HST (@ 13%) on Taxable Disbursements	\$9.65
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$83.90</u>
TOTAL DUE & OWING	<u>\$2,880.65</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



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Richter Inc.
 181 Bay Street, Suite 3510
 Bay Wellington Tower
 Toronto, ON M5J 2T3 Canada

April 12, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39343
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: March 31, 2023

FEES

- Mar-13-23 Telephone call with A. Zeldin regarding Ayanda transaction; drafting emails to Miller Thomson regarding closing; emails from and to S. Massie regarding closing;
- Mar-14-23 Review of emails from L. Ellis and A. Zeldin regarding update; consideration of debtor controlled process and responding email to A. Zeldin;
- Mar-20-23 Emails from M. Sassi and A. Zeldin regarding Proof of Claim of S. Ramdhany; email to A. Zeldin regarding same;
- Mar-21-23 Preparation for and attend call with M. Sassi regarding resolution of S. Ramdhany claim; review of email from A. Zeldin regarding update from Ayanda;
- Mar-27-23 Preparation for and attend conference call with counsel to Ayanda and counsel to S. Ramdhany regarding claims; debrief telephone call with Richter in respect of same; review of Bankruptcy and Insolvency Act, Reverse Vesting Order and Proposal; drafting note to counsel to Ayanda in respect of amendment to the Proposal;
- Mar-29-23 Continue drafting note to L. Ellis regarding issues with amending the Proposal; email correspondence with Richter regarding same; revisions to note to Miller Thomson and sending same;
- Mar-30-23 Emails from L. Ellis and A. Zeldin regarding potential options and the transaction; email to A. Zeldin regarding same;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
 Mitch Grossell

Hours
 6.60

Total Fees

\$4,950.00

HST (@ 13%) on Fees	<u>\$643.50</u>	
Total Fees and HST		\$5,593.50
 <u>DISBURSEMENTS</u>		
3% Administrative Fee	\$148.50	
Total Taxable Disbursements	\$148.50	
HST (@ 13%) on Taxable Disbursements	\$19.31	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$167.81</u>
 TOTAL DUE & OWING		 <u>\$5,761.31</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Name of Bank - HSBC Bank Canada

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Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

May 10, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39443
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: April 30, 2023

FEES

Apr-10-23 Email correspondence from A. Zeldin regarding Ayanda transaction; email correspondence to Miller Thomson regarding same;

Apr-19-23 Email correspondence from M. Sassi and L. Ellis regarding settlement update; email correspondence to A. Zeldin regarding same;

Apr-21-23 Update telephone call with A. Zeldin; telephone call with R. Thornton regarding proposed structure;

Apr-22-23 Review of email correspondence from L. Ellis regarding proposed closing of the transaction; consideration of same;

Apr-24-23 Email correspondence from A. Zeldin regarding section 149 notice to creditors; email correspondence with A. Sherman and A. Zeldin; email correspondence to Miller Thomson regarding proposal;

Apr-26-23 Email correspondence from L. Ellis regarding transaction; email correspondence with Richter in respect of same; further emails;

Apr-27-23 Email correspondence with A. Zeldin; telephone call with A. Zeldin regarding Proposal Trustee's position; email correspondence to Miller Thomson regarding the Proposal Trustee's position;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
Mitch Grossell

Hours
4.40

Total Fees	\$3,300.00	
HST (@ 13%) on Fees	<u>\$429.00</u>	
Total Fees and HST		\$3,729.00
<u>DISBURSEMENTS</u>		
3% Administrative Fee	\$99.00	
Total Taxable Disbursements	\$99.00	
HST (@ 13%) on Taxable Disbursements	\$12.87	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$111.87</u>
TOTAL DUE & OWING		<u>\$3,840.87</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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Name of Bank - HSBC Bank Canada

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Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



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Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

June 19, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39536
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: May 31, 2023

FEES

- May-02-23 Review of Amended and Restated Share Purchase Agreement; review of VTB Note;
- May-03-23 Review of purchase agreement documents; telephone call with A. Zeldin regarding comments and clarification questions on same; drafting email correspondence to Miller Thomson regarding same; email correspondence with M. Sassi regarding claim assignment agreement; review of settlement agreement and claim assignment agreement;
- May-04-23 Email correspondence from L. Ellis and S. Massie regarding transactional documents and assignment agreement; emails with M. Sassi; telephone call with M. Sassi regarding assignment agreement; telephone call with A. Zeldin regarding assignment agreement; drafting email correspondence to Miller Thomson regarding assignment agreement; further telephone call with A. Zeldin; review of Assumption of Debt Agreement and Shareholders' Resolution;
- May-05-23 Telephone call with A. Zeldin regarding update on transaction;
- May-08-23 Review and respond to emails regarding closing;

Email correspondence from and to S. Massie regarding closing; emails with A. Zeldin regarding same;
- May-11-23 Emails from S. Massie and A. Zeldin regarding closing;
- May-19-23 Review of urgent communications regarding lease termination and closing; prepare for and telephone call with clients and M. Grossell; advising on course of action; review and respond to emails regarding same;

Email correspondence from A. Sherman regarding purported termination of lease and response from the Purchaser; review of termination letter; review of Ground Lease and corporate profile report of the Landlord; telephone call with R. Thornton regarding same; conference call with A. Sherman and A. Zeldin regarding update; drafting responding letter to the Landlord; revisions to same; drafting email correspondence to the Purchaser's counsel; delivery of same;

Review of email correspondence from M. Grossell; attending to pulling relevant searches; email correspondence to M. Grossell;

- May-24-23 Review and respond to emails regarding change of solicitor; meeting with M. Grossell; Correspondence with A. Sherman regarding new counsel and coordinating call with counsel to Ayanda and the Purchaser;
- May-25-23 Preparation for and attend meeting with Richter regarding update and path forward;
- May-29-23 Email correspondence from counsel to Ayanda; email correspondence with A. Zeldin regarding same;
- May-30-23 Preparation for and attend conference call with counsel to Ayanda regarding closing transaction; debrief call with A. Zeldin regarding same; review and revision to Assignment of Claim Agreement; review and revision to Notice of Assignment; email correspondence to A. Zeldin; drafting email to M. Sassi;
- May-31-23 Email correspondence with M. Sassi regarding documents; telephone call with A. Zeldin and M. Sassi regarding S. Ramdhany claim;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Robert I. Thornton	2.00
Mitch Grossell	17.10
Bobbie-Jo Brinkman (Law Clerk)	0.20

Total Fees	\$15,750.00
HST (@ 13%) on Fees	<u>\$2,047.50</u>

Total Fees and HST **\$17,797.50**

DISBURSEMENTS

3% Administrative Fee	\$472.50
Total Taxable Disbursements	\$472.50

HST (@ 13%) on Taxable Disbursements	\$61.43
Total *Non-Taxable Disbursements	<u>\$0.00</u>

Total Disbursements and HST

\$533.93

TOTAL DUE & OWING

\$18,331.43

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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1. Cheque Payable to Thornton Grout Finnigan LLP or

2. EFT or Wire Transfer to:

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

July 12, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.39636
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: June 30, 2023

FEES

- Jun-01-23 Emails from M. Sassi regarding the release; telephone call with A. Zeldin regarding same; respond to M. Sassi; telephone call with M. Sassi; revision to Assignment Agreement and drafting email to parties to the Assignment Agreement regarding same; telephone call with A. Zeldin;
- Jun-11-23 Review of email correspondence between M. Sassi and N. Canizares regarding Assignment Agreement; responding to same;
- Jun-13-23 Review of email from N. Canizares regarding assignment of claim agreement; respond to same; telephone call with N. Canizares; telephone call with A. Zeldin;
- Jun-14-23 Telephone call with A. Zeldin;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>	
Mitch Grossell	2.40	
Total Fees		\$1,800.00
HST (@ 13%) on Fees		<u>\$234.00</u>
Total Fees and HST		\$2,034.00

DISBURSEMENTS

3% Administrative Fee	\$54.00	
Total Taxable Disbursements	\$54.00	
HST (@ 13%) on Taxable Disbursements	\$7.02	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$61.02</u>
TOTAL DUE & OWING		<u>\$2,095.02</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

- 1. Cheque Payable to Thornton Grout Finnigan LLP or*
- 2. EFT or Wire Transfer to:*

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

Richter Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3

August 1, 2023

Attention: Adam Sherman
Adam Zeldin

Invoice No. 39721
File No. 2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: July 31, 2023

FEES

- Jul-07-23 Update call with Richter regarding transaction;
- Jul-10-23 Telephone call with M. Grossell regarding path forward;
Review of Order approving the Proposal; review of the Amended Proposal and consideration of steps that must be taken by the Proposal Trustee;
- Jul-13-23 Review of material adverse change report; review and respond to emails regarding same;
Review of draft Material Adverse Change notice and revisions to same; email to A. Sherman and A. Zeldin regarding same; telephone calls (x2) with A. Zeldin;
- Jul-14-23 Email from and telephone call with A. Zeldin regarding bankruptcy application; consideration of appropriate provisions under the BIA for the Proposal Trustee to bring a motion to assign the debtor into bankruptcy; email to R. Manea regarding scheduling motion;
- Jul-17-23 Email correspondence with R. Manea regarding bankruptcy file number and booking Court availability; sign Commercial List Request Form; email from A. Zeldin to N. Cain regarding Inspectors Meeting; preparation for and attend Inspectors Meeting; review of revised Material Adverse Change Report and provide comments on same;
- Jul-18-23 Review of proposed email to representative of the Purchaser; provide comments on same;

Jul-20-23 Review of email from A. Zeldin regarding letter sent from Ayanda's counsel to the Purchaser;

Jul-25-23 Review of email from A. Zeldin and ground lease; respond to same;

Jul-31-23 Review of email from A. Zeldin and respond to same with respect to the fee affidavit;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

<u>Lawyer</u>	<u>Hours</u>
Robert I. Thornton	1.10
Mitch Grossell	6.20
Total Fees	\$6,217.50
HST (@ 13%) on Fees	<u>\$808.28</u>
Total Fees and HST	<u>\$7,025.78</u>

DISBURSEMENTS

3% Administrative Fee	<u>\$186.53</u>
Total Taxable Disbursements	\$186.53
HST (@ 13%) on Taxable Disbursements	\$24.25
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$210.78</u>
TOTAL DUE & OWING	<u>\$7,236.56</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

1. *Cheque Payable to Thornton Grout Finnigan LLP or*
2. *EFT or Wire Transfer to:*

Account No. 027779-002

Transit No. 10532

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Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

This is Exhibit “B” referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the in the Town of Minett, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 4th day of August, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*



A Commissioner for taking affidavits

MITCHELL W. GROSSELL
(LSO# 69993I)

EXHIBIT “B”

Calculation of Average Hourly Billing Rates of Thornton Grout Finnigan LLP for the period May 21, 2022 to July 31, 2023

Invoice #	Fees	Disbursements	HST	Total Hours	Average Hourly Rate	Total (Fees, Disb., HST)
38319	\$12,007.50	\$205.69	\$1,581.22	18.80	\$638.69	\$13,794.41
38391	\$3,427.50	\$28.24	\$449.25	5.80	\$590.95	\$3,904.99
38430	\$405.00	\$405.68	\$105.39	0.60	\$675.00	\$916.07
38623	\$2,767.50	\$105.76	\$373.53	3.60	\$768.75	\$3,246.79
38706	\$1,282.50	\$00.00	\$166.73	1.90	\$675.00	\$1,449.23
38751	\$405.00	\$00.00	\$52.65	0.60	\$675.00	\$457.65
38891	\$5,467.50	\$00.00	\$710.78	8.10	\$675.00	\$6,178.28
38906	\$810.00	\$00.00	\$105.30	1.20	\$675.00	\$915.30
38975	\$4,522.50	\$00.00	\$587.93	6.70	\$675.00	\$5,110.43
39091	\$1,552.50	\$00.00	\$201.83	2.30	\$675.00	\$1,754.33
39197	\$2,025.00	\$60.75	\$271.15	2.70	\$750.00	\$2,356.90
39278	\$2,475.00	\$74.25	\$331.40	3.30	\$750.00	\$2,880.65
39343	\$4,950.00	\$148.50	\$662.81	6.60	\$750.00	\$5,761.31
39443	\$3,300.00	\$99.00	\$441.87	4.40	\$750.00	\$3,840.87
39536	\$15,750.00	\$472.50	\$2,108.93	19.30	\$816.06	\$18,331.43
39636	\$1,800.00	\$54.00	\$241.02	2.40	\$750.00	\$2,095.02
39721	\$6,217.50	\$186.53	\$832.53	7.30	\$750.00	\$7,236.56
TOTALS:	\$69,165.00	\$1,840.90	\$9,224.32	95.60	\$708.20	<u>\$80,230.22</u>

This is Exhibit "C" referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the in the Town of Minett, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 4th day of August, 2023 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely.*



A Commissioner for taking affidavits

MITCHELL W. GROSSELL
(LSO# 69993I)

EXHIBIT “C”

Billing Rates of Thornton Grout Finnigan LLP for the period May 21, 2022 to July 31, 2023

	<u>Position</u>	<u>Rate 2022</u>	<u>Rate 2023</u>	<u>Year of Call</u>
Robert Thornton	Partner	\$1,350.00	\$1,425.00	1984
Mitchell Grossell	Associate	\$675.00	\$750.00	2016
Bobbie-Jo Brinkman	Law Clerk	\$350.00	\$375.00	N/A

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION OF
THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF ROBERT I. THORNTON
Sworn August 4, 2023

THORNTON GROUT FINNIGAN LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca
Tel: 416 304-0560

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca
Tel: 416 304-1616

Counsel to the Proposal Trustee

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

ONTARIO
**SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**
Proceeding commenced at Toronto

**THIRD REPORT OF RICHTER INC. (FORMERLY,
RICHTER ADVISORY GROUP INC.) IN ITS CAPACITY
AS TRUSTEE UNDER THE PROPOSAL OF AYANDA
CANNABIS CORPORATION**

August 4, 2023

Thornton Grout Finnigan LLP

100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)

Email: rthornton@tgf.ca
Tel: 416 304-0560

Mitchell W. Grossell (LSO# 69993I)

Email: mgrossell@tgf.ca
Tel: 416 304-1616

Counsel to the Proposal Trustee

TAB 3

ON READING the Third Report, and on hearing the submissions of counsel to the Proposal Trustee, counsel to the Company, and such other counsel as reflected on the Counsel Slip, no one else appearing for any other person on the Service List, although properly served as appears from the affidavit of service of Natalie Longmore sworn August ____, 2023,

Service and Definitions

1. **THIS COURT ORDERS** that capitalized terms that are not otherwise defined in this Order shall have the meaning ascribed to them in the Third Report.
2. **THIS COURT ORDERS** that service of the Motion Record dated August 4, 2023, is hereby validated such that this motion is properly returnable today and hereby dispenses with further service thereof.

Annulment of Proposal and Bankruptcy

3. **THIS COURT ORDERS** that the Amended Proposal is hereby annulled and Ayanda is deemed to have made an assignment into bankruptcy.
4. **THIS COURT ORDERS** that, subject to affirmation from the creditors of Ayanda at the first meeting of creditors, Richter Inc. is hereby appointed as bankruptcy trustee of Ayanda.

Amendment to the DIP Financing and Stay Extension Order

5. **THIS COURT ORDERS** that paragraph 3 of the DIP Financing and Stay Extension Order is hereby deleted in its entirety and replaced with the following:

3. **THIS COURT ORDERS** that the Proposal Trustee, Thornton Grout Finnigan LLP and Aird & Berlis LLP (collectively, the “**Professional Group**”) shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by Ayanda as part of the costs of these proceedings, both before and after the making of this Order in respect of these proceedings and related matters. Ayanda is hereby authorized to pay the accounts of the Professional Group on a bi-weekly basis.

Termination of Charges

6. **THIS COURT ORDERS** that as of the date of this Order, the DIP Lender’s Charge is irrevocably discharged and terminated.

Approval of the Third Report

7. **THIS COURT ORDERS** that the Third Report and the actions, activities and conduct of the Proposal Trustee described therein be and are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

Approval of Professional Fees

8. **THIS COURT ORDERS** that the professional fees and disbursements of the Proposal Trustee for the period between May 21, 2022 to July 31, 2023, in the amount of \$176,620.50, plus disbursements of \$100.66 and Harmonized Sales Tax (“**HST**”) of \$22,973.76, for a total of \$199,694.92, as further set out in the Third Report and the Sherman Affidavit attached as Appendix “U” to the Third Report, are hereby approved.
9. **THIS COURT ORDERS** that the professional fees and disbursements of Thornton Grout Finnigan LLP for the period between May 21, 2022 to July 31, 2023, in the amount of \$69,165.00, plus disbursements of \$1,840.90 and HST of \$9,224.32, for a total of \$80,230.22, as further set out in the Third Report and the Thornton Affidavit attached as Appendix “V” to the Third Report, are hereby approved.

General

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons whom it may otherwise be enforced.
11. **THIS COURT ORDERS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give

effect to this Order and to assist the parties and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the parties and to the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to grant representative status to the Proposal Trustee in any foreign proceeding.

12. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and are authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Proposal Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in any jurisdiction outside of Canada.

Conway J

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

THORNTON GROUT FINNIGAN LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca

Tel: 416 304-1616
Fax: 416-304-1313

Counsel to the Proposal Trustee, Richter Inc.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, as amended

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF AYANDA CANNABIS CORPORATION OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD
(Returnable August 14, 2023)**

Thornton Grout Finnigan LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca
Tel: 416 304-0560

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Counsel to the Proposal Trustee