

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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Court File No. 35-2802344
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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 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

Appendix "A"

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

THE HONOURABLE

JUSTICE CONWAY

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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 "B"

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

THE HONOURABLE)	TUESDAY, THE 1ST
)	
JUSTICE CONWAY)	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 Sieon, 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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Appendix "C"

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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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	Shareholders' Equity	
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**

Appendix "D"

Ayanda Cannabis Corp ("Ayanda" or the "Company")
Projected Statement of Cash Flow Under a Proposal
For the Period April 17, 2022 to July 2, 2022
(In Canadian Dollars)

Notes	WEEK ENDING										Total	
	23-Apr-22	30-Apr-22	7-May-22	14-May-22	21-May-22	28-May-22	4-Jun-22	11-Jun-22	18-Jun-22	25-Jun-22		2-Jul-22
Receipts												
Sales tax refund	1	-	-	68,017	-	-	-	-	-	-	-	68,017
Reimbursement from Purchaser	2	-	-	95,501	-	-	35,499	-	-	-	27,435	158,435
DIP drawdown	3	-	400,000	-	-	-	-	-	-	-	-	400,000
Total receipts		-	400,000	163,518	-	-	35,499	-	-	-	27,435	626,452
Disbursements												
Professional fees	4	-	298,007	55,000	-	75,075	-	-	70,075	-	70,075	568,232
Utilities	5	-	-	1,100	15,000	-	-	-	16,100	-	-	32,200
Salaries and wages	6	-	6,000	-	6,000	-	-	6,000	-	6,000	-	30,000
Selling, general and administrative	7	435	-	5,470	-	-	-	5,470	435	-	-	11,810
Loan payments	8	-	-	2,710	-	-	-	2,710	-	-	-	5,420
Repairs and maintenance	9	-	-	2,968	-	-	-	429	-	-	-	3,397
Testing and quality control	10	-	-	1,500	-	-	1,500	-	-	-	-	3,000
Total disbursements		435	304,007	68,748	21,000	75,075	7,500	94,784	6,435	-	76,075	654,059
Net cash inflow / (outflow)		(435)	95,993	94,770	(21,000)	(75,075)	27,999	(94,784)	(6,435)	-	(48,640)	(27,607)
Beginning cash balance		37,320	36,885	132,879	227,649	206,649	131,574	131,574	159,573	64,789	58,354	37,320
Net cash inflow / (outflow)		(435)	95,993	94,770	(21,000)	(75,075)	0	27,999	(94,784)	(6,435)	0	(27,607)
Ending cash balance		36,885	132,879	227,649	206,649	131,574	131,574	159,573	64,789	58,354	58,354	9,714

The projected statement of cash flow has been prepared pursuant to the requirements of section 50(6)(a) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated this 19th day of April, 2022.

Michael Sioen

Ayanda Cannabis Corporation

Mike Sioen
Name of Signing Officer

The projected statement of cash flow has been prepared pursuant to the requirements of section 50(6)(a) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Trustee's Report on Cash-Flow Statement dated April 19, 2022 and the Report on Cash-Flow Statement by the Person Making the Proposal dated April 19, 2022.

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

Per:

Adam Sherman

Adam Sherman

Notes

1. The Company files sales taxes quarterly.
2. Pursuant to a Service Agreement dated March 1, 2022 between the Company and 12830353 Canada Inc. (the "**Purchaser**"), the Purchaser has agreed, among other things, to reimburse the operating costs of Ayanda while the parties work to close the transaction contemplated under the share purchase agreement dated February 2, 2022 between the Company and the Purchaser. Includes reimbursement for operating costs incurred prior to the forecast period.
3. Represents the amounts to be drawn under a debtor-in-possession financing facility pursuant to the term sheet dated February 16, 2022.
4. Includes the professional costs of the Proposal Trustee, its counsel and the Company's counsel, and includes fees accrued by the foregoing professionals prior to the forecast period.
5. Includes gas and hydro costs.
6. Includes the one salaried and two hourly employees of the Company.
7. Includes costs associated with information technology ("**IT**") services, telecommunications services, accounting/tax services, WSIB premiums and general office expenses.
8. Represents principal and interest payments to the Company's secured creditor, Mike Sioen Farms Ltd.
9. Includes repairs and maintenance costs to maintain the facility and its production and other equipment. The balance also includes general greenhouse supplies.
10. Includes the cost of one independent contractor engaged as the Company's quality assurance person.

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

FORM 29
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) of the Act)

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario

The attached statement of projected cash flow of Ayanda Cannabis Corporation, as of the 19th day of April 2022, consisting of the period from April 17, 2022 to July 2, 2022, has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto, in the Province of Ontario, this 19th day April 2022.

Richter Inc. (formerly, Richter Advisory Group Inc.) – Licensed Insolvency Trustee
Per:

Adam Sherman

Adam Sherman, MBA, CIRP, LIT
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3
Phone: (416) 488-2305 Fax: (416) 488-3765

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

FORM 29 – ATTACHMENT
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) of the Act)

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario

Purpose:

Ayanda Cannabis Corporation (the “**Company**”) filed a Notice of Intention to Make a Proposal on February 4, 2022. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period April 17, 2022 to July 2, 2022, relating to the filing of a Proposal on April 19, 2022.

This Statement of Projected Cash Flow has been prepared by management on April 19, 2022, based on available financial information at that date in accordance with Section 50(6)(a) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period April 17, 2022 to July 2, 2022, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

- The Company is an early-stage licensed producer of cannabis products. It does not generate revenue and, therefore, no new sales or collections are projected, other than refunds in respect of input tax credits, reimbursements for operating costs in accordance with a Service Agreement dated March 1, 2022 between the Company and 12830353 Canada Inc, and advances made under a DIP facility pursuant to a DIP Term Sheet dated February 16, 2022.

(b) Projected Cash Disbursements

- The projected cash disbursements reflect costs required to maintain the Company's facility, machinery, and equipment, as well as costs associated with limited production, including product testing and quality control.
- The projected disbursements are based on historical data adjusted to reflect the current level of activity and best estimates of the Company.
- Remittances for source deductions and sales taxes are included in the disbursement assumptions based on projected expenditures.

Dated at the City of Toronto in the Province of Ontario, this 19th day April 2022.

Richter Inc. (formerly, Richter Advisory Group Inc.) – Licensed Insolvency Trustee
Per:

Adam Sherman

Adam Sherman, MBA, CIRP, LIT
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3
Phone: (416) 488-2305 Fax: (416) 488-3765

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

- FORM 30 -
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) of the Act)

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario

The management of Ayanda Cannabis Corporation has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 19th day of April 2022, consisting of the period from April 17, 2022 to July 2, 2022.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Norwich, in the Province of Ontario, this 19th day of April 2022.

Michael Sioen

Ayanda Cannabis Corporation

Mike Sioen

Name of Signing Officer

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

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) of the Act)

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario

Purpose:

Ayanda Cannabis Corporation (the “**Company**”) filed a Notice of Intention to Make a Proposal on February 4, 2022. The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period April 17, 2022 to July 2, 2022, relating to the filing of a Proposal on April 19, 2022.

This Statement of Projected Cash Flow has been prepared by management on April 19, 2022, based on available financial information at that date in accordance with Section 50(6)(a) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash Flow Statement. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period April 17, 2022 to July 2, 2022, considering the economic conditions that are considered the most probable by management.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Cash Receipts

- The Company is an early-stage licensed producer of cannabis products. It does not generate revenue and, therefore, no new sales or collections are projected, other than refunds in respect of input tax credits, reimbursements for operating costs in accordance with a Service Agreement dated March 1, 2022 between the Company and 12830353 Canada Inc, and advances made under a DIP facility pursuant to a DIP Term Sheet dated February 16, 2022.

(b) Projected Cash Disbursements

- The projected cash disbursements reflect costs required to maintain the Company's facility, machinery, and equipment, as well as costs associated with limited production, including product testing and quality control.
- The projected disbursements are based on historical data adjusted to reflect the current level of activity and best estimates of the Company.
- Remittances for source deductions and sales taxes are included in the disbursement assumptions based on projected expenditures.

Dated at the City of Norwich, in the Province of Ontario, this 19th day of April 2022.

Michael Sioen

Ayanda Cannabis Corporation

Mike Sioen

Name of Signing Officer

Appendix "E"

April 29, 2022

Estate No. 32-2802344

Notice of Proposal to Creditors
(Section 51 of the Act)

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

To the Creditors of Ayanda Cannabis Corporation

Take notice that on February 4, 2022, Ayanda Cannabis Corporation (the "**Company**") filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**" or the "**Act**"). Richter Inc. (formerly, Richter Advisory Group Inc.) was named as trustee under the Company's NOI (the "**Proposal Trustee**").

On April 19, 2022, the Company filed a proposal (the "**Proposal**") pursuant to section 62 of the Act.

A copy of the Proposal, a condensed statement of the Company's assets and liabilities, a list of the creditors affected by the Proposal and the Report of the Trustee on the Proposal are enclosed herewith. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Proposal.

A general meeting of the creditors will be held at 1:00 p.m. (Toronto time) on May 9, 2022 via online and teleconference (the "**Meeting**"). As the Meeting is to be held remotely, creditors who wish to attend the Meeting are required to complete the attached registration form and return it by email to the Proposal Trustee at the following email address: claims@richter.ca, no later than 5:00 PM (Toronto time) on May 8, 2022.

The creditors or any class of creditors qualified to vote at the Meeting may, by resolution, accept the Proposal either as made or as altered or modified at the Meeting. If so accepted and if approved by the Court, the Proposal will be binding on all the creditors or the class of creditors affected.

Proofs of claim, proxies and voting letters intended to be used at the Meeting must be lodged with the Proposal Trustee prior to the commencement of the meeting.

**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**

T. 416.488.2345
F. 514.934.8603
claims@richter.ca

Richter Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3
www.richter.ca

Montréal, Toronto

Appendix "F"

District of:
 Division No. -
 Court No. 35-2802344
 Estate No. 35-2802344

Original

Amended

-- Form 78 --

Statement of Affairs (Business Proposal) made by an entity
 (Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

In the Matter of the Proposal of
 Ayanda Cannabis Corporation
 in the City of Norwich
 of the Province of Ontario

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of Ayanda Cannabis Corporation affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 19th day of April 2022. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES (as stated and estimated by the officer)		ASSETS (as stated and estimated by the officer)	
1. Unsecured creditors as per list "A"	16,454.80	1. Inventory	0.00
Balance of secured claims as per list "B"	402,174.96	2. Trade fixtures, etc.	0.00
Total unsecured creditors	418,629.76	3. Accounts receivable and other receivables, as per list "E"	
2. Secured creditors as per list "B"	613,998.86	Good	0.00
3. Preferred creditors as per list "C"	2,000.00	Doubtful	0.00
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for	0.00	Bad	0.00
Total liabilities	1,034,628.62	Estimated to produce	0.00
Surplus	NIL	4. Bills of exchange, promissory note, etc., as per list "F" ...	0.00
		5. Deposits in financial institutions	0.00
		6. Cash	37,320.35
		7. Livestock	0.00
		8. Machinery, equipment and plant	347,301.14
		9. Real property or immovable as per list "G"	0.00
		10. Furniture	0.00
		11. RRSPs, RRIIFs, life insurance, etc.	0.00
		12. Securities (shares, bonds, debentures, etc.)	0.00
		13. Interests under wills	0.00
		14. Vehicles	0.00
		15. Other property, as per list "H"	229,377.37
		If debtor is a corporation, add:	
		Amount of subscribed capital	0.00
		Amount paid on capital	0.00
		Balance subscribed and unpaid	0.00
		Estimated to produce	0.00
		Total assets	613,998.86
		Deficiency	420,629.76

I, Mike Sioen, of the City of Norwich in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 19th day of April 2021 and fully disclose all property of every description that is in Ayanda Cannabis Corporation's possession or that may devolve on Ayanda Cannabis Corporation in accordance with the Act.

SWORN before me via videoconference by MIKE SIOEN located in the City of Norwich, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 19th day of April, 2022, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely. ¶

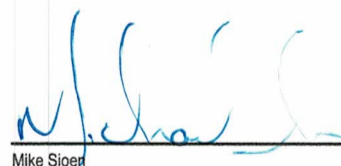
☐



Commissioner for Taking Affidavits ☐

Mitchell W. Grossell ¶

LSO # 69993I ☐



Mike Sioen

District of:
Division No. -
Court No. 35-2802344
Estate No. 35-2802344

FORM 78 – Continued

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario


List "A"
Unsecured Creditors

Ayanda Cannabis Corporation

No.	Name of creditor	Address	Unsecured claim	Balance of claim	Total claim
1	MICHAEL SIOEN FARMS LTD	324 BURFORD DELHI TOWNLIN ROAD Norwich ON N0J 1P0	0.00	402,174.96	402,174.96
2	NATHALIE CAIN	2150 WINDHAM ROAD 19 LASALLE ON N0E 2H0	16,454.80	0.00	16,454.80
Total:			16,454.80	402,174.96	418,629.76

19-Apr-2022

Date



Mike Sioen

District of:
 Division No. -
 Court No. 35-2802344
 Estate No. 35-2802344

FORM 78 – Continued

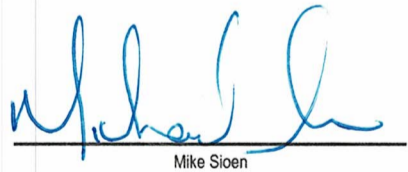
In the Matter of the Proposal of
 Ayanda Cannabis Corporation
 in the City of Norwich
 of the Province of Ontario
 List "B"
 Secured Creditors

Ayanda Cannabis Corporation

No.	Name of creditor	Address	Amount of claim	Particulars of security	When given	Estimated value of security	Estimated surplus from security	Balance of claim
1	MICHAEL SIOEN FARMS LTD	324 BURFORD DELHI TOWNLINE ROAD Norwich ON N0J 1P0	1,016,173.82	Business Assets - Machinery - Property, Plant and Equipment Other - HST receivable and other receivable Other - Prepaid and deposits Cash on Hand - 1 Business Assets - Stock In Trade - Inventory		347,301.14 140,377.37 89,000.00 37,320.35 0.00		402,174.96
Total:			1,016,173.82			613,998.86	0.00	402,174.96

19-Apr-2022

Date



Mike Sioen

District of:
Division No. -
Court No. 35-2802344
Estate No. 35-2802344

FORM 78 – Continued

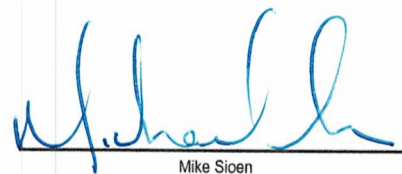
In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario
List "C"
Preferred Creditors for Wages, Rent, etc.

Ayanda Cannabis Corporation

No.	Name of creditor	Address and occupation	Nature of claim	Period during which claim accrued	Amount of claim	Amount payable in full	Difference ranking for dividend
1	NATHALIE CAIN	2150 WINDHAM ROAD 19 LASALLE ON N0E 2H0		-	2,000.00	0.00	2,000.00
Total:					2,000.00	0.00	2,000.00

19-Apr-2022

Date



Mike Sioen

District of:
Division No. -
Court No. 35-2802344
Estate No. 35-2802344

FORM 78 – Continued

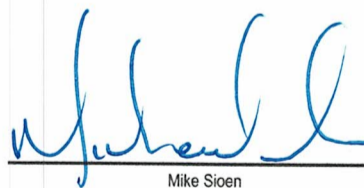
In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario
List "D"
Contingent or Other Liabilities

Ayanda Cannabis Corporation

No.	Name of creditor or claimant	Address and occupation	Amount of liability or claim	Amount expected to rank for dividend	Date when liability incurred	Nature of liability
Total:			0.00	0.00		

19-Apr-2022

Date



Mike Sioen

District of:
 Division No. -
 Court No. 35-2802344
 Estate No. 35-2802344

FORM 78 – Continued

In the Matter of the Proposal of
 Ayanda Cannabis Corporation
 in the City of Norwich
 of the Province of Ontario

List "E"

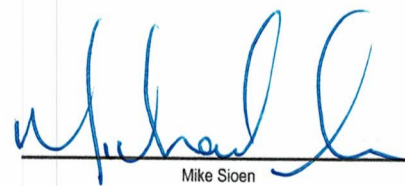
Debts Due to the Debtor

Ayanda Cannabis Corporation

No.	Name of debtor	Address and occupation	Nature of debt	Amount of debt (good, doubtful, bad)	Folio of ledgers or other book where particulars to be found	When contracted	Estimated to produce	Particulars of any securities held for debt
			Total:	0.00 0.00 0.00			0.00	

19-Apr-2022

Date



Mike Sioen

District of:
Division No. -
Court No. 35-2802344
Estate No. 35-2802344

FORM 78 – Continued

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario
List "F"

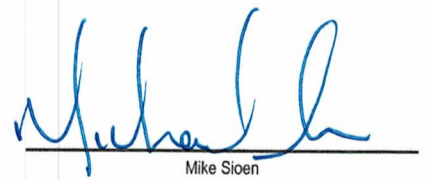
Bills of Exchange, Promissory Notes, Lien Notes, Chattel
Mortgages, etc., Available as Assets

Ayanda Cannabis Corporation

No.	Name of all promissory, acceptors, endorsers, mortgagors, and guarantors	Address	Occupation	Amount of bill or note, etc.	Date when due	Estimated to produce	Particulars of any property held as security for payment of bill or note, etc.
				Total:	0.00		0.00

19-Apr-2022

Date


Mike Sioen

District of:
Division No. -
Court No. 35-2802344
Estate No. 35-2802344

FORM 78 – Continued

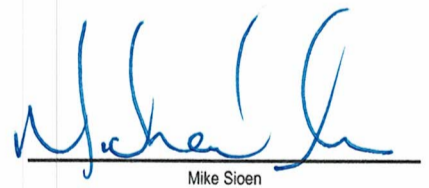
In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario
List "G"
Real Property or Immovables Owned by Debtor

Ayanda Cannabis Corporation

Description of property	Nature of debtor interest	In whose name does title stand	Total value	Particulars of mortgages, hypothecs, or other encumbrances (name, address, amount)	Equity or surplus
Total:			0.00		0.00

19-Apr-2022

Date



Mike Sioen

District of:
 Division No. -
 Court No. 35-2802344
 Estate No. 35-2802344

FORM 78 – Concluded

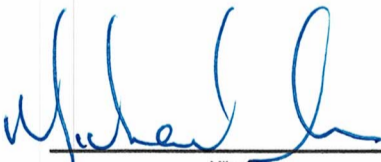
In the Matter of the Proposal of
 Ayanda Cannabis Corporation
 in the City of Norwich
 of the Province of Ontario
 List "H"
 Property

Ayanda Cannabis Corporation
 FULL STATEMENT OF PROPERTY

Nature of property	Location	Details of property	Original cost	Estimated to produce
(a) Stock-in-trade		Inventory	70,598.00	0.00
(b) Trade fixtures, etc.			0.00	0.00
(c) Cash in financial institutions			0.00	0.00
(d) Cash on hand		Cash on hand	37,320.35	37,320.35
(e) Livestock			0.00	0.00
(f) Machinery, equipment and plant		Property, Plant and Equipment	3,473,011.00	347,301.14
(g) Furniture			0.00	0.00
(h) Life insurance policies, RRSPs, etc.			0.00	0.00
(i) Securities			0.00	0.00
(j) Interests under wills, etc.			0.00	0.00
(k) Vehicles			0.00	0.00
(l) Taxes			0.00	0.00
(m) Other		Prepaid and deposits	133,278.00	89,000.00
		HST receivable and other receivable	140,377.37	140,377.37
			Total:	613,998.86

19-Apr-2022

Date



Mike Sioen

Court No. 35-2802344

File No. 35-2802344

In the Matter of the Proposal of
Ayanda Cannabis Corporation
in the City of Norwich
of the Province of Ontario

Form 78 (Bill C-12)
Statement of affairs (Business bankruptcy)

Trustee: Adam Sherman, MBA, CIRP, LIT
License: 3361
Email: asherman@richter.ca

Richter Inc. - Licensed Insolvency Trustee
Per:

Adam Sherman, MBA, CIRP, LIT - Licensed
Insolvency Trustee
181 Bay Street, Suite 3510
Toronto ON M5J 2T3
Phone: (416) 488-2345 Fax: (416) 488-3765

Appendix "G"

**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
OF THE TOWN OF NORWICH
IN THE PROVINCE OF ONTARIO**

**REPORT OF THE PROPOSAL TRUSTEE ON THE
FINANCIAL SITUATION OF THE DEBTOR AND THE PROPOSAL
(Sections 50(5) and 50(10)(b) of the *Bankruptcy and Insolvency Act*)**

This report (the “**Proposal Report**”) provides an outline of the background and financial position of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), including relevant information that should be of assistance to the Company’s creditors in considering their position with respect to the proposal being presented by the Company to its creditors.

Enclosed herewith are the following documents:

- Notice of Proposal to Creditors;
- Proposal under Part III Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c.B-3, as amended (the “**BIA**”), lodged with Richter Inc. (formerly, Richter Advisory Group Inc.) (“**Richter**”), in its capacity as the proposal trustee of Ayanda (in such capacity, the “**Proposal Trustee**”) by the Company and filed with the Official Receiver on April 19, 2022 (the “**Proposal**”);
- The Company’s Statement of Affairs sworn April 19, 2022;
- A Proof of Claim form and general Proxy;
- A Voting Letter; and
- A Registration Form to attend the meeting of creditors to consider and vote on the Proposal.

In preparing this Proposal Report, the Proposal Trustee has relied upon unaudited financial information prepared by the Company’s representatives, its books and records, discussions with the Company’s representatives and its legal counsel. The Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information.

Unless otherwise stated, monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined in the Proposal Report have the meanings attributed to such terms in the Proposal.

Section A – Introduction and Background

The Company is a privately held licenced producer of cannabis. The Company was incorporated under the *Canada Business Corporations Act* in April 2016 as Ayanda Medical Marijuana Corporation. The Company changed its name to Ayanda Cannabis Corporation in November 2018. Mike Sioen (“**Sioen**”) is the Company’s Chief Executive Officer and largest shareholder.

The Company operates from leased premises in a 55,000 square foot single-story cultivation and processing facility (the “**Facility**”) located at 324-372 Burford-Delhi Townline Road, Norfolk County, Ontario. The Facility includes: (i) four cultivation rooms; (ii) five processing rooms; and (iii) secure storage. The Proposal Trustee understands that approximately 15,000 square feet of the Facility is used for cannabis cultivation, production, and processing. The remaining 40,000 square feet of the Facility is unused.

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**”).

Prior to its insolvency proceedings (as discussed below), Ayanda employed approximately four salaried and hourly individuals (the “**Employees**”). The Company did not provide a sponsored pension plan to the Employees and the Employees are not unionized.

The Company has two classes of common shares: Class A shares and Class B shares. The Proposal Trustee understands that the Class A common shares are voting shares issued to the Company’s founders: Sioen, Shanil (Shaun) Ramdhany (“**Ramdhany**”) and Susan Dagge (“**Dagge**”). The Proposal Trustee further understands that the Class B common shares, which are non-voting shares, were issued to various private investors through three “friends and family” equity financing rounds between March 2019 to May 2021.

Events Leading to Ayanda’s Insolvency Proceedings

Ayanda has never earned revenue from the growth of cannabis. Ayanda has been solely dependent on funding from investors to finance the construction of the Facility and its ongoing operating costs, including establishing and maintaining the requisite infrastructure and operations to keep the Health Canada Licences in good standing.

The Proposal Trustee understands that several 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 threats of litigation), certain investors, and senior management, accelerated the deterioration of Ayanda’s financial position.

In the face of a looming liquidity crisis and having exhausted the option to seek additional investment from friends and family, in mid-2021, the Company commenced a process to seek alternative investment opportunities, and subsequently, soliciting interest in the acquisition of Ayanda. Following an extensive sale and investment solicitation process, the Company (with the approval of the Class A voting shareholders) 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 the Company, as vendor, and 12830353 Canada Inc., or its assignee (the “**Purchaser**”), as purchaser.

The Transaction, which requires certain approvals from Health Canada with respect to the Health Canada Licences, was initially proposed to be completed outside of a formal proceeding and structured such that the Class A shareholders would sell their Class A common shares to the Purchaser and engage the “drag-along” provisions in the Company’s shareholders agreement dated as of May 14, 2021 to effect the 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 (the “**Original Transaction Structure**”).

Due to two contingent claims alleged by former shareholders of the Company, as discussed in greater detail below (the “**Alleged Contingent Claims**”), the Company viewed the potential for protracted litigation to defend the Alleged Contingent Claims created risks in respect of Ayanda’s ability to close the Transaction with the Purchaser on a timely basis under the Original Transaction Structure.

The Proposal Trustee understands that, upon the Purchaser becoming aware of the Alleged Contingent Claims, the Purchaser requested certain protections be provided by Ayanda to the Purchaser, such as: (i) a full indemnity from certain Class A shareholders, (ii) a material holdback of the purchase price, to be held in escrow as payment assurance pending the final determination of the Alleged Contingent Claims, and (iii) an additional holdback of the purchase price to fund the legal fees required to defend the Alleged Contingent Claims ((ii) and (iii) together, the “**Holdback**”). If provided, 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, given the threats made in connection with the Alleged Contingent Claims, 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.

Given the circumstances, Ayanda considered it necessary and appropriate to commence insolvency proceedings to complete the Transaction and provide an efficient forum to address the Alleged Contingent Claims in the context of a court-supervised process. On February 4, 2022, (the “**Filing Date**”), Ayanda filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the BIA, and Richter was named as the Proposal Trustee under Ayanda’s NOI proceedings (the “**NOI Proceedings**”).

The primary objectives of the NOI Proceedings were to: (i) create a stabilized environment to allow the Company to complete the Transaction, and (ii) 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, approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), 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.

On March 1, 2022, the Court issued an order, *inter alia*,

- (i) approving the Transaction, which 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 in the SPA), and authorizes and directs the Company to take such steps as may be necessary or desirable to complete the Transaction; and
- (ii) certifying, upon the delivery of the Proposal Trustee’s certificate to the Purchaser (the “**Effective Time**”) that, among other things, all conditions to closing the Transaction have been satisfied or waived, the following will be deemed to have occurred concurrently:
 - a) the vesting of all of Ayanda’s right, title and interest in and to the Excluded Assets in ResidualCo;
 - b) the channeling, assuming and vesting in ResidualCo of the Excluded Liabilities (including the Excluded Contracts (as defined in the SPA);
 - c) 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 herein);
 - d) the vesting of all of the right, title and interest in and to the New Common Shares in the Purchaser; and

- e) 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.

On the same date, the Court issued a further order, *inter alia*,

- (i). 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 between Ayanda and Cardinal Advisory Limited (the "**DIP Lender**");
- (ii). approving certain super-priority charges over all the Company's property, assets and undertakings; and
- (iii). extending the deadline by which Ayanda was required to file its proposal to April 20, 2022.

On April 19, 2022, the enclosed Proposal was filed with the Official Receiver.

Section B – Summary of the Proposal

The description of the Proposal in this Proposal Report is a summary only and is being provided solely for the purpose of assisting Creditors consider the Proposal terms. In the event there is any inconsistency between the summary in this Proposal Report and the Proposal, the terms of the Proposal shall govern. Reference should be made to the Proposal for its specific terms and Creditors are advised to read the Proposal in its entirety. All capitalized terms used in this Section B that are not otherwise defined herein are as defined in the Proposal.

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

- (i) the Proposal is approved by a majority in number and two thirds in value of the Affected Creditors entitled to vote that are present, in person or by proxy, at the Creditors' Meeting;
- (ii) the Proposal is approved by the Court, in accordance with the provisions of the BIA, and the expiration of the appeal period in respect of the Proposal Approval Order; and
- (iii) the closing of the Transaction and the payment of the MSF Claim Amount by the Purchaser to Michael Sioen Farms pursuant to a direction from the Company to the Purchaser.

The date upon which the foregoing conditions are fulfilled or satisfied is hereinafter referred to as the "**Implementation Date**".

Subject to acceptance of the Proposal by the requisite majorities of the Affected Creditors and Court approval, the Proposal provides for a 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) with the expectation that Ordinary Unsecured Creditors with Proven Claims will derive a greater benefit from the distribution contemplated by the Proposal than they would otherwise receive from a bankruptcy of the Company.

As set out in the Proposal, the Proposal provides for the following:

- (i) A payment, by the Purchaser, of the Net Purchase Proceeds (the Transaction proceeds remaining after payment in full of the MSF Claim Amount), to the Proposal Trustee.

- (ii) Subject to the terms and conditions set forth in the 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 the Proposal.
- (iii) All goods supplied and services rendered to the Company after the Filing Date are to be paid, in full, by the Company in the ordinary course of business and on regular trade terms.
- (iv) Upon receipt of the Net Purchase Proceeds, the 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**").
- (v) 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.
- (vi) For purposes of considering and voting on the Proposal, there will be one class of Affected Creditors – Ordinary Unsecured Creditors.
- (vii) In order to be eligible to vote at the Creditors' Meeting, each Affected Creditor shall file a Proof of Claim with the Proposal Trustee in accordance with the applicable provisions of the BIA and shall specify every Claim against Ayanda. Each Affected Creditor will be entitled to vote to the extent of the amount, which has been agreed to by the Proposal Trustee or by the chair of the Creditors' Meeting, for voting purposes at or prior to the Creditors' Meeting. Creditors with Secured Claims, Crown Claims or preferred claims, which are Unaffected Claims, shall not be entitled to vote these claims, as set out in more detail in the Proposal.
- (viii) 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 by the Proposal Trustee. Upon receipt of a completed Proof of Claim, the Proposal Trustee will examine the Proof of Claim and will deal with each filed Claim in accordance with the provisions of the BIA. The Proposal Trustee has the power and authority to determine the quantum, status, and validity of all Claims filed against the Company, including the validity of any security held by Persons claiming to be a Secured Creditor.
- (ix) Within seven (7) calendar days following the Implementation Date, the Proposal Trustee will give notice (the "**Final Dividend Notice**") pursuant to section 149 of the BIA by registered mail to every Person with a Claim (other than Unaffected Claims) of which the Proposal Trustee has notice or knowledge but who did not file a Claim that, if the Creditor does not file a Proof of Claim within thirty (30) days after the mailing of the Final Dividend Notice (the "**Claims Bar Date**"), the Proposal Trustee will proceed to declare a final distribution without regard to any Claim of such Person. In order to receive a distribution from the Net Purchase Proceeds, a Creditor must submit a Proof of Claim prior to the Claims Bar Date.

- (x) 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 in accordance with the BIA. An Affected Creditor with a Disputed Claim is not entitled to receive any distribution under the Proposal with respect to such Disputed Claim unless and until such Claim becomes a Proven Claim.
- (xi) The provisions of sections 95 to 101, inclusively, of the BIA and any other laws relating to preferences, fraudulent conveyances or transfers at undervalue shall not apply to the Proposal.
- (xii) Upon payment by the Proposal Trustee of the: (a) Crown Claims, (b) Preferred Claims, and (c) Proven Claims of the Ordinary Unsecured Creditors, and upon the Proposal Trustee issuing the Certificate of Full Performance, the Proposal Trustee will have discharged its duties as Proposal Trustee and will be entitled to apply for its discharge.
- (xiii) Following the distribution of the Net Purchase Proceeds as set out above, the Proposal Trustee will transfer the remaining Net Purchase Proceeds to the Company's legal counsel, Miller Thomson LLP, for the benefit of ResidualCo and distribution to Equity Claimants, as provided for in Section 6.4 of the Proposal.
- (xiv) Following the distribution of the Equity Fund, ResidualCo will be voluntarily dissolved pursuant to the provisions of the *Business Corporations Act* (Ontario).
- (xv) In the event that the Affected Creditors approve this Proposal but the Transaction does not close, the Proposal may be amended as follows:
 - (a) the Proposal Trustee will call a meeting (the "**Second Creditors' Meeting**") of Affected Creditors within 21 calendar days of receiving notice from the Company that the Transaction did not close;
 - (b) the Company will present an amended proposal (the "**Amended Proposal**") to the Affected Creditors no fewer than 10 calendar days prior to the Second Creditors' Meeting; and
 - (c) the Amended Proposal will be voted on by the Affected Creditors at the Second Creditors' Meeting and must be accepted by the Required Majorities.
- (xvi) The Proposal is offered in full and final satisfaction of the Claims against the Company (with the exception of the Unaffected Claims) and contemplates that, on the Implementation Date, all Claims (other than Unaffected Claims) shall be forever discharged, extinguished and released, save and except for the obligations of ResidualCo to make distributions in accordance with Article 6 of the Proposal. The distributions contemplated under the Proposal will be binding for all purposes upon each Affected Creditor, its heirs, executors, administrators, successors and assigns.
- (xvii) On the Implementation Date, each Affected Creditor will be deemed to have 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 the Proposal.
- (xviii) On the Implementation Date, each Affected Creditor will be deemed to have waived any default by the Debtor or ResidualCo, as applicable, in any provision, express or implied, in any agreement or other arrangement, whether 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. Each Affected Creditor will be deemed to have agreed that, to the extent that there is any conflict between the provisions of any such agreement or other arrangement and the provisions of the Proposal, the provisions of the Proposal take precedence and priority and the provisions of any such agreement or other arrangement are amended accordingly.

- (xix) On the Implementation Date, each Affected Creditor will be deemed to have 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, the Proposal or any of the matters therein.
- (xx) On the Implementation Date, the treatment of all Claims under the Proposal is 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 or in respect of all Affected Claims.

Section C – Financial Position and Causes of Difficulties

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

Ayanda Cannabis Corporation			
Historical P&L			
For the Year Ended			
(in CAD; unaudited)			
	31-Dec-21	31-Dec-20	31-Dec-19
Sales	-	-	-
Expenses			
Payroll Costs	154,467	104,704	736
Rent & Occupancy Costs	17,120	10,591	400
Selling, General & Administrative	305,222	151,299	24,807
Depreciation	234,436	173,747	-
Professional Fees	306,485	84,183	63,439
Bank Charges & Interest	23,896	27,006	3,318
Other Expense/(Income)	-	2,948	884
Total Expenses	1,041,626	554,478	93,584
Net Income/(Loss)	(1,041,626)	(554,478)	(93,584)

Source: Unaudited financial statements provided by Ayanda

As detailed above and as previously noted, Ayanda has never earned revenue and has been dependent on equity financing and shareholder loans to fund the operational expenses of the Company.

Section D – Interim Receiver

Not applicable.

Section E – Identification and Evaluation of Assets

According to the Company’s Statement of Affairs, Ayanda’s assets consist of the following:

Ayanda Cannabis Corporation Summary of Assets as at April 19, 2022 (in CAD; unaudited)			
Asset Description		Book Value	Estimated Realizable Value per SOA
Cash	\$	37,320	\$ 37,320
Inventory		70,598	-
Machinery, equipment and plant, net		3,473,011	347,301
Prepays and deposits		133,278	89,000
HST receivable and other		140,377	140,377
Total	\$	3,854,585	\$ 613,999

Cash

Includes the amounts held in the Company’s bank accounts as at April 19, 2022.

Inventory

According to the Company’s books and records, the net book value of cannabis inventory, as of April 19, 2022, was approximately \$71,000. As Ayanda does not have a licence to sell cannabis products to retail consumers, the estimated realizable value of its cannabis inventory, as reported on its Statement of Affairs, is nil. The Proposal Trustee understands from discussions with management that third party distributors will not purchase such a small amount of inventory from the Company.

Machinery, Equipment and Plant

According to the Company’s books and records, the net book value of the Company’s machinery, equipment and plant assets, as at April 19, 2022, was approximately \$3.5 million, primarily comprised of (i) capitalized costs incurred to construct the Facility, (ii) building infrastructure materials and equipment (greenhouse structure, HVAC, light fixtures, electrical equipment etc.), (iii) cultivation, processing and other equipment used in Ayanda’s cannabis production process, and (iv) office and computer equipment.

The values attributed to the Company’s machinery, equipment and plant assets in the Company’s Statement of Affairs were determined in consultation with an experienced liquidator and considered that recoveries can only be generated from materials and equipment that can be dismantled and/or removed from the Facility, which, for clarity, does not include capitalized construction costs related to design, engineering, legal services, excavation and concrete flooring, among others (such costs are expected to be unrecoverable). Only nominal value can be assigned to the Facility because the Company does not own the land that the Facility is located on and any prospective purchaser would be required to reach terms with the owner of the land.

Prepaid Expenses and Deposits

According to the Company’s books and records, the net book value of the Company’s prepaid expenses and deposits, as at April 19, 2022, was approximately \$133,000.

The balance of the prepaid expenses and deposits includes: (i) approximately \$43,000 related to a refundable building deposit, (ii) approximately \$46,000 related to a refundable deposit in connection with an *Excise Tax Act* licence, (iii) approximately \$40,000 related to a retainer paid to the Proposal Trustee and its counsel, and (iii) approximately \$4,000 of other sundry prepaid expenses and deposits.

The Company has advised the Proposal Trustee that the estimated realizable value attributed to prepaid expenses and deposits in its Statement of Affairs reflects the Company's understanding that only certain of these amounts may be recoverable.

HST Receivable and Other

According to the Company's books and records, the net book value of the Company's HST receivable and other assets, as at April 19, 2022, was approximately \$140,000, of which, approximately \$69,000 relates to HST and approximately \$71,000 relates to a receivable owing from the Purchaser for a reimbursement of operating costs. Pursuant to a Service Agreement dated March 1, 2022 between the Company and the Purchaser, among other things, the Purchaser agreed to reimburse the operating costs of Ayanda while the parties work to close the Transaction.

The Company advised the Proposal Trustee that the value attributed to HST receivable and other in the Company's Statement of Affairs reflects the Company's assessment that the full book balance is recoverable.

Section F – Conduct of the Debtor

As part of its statutory duties under the BIA, the Proposal Trustee has performed a preliminary review of the Company's financial records, including bank statements for the 12-month period immediately preceding the Filing Date (the "**Review Period**") in order to identify: (i) any disbursements greater than \$25,000 that may be considered preferences pursuant to the BIA, and (ii) any transactions that may be considered transfers at undervalue pursuant to the BIA. In addition, the Proposal Trustee made inquiries with certain members of Ayanda's management, including individuals with knowledge of the Company's day-to-day financial transactions, to discuss the potential existence of any such transactions.

Based on its review of the Company's financial records and discussions with Ayanda's management, the Proposal Trustee has not identified any transactions in the Review Period that appear to be at undervalue or that would be otherwise reviewable in accordance with sections 95 to 101 of the BIA.

The Proposal Trustee may continue its review and will provide an update, if necessary, on its review of the Company's financial records at the Creditors' Meeting.

Section G – Creditor Claims

The table below summarizes Ayanda's creditors, as reported on its Statement of Affairs:

Ayanda Cannabis Corporation (in CAD; unaudited)	
Creditor Classification	Estimated Claim per SOA
Secured	\$ 1,016,174
Preferred	2,000
Unsecured	16,455
Contingent	-
Total	\$ 1,034,629

Secured Creditors

Based on the Company's books and records, the Company's only secured creditor is Michael Sioen Farm Ltd. ("**MSFL**"). Sioen is the sole owner of MSFL. Pursuant to a certified search of the *Personal Property Security Registration System* (Ontario) for Ayanda as of April 28, 2022, MSFL is the only secured creditor with a registration under the *Personal Property Security Act* (Ontario) of Ayanda.

As part of its review, the Proposal Trustee, with assistance from its counsel, received and reviewed the underlying loan and security documents from Ayanda evidencing the secured loan. Based on this review, the Proposal Trustee is satisfied that the loan and security documents are valid, and the Company received the cash amounts referred to in the loan agreements.

As the MSF Claim Amount is being paid by the Purchaser to MSFL pursuant to a direction from the Company to the Purchaser and the Proposal Trustee is not making the distribution, the Proposal Trustee did not solicit a security opinion from its counsel.

Priority Creditors

As at the date of this Proposal Report and based on its review of the Company's financial records, the Proposal Trustee is not aware of any potential Priority Creditors.

Preferred Creditors

According to the Company's Statement of Affairs, approximately \$2,000 is owed to Preferred Creditors in respect of outstanding wages earned within six months of the Filing Date.

Based on its review of certain of the Company's financial records, the Proposal Trustee is not aware of any other potential Preferred Claims.

Unsecured Creditors

According to the Company's Statement of Affairs, unsecured creditors of Ayanda are owed approximately \$16,000.

Contingent Creditors

The potential Alleged Contingent Claims are summarized as follows:

- (i) in late January 2022, Ayanda received correspondence from litigation counsel for Douglas James Cook ("**Cook**"), Ayanda's former Chief Medical Officer, claiming significant damages against the Company and advising that Cook would commence an action against Ayanda and others based on allegations of unjust enrichment and oppression in the amount of \$400,000. As of today's date, the Proposal Trustee is not aware that such an action was commenced by Cook; and
- (ii) on January 17, 2022, Ayanda was contacted by litigation counsel for Ramdhany, 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.

The Proposal Trustee notes that Ayanda denies the validity of the potential Alleged Contingent Claims. As of the date of this Proposal Report, the Proposal Trustee has not received any further information/documentation from Cook or Ramdhany in support of the potential Alleged Contingent Claims. If Proofs of Claim are received by the Proposal Trustee, the Proposal Trustee will review such potential Alleged Contingent Claims in accordance with the provisions of the BIA.

Section H – Previous Dealings with the Company

The undersigned Proposal Trustee confirms that neither he nor the firm with which he is related has provided previous services to the Company in any capacity other than consulting with the Company in connection with a previous shareholder dispute. The Proposal Trustee further confirms that he does not have any knowledge of any conflict of interest situation arising from the acceptance of this appointment as Proposal Trustee under the Proposal.

Section I – Informal Meetings with Major Creditors

Given the nature and number of Ayanda's known creditors, which comprises MSFL and one former employee, coupled with the Company's expectation that all Affected Claims are to be paid in full, the Proposal Trustee understands that no such meetings have taken place.

Section J – Remuneration of Proposal Trustee

Payment of the fees and expenses of the Proposal Trustee, including the legal fees and disbursements of the Proposal Trustee, are provided for in the Proposal.

Section K - Cash Flow Statement

In accordance with the BIA, the Proposal Trustee reviewed the cash flow statement and assumptions for the period April 17, 2022 to July 2, 2022 that were prepared by management of the Company (the "**Cash Flow Statement**") and that were filed with the Official Receiver. In reviewing the Cash Flow Statement, nothing has come to the Proposal Trustee's attention that would lead the Proposal Trustee to believe that the hypothetical and probable assumptions used by Ayanda in the preparation of the Cash Flow Statement are inconsistent with the purpose of the Cash Flow Statement.

Section L – Statement of Estimated Realizations

Proposal Accepted

Should the Proposal be approved by both the Creditors and 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 Equity Claimants on a *pro rata* basis.

Proposal Not Accepted

If the Proposal is not accepted, Ayanda would become bankrupt and its assets would vest with the trustee in bankruptcy, subject to the rights of the Company's secured creditors.

In such a scenario, the Transaction would not be completed, and it appears unlikely that there would be any funds from the liquidation of the Company's assets to support a distribution to the Company's Unsecured Creditors. As reported by the Company on its Statement of Affairs, absent the closing of the Transaction, the estimated realizations from the Company's assets would be insufficient to satisfy the secured claim of to MSFL. The Proposal Trustee prepared its own analysis of the estimated realizable values of Ayanda's assets. Based on that analysis, the Proposal Trustee is of the view that the recoverable values attributed to the Company's assets on its Statement of Affairs appear reasonable.

Section M – Recommendations

Based on the analysis set out in this report, the Proposal Trustee is of the view that the Proposal is preferable to a bankruptcy, as it contemplates a full recovery to the Company's Affected Creditors and a significant distribution to Ayanda's Class B shareholders, both of which are estimated to receive no recoveries in a bankruptcy scenario.

Accordingly, based on all of the above, the Proposal Trustee strongly recommends the acceptance of the Proposal by Ayanda's Creditors.

Section N – Meeting of Creditors

In completing the Proof of Claim form enclosed herewith, Creditors should only include all amounts outstanding as at the Filing Date.

It is expressly noted and should be clearly understood that Richter, acting solely in its capacity as Proposal Trustee, assumes no responsibility for any Claims against the Company before, on, or after the Filing Date.

The Creditors' Meeting to consider and vote on the Proposal shall take place at 1:00 p.m. (Toronto time) on **May 9, 2022**. Due to COVID-19, the Creditors' Meeting shall be held both via online and teleconference. Creditors who wish to attend the Creditors' Meeting are required to complete a registration form and return it by email to the Proposal Trustee at the following email address: claims@richter.ca, no later than **5:00 PM (Toronto time) on May 8, 2022**.

The only Persons entitled to attend and speak at the Creditors' Meeting are representatives of the Company and its legal counsel and advisors, the Proposal Trustee and its legal counsel, the Official Receiver, and all other Persons entitled to vote at the Creditors' Meeting and their respective legal counsel and advisors. Any other Person may be admitted to the Creditors' Meeting on invitation of the Proposal Trustee and / or the chair of the Creditors' Meeting.

Please note that in order for your vote to count in connection with the Proposal, it is necessary that you complete and submit the enclosed documents prior to the meeting.

Creditors who do not wish to attend or be represented at the meeting but who wish to vote, may forward their Proofs of Claim and voting letters to the Proposal Trustee so as to be received prior to the Creditors' Meeting.

Should you have any questions in connection with the Proposal or this report, please contact Mr. Adam Zeldin at (416) 646-7390 or via email at azeldin@richter.ca.

Dated at Toronto, Ontario, this 29th day of April, 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

Appendix "H"

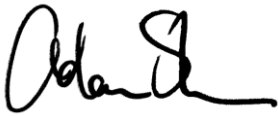
Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the Act)

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

Take notice that an application will be made to the Ontario Superior Court of Justice (Commercial List), via videoconference at the following link <https://tgf-ca.zoom.us/j/84601201123?pwd=YkILb3VRTzRPQzVkRFhoYkhiS3Z2QT09>, on the 3rd day of June 2022, at 11:30 A.M. to approve the proposal of Ayanda Cannabis Corporation, that was accepted by the creditors at a meeting held on the 9th day of May 2022.

Dated at the City of Toronto, in the Province of Ontario, this 19th day of May 2022.

Richter Inc. (formerly, Richter Advisory Group Inc.)
Trustee acting *in re* the proposal of
Ayanda Cannabis Corporation



Adam Sherman, MBA, CIRP, LIT

Notice of Hearing of Application for Court Approval of Proposal
(Paragraph 58(b) of the Act)

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

Take notice that this is an update to the notice dated May 19, 2022 to correct the time of an application to be made to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") to approve the proposal of Ayanda Cannabis Corporation, that was accepted by the creditors at a meeting held on the 9th day of May 2022 (the "**Application**"). The Application will be made to the Court, via videoconference at the following link <https://tgf-ca.zoom.us/j/84601201123?pwd=YkILb3VRTzRPQzVkrFhoYkhiS3Z2QT09>, on the 3rd day of June 2022, at **11:00 A.M.**

Dated at the City of Toronto, in the Province of Ontario, this 25th day of May 2022.

Richter Inc. (formerly, Richter Advisory Group Inc.)
Trustee acting *in re* the proposal of
Ayanda Cannabis Corporation



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Appendix "I"

**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**

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 Inc. (formerly, 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

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;

- (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

Following the distribution of the Net Purchase Proceeds in accordance with Section 6.1 of this Proposal, 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 Inc. (formerly, 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 19th day of April, 2022.

AYANDA CANNABIS CORPORATION

By: 

Name: Michael Sioen

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

Appendix "J"

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 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;
- (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

~~Following~~ 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@millertomson.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 8.8. 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 8.8.

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 ~~19~~⁹th day of ~~April~~^{May}, 2022.

AYANDA CANNABIS CORPORATION

By: _____

Name: Michael Sioen

Title: Chief Executive Officer

I have authority to bind the corporation.

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

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

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

By: _____
Name: Adam Zeldin
Title: Vice President

Appendix "K"

DISTRICT OF ONTARIO
Division No. 05 – London
Court No. 35-2802344
Estate No. 35-2802344

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

MINUTES OF THE FIRST MEETING OF CREDITORS

Minutes of the First Meeting of Creditors (the “**Meeting**”) of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”), held via videoconference on Monday, May 9, 2022 at 1:00 p.m.

ATTENDANCE

Adam Sherman, Richter Inc. (Proposal Trustee)
Carol O’Donnell, Richter Inc. (Proposal Trustee)
Mitch Grossell, Thornton Grout Finnigan LLP (Proposal Trustee Counsel)
Michael Sioen, Ayanda Cannabis Corporation
Larry Ellis, Miller Thomson LLP (Ayanda Counsel)

Additional attendees (the “**Attendees**”) are recorded as per the attached list.

CALL TO ORDER

The Chairperson (as hereinafter defined) called the Meeting to order at 1:20 p.m. following the resolution of certain videoconferencing issues among the Attendees.

Adam Sherman, Senior Vice President of Richter Inc. (“**Richter**” or the “**Proposal Trustee**”) informed the Attendees that he would be chairing the Meeting (the “**Chairperson**”), as a nominee of the Official Receiver, pursuant to Section 51(3) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and that any question or dispute arising at the Meeting would be decided by the Chairperson, and that any creditor may appeal the decision of the Chairperson to the Court.

The Chairperson declared the Meeting properly called, and a quorum being present, the Meeting was duly constituted.

The Chairperson introduced Ms. C. O’Donnell of Richter, Mr. M. Grossell of Thornton Grout Finnigan LLP, legal counsel for the Proposal Trustee, and Mr. L. Ellis of Miller Thomson LLP, legal counsel for Ayanda.

The Chairperson advised the Attendees that the following documents (many of which were previously provided to Ayanda's creditors), were available for review upon request:

- Proposal of Ayanda Cannabis Corporation;
- Report of the Proposal Trustee on the Financial Situation of the Debtor and the Proposal (the "**Proposal Trustee's Report**");
- Cash-flows;
- Company's Report on Cash-flows;
- Proposal Trustee's Report on Cash-flows;
- Statement of Affairs;
- Notices to Creditors;
- Affidavits of Mailing for the Notices to Creditors; and
- Claims register, Proxies and Voting Letters.

The Chairperson advised the Attendees that the purpose of the Meeting was to:

- Provide additional information to Ayanda's creditors in respect of the Company;
- Provide an opportunity for the Company's creditors to ask questions in connection with the Company and/or its Proposal;
- Consider and vote on Ayanda's Proposal; and
- Appoint estate inspectors.

TRUSTEE'S REPORT TO CREDITORS ON THE PROPOSAL

All Attendees advised that they had received and reviewed the Proposal Trustee's Report.

The Chairperson provided a brief overview of the background of the Company and the causes for its financial difficulties, as detailed in the Proposal Trustee's Report. The Chairperson noted that, in the face of a looming liquidity crisis, and after considering all options, the Company (with the approval of its voting shareholders) entered into a transaction for the sale of all of its issued and outstanding shares (the "**Transaction**"). However, due to certain alleged contingent claims, Ayanda considered it necessary and appropriate to commence insolvency proceedings to complete the Transaction and provide an efficient forum to address the alleged contingent claims.

The Chairperson confirmed that the Proposal provided for the net proceeds from the Transaction (after payment in full of the secured claim in favour of Michael Sioen Farms Ltd.) to be distributed among proven unsecured creditors with any remaining funds to be distributed to shareholders, as set out in the Proposal.

The Chairperson advised that, in the Proposal Trustee's view, the Proposal was advantageous since it was anticipated that, should the Proposal be implemented, the claims of proven unsecured creditors would be paid in full. Alternatively, if the Proposal was not accepted, the Company would be deemed bankrupt, effectively terminating the Transaction. In a bankruptcy scenario, proven unsecured creditors (and shareholders) were estimated to receive no recoveries.

QUESTION / DISCUSSION PERIOD

The Chairperson invited questions from the floor.

Several of the Attendees inquired about the anticipated timing for distributions to shareholders pursuant to Section 6.4 of the Proposal. After some discussion, Section 6.4 of the Proposal was amended, as follows (the “**Amended Proposal**”):

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.

VOTING ON THE AMENDED PROPOSAL

After settling the amendments to the Proposal, the Chairperson moved for the creditors to vote on the Amended Proposal. The Chairperson explained the voting procedure at the Meeting and explained that only those creditors that had filed a proof of claim with the Proposal Trustee prior to the Meeting and/or held a valid proxy (where applicable) were eligible to vote at the Meeting.

The Chairperson advised the Attendees of the following in connection with the vote:

- two (2) proofs of claim totaling \$1,167,073.00 had been filed with the Proposal Trustee prior to the Meeting; and
- the proof of claim filed by S. Ramdhany (\$1,148,618.20) shortly prior to the Meeting was marked as objected to for the purposes of the Meeting because the Proposal Trustee was not in a position to value the claim for the purposes of voting at or prior to the Meeting.

Following a brief discussion of the above, the Amended Proposal was unanimously approved by those creditors entitled to vote on the resolution.

The Chairperson confirmed that Mr. Ramdhany, whose proof of claim was marked as objected to for the purposes of voting, did not wish to take a position on the resolution considering the Amended Proposal.

COURT APPROVAL OF THE AMENDED PROPOSAL

The Chairperson advised the Attendees that, in accordance with the BIA, the Proposal Trustee would make an application to the Ontario Superior Court of Justice (Commercial List) for court approval of the Amended Proposal.

APPOINTMENT OF INSPECTORS

The Chairperson advised the Meeting of the role of inspectors in the administration of Ayanda's Amended Proposal and inquired if there were any individuals willing to act in this capacity. The following individuals expressed their desire to act as inspectors in Ayanda's Amended Proposal:

- Vicki Ringelberg
- Natalie Cain

The Chairperson asked if any other individuals, in addition to the people named above, wished to be an inspector. None of the other Attendees expressed an interest in acting as an inspector.

There being no objections to the above list of potential inspectors, the motion to appoint the above-named individuals as inspectors was carried unanimously.

ADJOURNMENT

There being no further business, it was unanimously resolved that the Meeting be adjourned. The Meeting was adjourned by the Chairperson at approximately 2:45 p.m.



Adam Sherman, Chairperson

Ayanda Cannabis Corporation
Attendance register for Meeting of Creditors
on May 9, 2022

Name	Company	POC Filed	E-mail
Shanil Ramdhany	Individual creditor	Yes	shaun.ramdhany@gmail.com ;
Natalie Cain	Individual creditor	Yes	nataliecain0@gmail.com ;
Mitch Grossell	Thornton Grout Finnigan LLP		Mgrossell@tgf.ca ;
Adam Sherman	Richter Inc. (Proposal Trustee)		asherman@richter.ca ;
Mike Sioen	Ayanda Cannabis Corporation		mike@ayandacanncorp.com ;
Vicki Ringelberg	Ayanda Cannabis Corporation		vicki@ayandacanncorp.com ;
Larry Ellis	Miller Thomson		lellis@millertthomson.com ;
Carol O'Donnell	Richter Inc.		codonnell@richter.ca
Monique Sassi	Cassels Brock & Blackwell LLP		msassi@cassels.com ;

Appendix "L"

ONTARIO
SUPERIOR COURT OF JUSTICE
(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 ADAM SHERMAN
(sworn May 25, 2022)

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 "**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 under the Company's NOI (the "**Proposal Trustee**"). Ayanda's NOI proceeding is hereinafter referred to as the "**NOI Proceeding**".
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 (the "**Proposal**"), under Part III, Division I of the BIA with the Proposal Trustee, which Proposal, as amended on May 9, 2022, was approved by the Company's creditors at the first meeting of creditors held on May 9, 2022.

6. During the NOI Proceeding, the Proposal Trustee rendered two (2) invoices on this matter for the period from February 1, 2022 to May 20, 2022 (the “**Period**”). During the Period, the Proposal Trustee provided services and incurred disbursements with respect to services provided, in the amounts of \$130,375.00 and \$380.26, respectively, plus Harmonized Sales Tax of \$16,998.18, for a total amount of \$147,753.44. The Proposal Trustee’s invoices include work undertaken by the Proposal Trustee to, among other things, support the Company in its preparations for the filing of the NOI, assist the Company in the formulation of its Proposal, and fulfill its obligations as Proposal Trustee in the administration of the Company’s NOI/Proposal 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**”).
7. 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.
8. Richter, in its capacity as Proposal Trustee, filed one report with the Court with respect to the NOI Proceeding (the “**First Report**”). Contemporaneous with the filing of this Affidavit, the Proposal Trustee files its second report to the Court with respect to the NOI Proceeding (the “**Second Report**”, and together with the First Report, the “**Reports**”). Details of the activities undertaken, and services provided by the Proposal Trustee, as applicable, in the within proceedings are described in the Reports and incorporated herein by reference.
9. In the course of performing its duties as Proposal Trustee, Richter staff has expended a total of 229.10 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 NOI Proceeding 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 is \$569.07.
10. The Proposal Trustee requests this Court approve its Accounts for the Period, in the total amount of \$130,755.26 (excluding HST) for services rendered and recorded during the Period.
11. Thornton Grout Finnigan LLP (“**TGF**”), as counsel to the Proposal Trustee, has provided legal services to the Proposal Trustee throughout the NOI Proceeding 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.
12. 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.

13. I verily believe that the fees and disbursements incurred by the Proposal Trustee and TGF are fair and reasonable in the circumstances.
14. This Affidavit is sworn in connection with a motion for an Order of this 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 25th day of May, 2022. The affiant was located in the City of Vaughan, in the Province of Ontario and the Commissioner was located in the City of Toronto, in the Province of Ontario. This Affidavit was commissioned remotely as a result of COVID-19 and was administered in accordance with *Ontario Regulation 431/20*.



Commissioner for taking affidavits
in the Province of Ontario

Mitchell W. Grossell
LSO # 699931



Adam Sherman

This is Exhibit "A" referred to in the Affidavit of
Adam Sherman, sworn on May 25, 2022

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
Statement of Account**

Exhibit A

<u>Invoice #</u>	<u>Period</u>	<u>Fees</u>	<u>Disbursements</u>	<u>Total Before HST</u>	<u>HST</u>	<u>Total</u>
20407265	February 1, 2022 to February 28, 2022	61,568.75	163.41	\$ 61,732.16	8,025.18	69,757.34
20407458	March 1, 2022 to May 20, 2022	68,806.25	216.85	\$ 69,023.10	8,973.00	77,996.10
Total		\$ 130,375.00	\$ 380.26	\$ 130,755.26	\$ 16,998.18	\$ 147,753.44

This is Exhibit "B" referred to in the Affidavit of
Adam Sherman, sworn on May 25, 2022

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
Statement of Account**

Exhibit B

Staff Member	Number of Hours	Hourly Rate	Amount
Senior Vice President			
A. Sherman	61.00	\$795.00	\$48,495.00
Vice-President			
A. Zeldin	128.65	\$550.00	\$70,757.50
Manager			
S. Connolly	4.75	\$375.00	\$1,781.25
Analyst			
J. Caylor	11.75	\$250.00	\$2,937.50
Administration			
C. O' Donnell	13.40	\$300.00	\$4,020.00
K. Le	6.80	\$300.00	\$2,040.00
V. Coupal	2.75	\$125.00	\$343.75
Total	229.10		\$130,375.00
Blended average hourly rate:	\$ 569.07		

This is Exhibit "C" referred to in the Affidavit of
Adam Sherman, sworn on May 25, 2022

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: 3/10/2022
Invoice No.: 20407265
Engagement No.: 2022585
Payment Terms: Due on Receipt

RE: Notice of Intention to Make a Proposal

Professional services rendered to February 28, 2022 \$ 61,568.75

Disbursements 163.41

Sub-Total 61,732.16

GST/HST #885435842 RT0001 8,025.18

Total Due CAD **\$ 69,757.34**

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.: 20407265
Date: 3/10/2022

Fees

Name	Hours	Rate	Amount
Adam Sherman	32.00	\$ 795.00	\$ 25,440.00
Adam Zeldin	55.70	550.00	30,635.00
Carol O'Donnell	1.20	300.00	360.00
Jack Caylor	4.50	250.00	1,125.00
Ken Le	6.80	300.00	2,040.00
Shane Connolly	4.75	375.00	1,781.25
Vicky Coupal	1.50	125.00	187.50
	106.45		\$ 61,568.75

Disbursements

Notice to Creditors			\$ 163.41
			\$ 163.41

Invoice No.: 20407265
Date: 3/10/2022

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
2/1/2022	Adam Sherman Calls with M. Sioen. Call with L. Ellis. Emails with M Sioen re engagement. Emails/discussions with Richter team. Emails with V. Ringelberg.	1.50	\$ 795.00	\$ 1,192.50
2/1/2022	Adam Zeldin Emails/discussions A. Sherman re filing matters. Emails/call with V. Ringelberg re preparation of filing documents, creditors list, CF matters, other matters. Discussions with Richter team re filing matters.	2.50	550.00	1,375.00
2/2/2022	Ken Le Prepare documents for NOI filing; email communication with A. Zeldin.	0.80	300.00	240.00
2/2/2022	Adam Sherman Emails/call with L. Ellis. Call with M. Sioen. Discussions with Richter team.	1.00	795.00	795.00
2/2/2022	Adam Zeldin Emails with V. Ringelberg re creditors list, other filing matters. Discussions with Richter team. Review first draft of filing documents, comment on same. Review of creditors list.	1.10	550.00	605.00
2/3/2022	Ken Le Revise Form 33 & EIS; update supplementary mailing list; revise creditors list in Ascend.	1.25	300.00	375.00
2/3/2022	Adam Sherman Sign consent and EIS. Review/provide comments on filing docs. Emails/discussions with Richter team. Emails from V. Ringelberg. Call with M. Sioen.	1.00	795.00	795.00
2/3/2022	Adam Zeldin Review/comment on updated filing documents. Emails/calls with V. Ringelberg/M. Sioen/MT re filing matters/documents. Discussions with Richter team.	2.80	550.00	1,540.00
2/4/2022	Ken Le Amend Form 33, EIS and supplementary mailing list; E-file documents with the OSB; create website and post Certificate; numerous communications with A. Zeldin; telephone call with OSB.	2.20	300.00	660.00
2/4/2022	Adam Sherman Emails/call with L. Ellis. Calls with M. Sioen. Emails/call with L. Ellis/B. Thornton re Trustee counsel. Emails with M. Sioen/MT re filing docs. Emails/discussions with Richter team. Email from OSB re Certificate.	2.00	795.00	1,590.00
2/4/2022	Adam Zeldin	2.10	550.00	1,155.00

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
	Discussions with Richter team re updating/finalizing filing documents. Emails with OSB/Richter team/Company/MT re filing matters.			
2/5/2022	Adam Sherman Email from L. Ellis. Emails with TGF.	0.20	795.00	159.00
2/5/2022	Adam Zeldin Review of email from MT re next steps. Emails with TGF. Emails with V. Ringelberg re CF matters.	0.80	550.00	440.00
2/7/2022	Adam Sherman Call with TGF re next steps. Email from M. Sioen re shareholder letter. Email from MT re draft transaction closing agenda. Email from TGF re retainer letter. Emails/discussions with A. Zeldin. Call with M. Sioen.	1.50	795.00	1,192.50
2/7/2022	Adam Zeldin Call/emails with TGF re next steps. Review of CF forecast, emails with V. Ringelberg re same. Discussions with Richter team.	1.30	550.00	715.00
2/8/2022	Adam Sherman Review/provide comments on transaction closing agenda, including call with TGF/MT re same and next steps. Email from MT attaching ground lease and litigation docs. Discussions with A. Zeldin.	1.50	795.00	1,192.50
2/8/2022	Adam Zeldin Call with TGF re Closing Agenda, SPA, CF/DIP, related matters. Call with TGF/MT re Closing Agenda, CF/DIP, other. Discussions with Richter team. Review of SPA, Closing Agenda, lease, other docs. Review/update CF, call/emails with V. Ringelberg re same.	4.20	550.00	2,310.00
2/9/2022	Ken Le Prepare French documents to include in the mailing to creditors; prepare mailing labels; email communication with the OSB and A. Zeldin.	0.65	300.00	195.00
2/9/2022	Vicky Coupal Review Notice to Creditors, including translation and follow up with K. Le.	0.75	125.00	93.75
2/9/2022	Adam Sherman Email from MT re S. Ramdhany, company docs in his possession and CRA audit. Emails/call with TGF/Cassels re S. Ramdhany claim, return of company docs. Emails/discussion with A. Zeldin re creditor notice. Emails/call with M. Sioen.	1.50	795.00	1,192.50
2/9/2022	Adam Zeldin	2.10	550.00	1,155.00

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
	Call with Cassels/TGF re S. Ramdhany, records in his possession, review emails from TGF/MT re same. Review/update CF, emails with V. Ringelberg re same. Update/finalize creditor notice, mailing lists. Prepare Form 29/30.			
2/10/2022	Ken Le Update supplementary mailing list and communication with A. Zeldin.	0.15	300.00	45.00
2/10/2022	Adam Sherman Call/emails with M. Sioen. Email from MT re draft shareholder letter, including comments on same. Email from TGF re draft shareholder letter. Review draft cashflow projection. Emails/discussions with A. Zeldin. Email from MT re final shareholder letter.	1.50	795.00	1,192.50
2/10/2022	Adam Zeldin Review/update Form 29/30. Review/comment on MT's letter to Ayanda shareholders, emails with TGF re same. Review/update CF. Begin drafting First Report. Discussions with Richter team re creditor notice, email to Ayanda/MT re same.	2.80	550.00	1,540.00
2/11/2022	Ken Le Post Notice to Creditors to website, efile with the OSB; Email of Notice to Creditors; prepare updated mailing labels and postage form; communication with A. Zeldin.	1.50	300.00	450.00
2/11/2022	Adam Sherman Email from OSB re filing of cashflow. Emails/discussion with A. Zeldin re cashflow and associated reports. Email from MT re creditor notice. Emails with TGF re location of NOI filing and transfer to Commercial List. Email from Cassels re Ramdhany claim.	1.50	795.00	1,192.50
2/11/2022	Adam Zeldin Review TGF letter/emails re transfer to Commercial List. Finalize creditor notice, arrange mailing of same. Update CF/Form 29/30, email to Ayanda/MT re same. Discussions with Richter team. Review of emails from Cassels/TGF re S. Ramdhany claim.	2.50	550.00	1,375.00
2/11/2022	Jack Caylor Correspondence with A. Zeldin re historical financials. Prepare summarized historical financials and commentary for report.	1.75	250.00	437.50
2/12/2022	Adam Sherman Email from MT to N. Cain re claim.	0.10	795.00	79.50
2/13/2022	Adam Sherman Email from N. Cain re claim, including subsequent email from TGF/MT re same.	0.20	795.00	159.00

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
2/14/2022	Adam Sherman Review/sign cashflow and Trustee report. Emails/call with M. Sioen re cash flow/debtor report. Emails/discussions with A. Zeldin. Call with TGF/MT re cashflow, DIP, transaction, other related matters. Email from TGF to Cassels re Ramdhany claim.	1.50	795.00	1,192.50
2/14/2022	Adam Zeldin Finalize CF/Form 29/30. Discussions with Richter team. Review of emails from MT/N. Cain/TGF re employee claim, books and records, other. Call with TGF/MT re cashflow, DIP, transaction, other related matters. Emails/calls with TGF/MT/Ayanda.	3.10	550.00	1,705.00
2/15/2022	Carol O'Donnell Discussion with A. Zeldin, email to OSB regarding cash flow.	0.20	300.00	60.00
2/15/2022	Adam Sherman Review/provide comments on draft Hyde affidavit. Emails/discussions with A. Zeldin. Email from MT to N. Cain re Company records. Email from M. Sioen re Company records in possession of N. Cain. Email from TGF re Hyde affidavit.	1.50	795.00	1,192.50
2/15/2022	Adam Zeldin Review/comment on draft Hyde affidavit, emails/calls with TGF re same. Emails with J. Caylor re PPE. Emails with V. Ringelberg re CF, secured loans, other. Emails with TGF re employee claim. Updates to First Report.	2.90	550.00	1,595.00
2/15/2022	Jack Caylor Review PPE GL and prepare summary of same.	0.75	250.00	187.50
2/16/2022	Adam Sherman Emails with MT/TGF re Hyde affidavit. Emails from MT attaching draft RVO, updated Hyde affidavit, other docs. Email from TGF re transfer of matter to Commercial List, including draft order re same. Emails/discussions with A. Zeldin.	1.20	795.00	954.00
2/16/2022	Adam Zeldin Review of draft AVO. Emails with TGF/MT re Hyde affidavit, AVO, transfer to Commercial List, other. Review/update First Report. Call with D. Hyde/TGF/MT. Discussions with Richter team.	4.20	550.00	2,310.00
2/16/2022	Shane Connolly Review SPA and update Trustee's First Report for same.	3.00	375.00	1,125.00
2/17/2022	Adam Sherman	1.50	795.00	1,192.50

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
2/17/2022	Email from MT re DIP term sheet, including emails with TGF on same. Call with TGF/MT re various matters. Emails/discussions with A. Zeldin. Email from MT re further revised Hyde affidavit. Adam Zeldin Call with MT/TGF re sale approval motion matters. Review/comment on DIP term sheet, and emails with TGF. Discussions with Richter team. Review/update First Report. Call/emails with liquidator. Emails/call with MT re Hyde affidavit. Review data room info.	4.60	550.00	2,530.00
2/17/2022	Shane Connolly Review revised DIP term sheet and update Trustee's First Report re same. Communications with A. Zeldin re Trustee's First Report, SPA and DIP term sheet.	1.75	375.00	656.25
2/18/2022	Carol O'Donnell Verify bank for wire transfer, update deposit statement. Prepare wire transfer.	0.50	300.00	150.00
2/18/2022	Adam Sherman Emails from MT re current draft of NoM, Hyde affidavit, additional relief order, final DIP term sheet, including emails with TGF on same. Emails/discussions with A. Zeldin.	1.50	795.00	1,192.50
2/18/2022	Adam Zeldin Review/comment on updated Hyde affidavit, draft DIP/Stay Extension order. Review of comments from TGF re same and emails/calls with TGF re same. Updates to First Report. Discussions with Richter team.	3.45	550.00	1,897.50
2/18/2022	Jack Caylor Correspondence with A. Zeldin re updating financial charts for report. Update financials per discussion. Review historical M&A fees to support M&A advisor's fee structure. Review 2021 Firmex M&A fee report.	2.00	250.00	500.00
2/21/2022	Adam Sherman Review/provide comments on Sioen affidavit, including emails with TGF. Emails from MT re Sioen GSA, signed DIP agreement. Emails/discussions with A. Zeldin.	1.50	795.00	1,192.50
2/21/2022	Adam Zeldin Review/comment on Sioen affidavit, emails with TGF. Emails with V. Ringelberg re equipment, other historical financial matters. Review of December 2021 financials. Discussions with Richter team.	2.25	550.00	1,237.50
2/22/2022	Vicky Coupal Affidavit of K. Le re: Notice to Creditors.	0.75	125.00	93.75
2/22/2022	Adam Sherman	3.50	795.00	2,782.50

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
2/22/2022	Review/revise First Report. Calls/emails with interested parties. Email from MT re update NoM. Email from TGF re comments on RVO/NoM. Call with A. Moskowitz re Ayanda equipment. Emails/discussions with A. Zeldin. Email from MT re service of NoM. Adam Zeldin Call with TGF re revised AVO. Respond to enquiries from interested parties. Review/comment on NoM. Review/update First Report, liquidation analysis. Discussions with A. Sherman.	2.70	550.00	1,485.00
2/23/2022	Carol O'Donnell Post documents to website and file with the OSB.	0.50	300.00	150.00
2/23/2022	Adam Sherman Review/revise/update First Report. Review liquidation analysis. Emails from TGF re various matters. Emails/discussions with A. Zeldin.	2.50	795.00	1,987.50
2/23/2022	Adam Zeldin Review motion record. Emails with MT re third-party releases. Review/update liquidation analysis. Review/update First Report. Emails with TGF. Discussions with Richter team.	3.40	550.00	1,870.00
2/24/2022	Adam Sherman Emails from TGF re First Report, liquidation analysis, account for period ending 2 18 2022. Emails with MT re Trustee report, factum, other related matters. Finalize/sign First Report. Emails/discussions with Richter team.	3.00	795.00	2,385.00
2/24/2022	Adam Zeldin Review of counsel comments on First Report. Review/update/finalize First Report, calls/emails with TGF/Richter team/MT re same. Emails/calls with V. Ringelberg re First Report, related matters.	5.10	550.00	2,805.00
2/25/2022	Ken Le Post document on website and efile a copy to the OSB.	0.25	300.00	75.00
2/25/2022	Adam Sherman Email from TGF re service of First Report. Email from MT re draft factum, including TGF email re same. Email from MT re service of Factum.	0.30	795.00	238.50
2/25/2022	Adam Zeldin Arrange for service and posting to website of First Report. Emails with TGF. Review/comment on Factum, emails with TGF/MT re same.	0.80	550.00	440.00

Invoice No.: 20407265
Date: 3/10/2022

Date	Name and Description	Hours	Rate	Amount
2/28/2022	Adam Sherman Emails with MT/TGF re Court tomorrow. Email from Cassels re Ramdhany claim, records request, including responding emails from TGF/MT. Company motion. Emails with Richter team.	0.50	795.00	397.50
2/28/2022	Adam Zeldin Review of emails from Cassels/TGF/MT re claim of director, return of books and records. Preparation of next day Court hearing. Review of banking activity, update variance analysis, emails with V. Ringelberg re CF matters.	1.00	550.00	550.00
Fees Total		106.45		\$ 61,568.75
Date	Name and Description	Hours	Rate	Amount
2/11/2022	Notice to Creditors Photocopy/Printing			\$ 87.75
2/11/2022	Notice to Creditors Postage/Courier			75.66
Disbursements Total				\$ 163.41

Invoice No.: 20407265
Date: 3/10/2022

Remittance Form

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

Invoice Summary

Sub-Total		\$ 61,732.16
GST/HST #885435842 RT0001		8,025.18
Total Due	CAD	\$ 69,757.34

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.**

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: 05/25/2022
Invoice No.: 20407458
Engagement No.: 2022585
Payment Terms: Due on Receipt

RE: Notice of Intention to Make a Proposal

Professional services rendered to May 20, 2022 \$ 68,806.25

Disbursements 216.85

Sub-Total 69,023.10

GST/HST #885435842 RT0001 8,973.00

Total Due CAD **\$ 77,996.10**

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.: 20407458
Date: 05/25/2022

Fees

Name	Hours	Rate	Amount
Adam Sherman	29.00	\$ 795.00	\$ 23,055.00
Adam Zeldin	72.95	550.00	40,122.50
Carol O'Donnell	12.20	300.00	3,660.00
Jack Caylor	7.25	250.00	1,812.50
Vicky Coupal	1.25	125.00	156.25
	122.65		\$ 68,806.25

Disbursements

Printing and photocopies: Notices to Creditors			\$ 216.85
			\$ 216.85

Invoice No.: 20407458
Date: 05/25/2022

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
03/01/2022	Carol O'Donnell Post NOI documents to website/E-file same with OSB.	0.40	\$ 300.00	\$ 120.00
03/01/2022	Adam Sherman Attendance at Court hearing re Transaction Approval/Stay Extension/DIP etc. Communications with TGF/MT/A. Zeldin re same.	0.70	795.00	556.50
03/01/2022	Adam Zeldin Attend court hearing re motion for Transaction Approval/Stay Extension/DIP etc., and preparation for same. Call with TGF re proposed next steps.	1.00	550.00	550.00
03/03/2022	Adam Sherman Call with MT/TGF re various matters, including next steps and discussion with A. Zeldin.	1.00	795.00	795.00
03/03/2022	Adam Zeldin Review of planned payments for the week, emails with V. Ringelberg re same and other CF matters. Call with MT/TGF re next steps, CF matters, proposal, transaction closing matters, etc.	1.20	550.00	660.00
03/04/2022	Adam Zeldin Emails with V. Ringelberg re CF matters. Update CF variance analysis.	1.00	550.00	550.00
03/08/2022	Adam Sherman Email from MT attaching draft proposal and discussions with A. Zeldin re same.	1.00	795.00	795.00
03/09/2022	Adam Sherman Review communications from MT attaching letters re records. Review emails from TGF and discussions with A. Zeldin re same.	0.20	795.00	159.00
03/09/2022	Adam Zeldin Review of emails/letters from MT/TGF re return of records and discussion with A. Sherman re same. Review of proposal.	1.00	550.00	550.00
03/10/2022	Adam Zeldin Call with Cassels/TGF re return of records. Call with TGF re proposal. Emails with V. Ringelberg re CF matters. Call with A. Sherman re proposal.	1.40	550.00	770.00
03/11/2022	Adam Zeldin Call with TGF re proposal, next steps, return of records. Review of emails from Cassels re return of records. Review of email from TGF to MT re return of records/proposal.	0.80	550.00	440.00
03/14/2022	Adam Sherman	0.20	795.00	159.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
03/14/2022	Email from TGF re comments on draft proposal and emails/discussions with A. Zeldin re same. Adam Zeldin Emails with V. Ringelberg re CF matters, DIP matters. Review of bank statements, update variance analysis and review of cash variances. Emails/discussions with A. Sherman.	2.00	550.00	1,100.00
03/15/2022	Adam Sherman Email from TGF re further revised/updated proposal and emails/discussions with A. Zeldin re same. Call with M. Sioen.	0.50	795.00	397.50
03/15/2022	Adam Zeldin Call/emails with A. Sherman re proposal, CF matters. Review/update for additional comments on draft proposal, emails/call with TGF re same.	1.80	550.00	990.00
03/16/2022	Adam Sherman Call with M. Sioen/V. Ringelberg re equity claims/other matters. Emails with M. Sioen re missing records. Email from TGF to MT re proposal.	0.60	795.00	477.00
03/16/2022	Adam Zeldin Emails/calls with TGF/Richter team re draft proposal, related matters. Review email from M. Sioen re records, emails to MT/Cassels re same.	1.20	550.00	660.00
03/17/2022	Adam Zeldin Call with Richter tax group re distributions to shareholders under the proposal. Emails with Cassels/TGF/M. Sioen re missing records.	1.10	550.00	605.00
03/18/2022	Adam Zeldin Review of email from N. Cain. Emails with TGF.	0.25	550.00	137.50
03/21/2022	Adam Sherman Emails with TGF/A. Zeldin re Management Agreement. Call with M. Sioen.	0.30	795.00	238.50
03/21/2022	Adam Zeldin Emails with MT re status of missing records. Email to N. Cain re process/claims generally, missing records. Emails with V. Ringelberg re pre-filing payments. Update variance analysis, review banking records. Review Management Agreement, emails with TGF.	1.60	550.00	880.00
03/24/2022	Adam Zeldin Emails with MT/TGF re proposal. Emails/call with V. Ringelberg re payment of post-filing expenses. Emails with TGF re accounts.	0.90	550.00	495.00
03/28/2022	Adam Zeldin	0.80	550.00	440.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
03/29/2022	Email to N. Cain re NOI process generally, claims, records. Emails with TGF re same. Update CF variance analysis, review of bank details. Adam Sherman Calls with M. Sioen. Email from MT re revised proposal, including subsequent emails with TGF/MT. Emails/discussion with A. Zeldin re missing records, revised proposal, other matters.	1.30	795.00	1,033.50
03/29/2022	Adam Zeldin Call with Cassels re records. Discussions with A. Sherman re records, proposal, CF matters. Email to N. Cain re records.	0.60	550.00	330.00
03/30/2022	Adam Zeldin Review of updates to proposal, emails re same. Emails with Cassels re return of records.	0.50	550.00	275.00
03/31/2022	Adam Sherman Email from MT re revised proposal. Calls with M. Sioen.	0.30	795.00	238.50
03/31/2022	Adam Zeldin Emails from MT/TGF re proposal matters.	0.20	550.00	110.00
04/04/2022	Adam Zeldin Calls/emails with TGF re draft email to N. Cain re records, post-filing expenses, other matters. Emails with Cassels re records. Emails with V. Ringelberg re post-filing expenses, DIP matters. Discussions with Richter team.	1.40	550.00	770.00
04/05/2022	Adam Sherman Emails from TGF/MT re Proposal. Call with M. Sioen.	0.30	795.00	238.50
04/05/2022	Adam Zeldin Review/comment on letter to N. Cain re return of records and emails with TGF re same. Review of emails from TGF/MT re status of proposal. Emails with V. Ringelberg re CF matters. Emails with Cassels re records.	1.40	550.00	770.00
04/06/2022	Adam Zeldin Emails with Cassels re call with S. Ramdhany. Emails with TGF re letter to N. Cain, next day call with S. Ramdhany.	0.50	550.00	275.00
04/07/2022	Adam Sherman Emails/call with M. Sioen re missing documents. Emails with MT/A. Zeldin re proposal, missing records.	1.00	795.00	795.00
04/07/2022	Adam Zeldin	2.50	550.00	1,375.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
04/11/2022	Adam Sherman Emails with N. Cain re records/claims process. Call with S. Ramdhany/Cassels/TGF re records, related matters. Emails with Ayanda/MT/TGF/A. Sherman re records, proposal matters.	0.50	795.00	397.50
04/11/2022	Adam Sherman Communications with MT/TGF re proposal matters. Call with M. Sioen.	0.80	550.00	440.00
04/11/2022	Adam Zeldin Email to M. Sioen re records. Email to N. Cain re records, proceedings generally, claims process.	0.30	795.00	238.50
04/13/2022	Adam Sherman Calls with M. Sioen re proposal matters.	1.50	795.00	1,192.50
04/14/2022	Adam Sherman Call with TGF/MT re proposal matters and next steps, including follow up emails with TGF. Email from MT attaching revised proposal, including review of same.	0.30	795.00	238.50
04/15/2022	Adam Sherman Emails/call with M. Sioen re revised proposal, next steps.	1.50	300.00	450.00
04/18/2022	Carol O'Donnell Prepare documents for filing of proposal.	2.30	795.00	1,828.50
04/18/2022	Adam Sherman Emails with TGF re comments on revised proposal, including subsequent email from TGF to MT re same. Emails/discussions with Richter team re SoA, cashflow and associated reports for filing with Proposal. Emails/call with M. Sioen.	4.25	550.00	2,337.50
04/18/2022	Adam Zeldin Review updated proposal, emails re same. Call with TGF re proposal, next steps. Call with N. Cain. Review/update proposal filing docs (EIS, Form 29/30, CFF. SoA and discussions with Richter team re same. Calls/emails with V. Ringelberg/M. Sioen re same.	0.90	300.00	270.00
04/19/2022	Carol O'Donnell Update documents for filing of proposal. E-file proposal with OSB.	3.00	795.00	2,385.00
04/19/2022	Adam Sherman Email from MT re final proposal. Emails from Ayanda re signed proposal/associated docs. Calls with M. Sioen. Review/sign EIS, cash flow/associated docs, proposal. Emails with TGF. Emails/discussions with Richter team. OSB email confirming proposal filing.	2.60	550.00	1,430.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
	Review/sign final proposal, arrange filing of same and statutory filing documents. Emails with TGF/MT/Ayanda re proposal filing matters, creditor meeting. Discussions with Richter team.			
04/20/2022	Adam Zeldin Prepare notice of proposal and registration form. Begin drafting Proposal Report.	1.20	550.00	660.00
04/21/2022	Adam Zeldin Continue drafting Proposal Report. Emails with V. Ringelberg re historical banking activity. Emails with J. Caylor re preference review.	3.40	550.00	1,870.00
04/22/2022	Adam Zeldin Update Proposal Report. Review of historical financials, Court materials, other documents re: same. Emails with V. Ringelberg/J. Caylor re preference review.	4.00	550.00	2,200.00
04/24/2022	Adam Zeldin Review/update Proposal Report/call with A. Sherman re same. Review of banking details for preference review, emails with V. Ringelberg re same.	3.85	550.00	2,117.50
04/25/2022	Adam Sherman Review/revise/update Proposal Report. Emails/discussions with A. Zeldin.	3.00	795.00	2,385.00
04/25/2022	Adam Zeldin Discussions with A. Sherman re Proposal Report. Discussions with Richter team re creditor meeting mailing.	0.80	550.00	440.00
04/26/2022	Carol O'Donnell Post documents to website. Prepare forms for mailing.	0.80	300.00	240.00
04/26/2022	Adam Sherman Review/update Proposal Report, including emails/discussions with A. Zeldin.	1.50	795.00	1,192.50
04/26/2022	Adam Zeldin Review/update Proposal Report, discussions with A. Sherman re same. Call with TGF re security review. Emails with J. Caylor re preference review. Emails with Cassels/N. Cain re proposal. Discussions with Richter team.	2.20	550.00	1,210.00
04/26/2022	Jack Caylor Review bank statements and draft summary of same re preference review. Import data into excel and draft disbursement summary.	1.75	250.00	437.50
04/27/2022	Adam Sherman	1.00	795.00	795.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
04/27/2022	Email from OSB re revised Certificate of Filing re Proposal. Emails with TGF re comments on Proposal Report and Sioen security. Emails/discussions with Richter team. Adam Zeldin Review of counsel comments re Proposal Report, update same. Emails with V. Ringelberg re Proposal Report matters, CF matters, preferences review. Emails/calls with TGF/Richter team/MT. Review of creditor mailing documents.	2.70	550.00	1,485.00
04/28/2022	Carol O'Donnell Prepare forms for mailing of notice to creditors and email exchange with A. Zeldin re same.	0.90	300.00	270.00
04/28/2022	Adam Sherman Emails with MT re Proposal Report. Emails/discussions with A. Zeldin re creditor mailing.	0.50	795.00	397.50
04/28/2022	Adam Zeldin Emails with V. Ringelberg re Proposal Report, creditor mailing, etc. Review of MT's comments on Proposal Report. Emails/calls with TGF/Richter team. Emails with N. Cain re claim.	2.30	550.00	1,265.00
04/29/2022	Carol O'Donnell Prepare mailing, update documents. Post documents to website. Emails to supplementary creditors, miscellaneous administration.	2.90	300.00	870.00
04/29/2022	Vicky Coupal Prepare mailing affidavit.	0.25	125.00	31.25
04/29/2022	Adam Sherman Email from MT re Proposal Report. Finalize/sign same. Emails/discussions with A. Zeldin re creditor mailing.	0.70	795.00	556.50
04/29/2022	Adam Zeldin Finalize Proposal Report, emails/calls with TGF/Ayanda/MT/Richter team re same. Arrange for creditor mailing, finalize documents, mailing lists re same. Emails with Cassels re proposal matters.	1.60	550.00	880.00
05/02/2022	Adam Zeldin Prepare for creditors meeting. Emails with Cassels re S. Ramdhany claim, creditors meeting.	1.20	550.00	660.00
05/03/2022	Adam Sherman Emails with M. Sioen/V. Ringelberg re shareholder distributions.	0.20	795.00	159.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
05/04/2022	Adam Zeldin Emails with N. Cain re claim, emails with TGF re same.	0.50	550.00	275.00
05/05/2022	Adam Zeldin Emails with N. Cain/TGF re claim. Discussions with Richter team.	0.40	550.00	220.00
05/06/2022	Adam Zeldin Review of email/supporting documentation from N. Cain re claim. Emails with TGF/Ayanda/N. Cain re same. Review banking details, update variance reporting.	1.30	550.00	715.00
05/09/2022	Carol O'Donnell Update proof of claim register. Prepare list of registered participants for meeting of creditors. Communications with creditors re meeting of creditors. Attend creditor meeting.	2.70	300.00	810.00
05/09/2022	Adam Sherman Emails/calls with TGF/MT/Ayanda re creditor meeting. Call with counsel for S. Ramdhany re claim, creditor meeting, including review of Ramdhany claim. Preparation for and chairmanship of creditor meeting. Emails/discussions with Richter team.	4.50	795.00	3,577.50
05/09/2022	Adam Zeldin Review of S. Ramdhanys claim. Pre-meeting call with Richter team/TGF. Review of amended proposal. Discussions with Richter team re: meeting matters, amended proposal, creditor meeting. Emails with Ayanda/MT re claims/meeting.	1.40	550.00	770.00
05/10/2022	Carol O'Donnell Verify proof of claims and discussions with A. Zeldin re same.	0.20	300.00	60.00
05/10/2022	Adam Sherman Emails with TGF re amended proposal.	0.20	795.00	159.00
05/10/2022	Adam Zeldin Emails with TGF/Richter team re proposal matters, next steps.	0.50	550.00	275.00
05/11/2022	Adam Zeldin Calls with A. Sherman/TGF re S. Ramdhany claim, review of same. Emails with MT re related matters. Review of S. Ramdhany engagement termination letter.	1.10	550.00	605.00
05/13/2022	Carol O'Donnell Post documents to website and file same with OSB.	0.40	300.00	120.00
05/13/2022	Adam Zeldin	2.10	550.00	1,155.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
	Review of S. Ramdhany claim, compile questions for Ayanda/S. Ramdhany re same. Emails with TGF re same. Finalize/sign Amended Proposal, arrange for same to be filed with OSB/posted to website.			
05/16/2022	Carol O'Donnell Post document to website and e-file same with OSB.	0.20	300.00	60.00
05/16/2022	Adam Sherman Email from OSB attaching certificate of filing amended proposal. Draft minutes of creditors meeting. Emails with TGF re Ramdhany claim. Emails/discussions with Richter team.	1.50	795.00	1,192.50
05/16/2022	Adam Zeldin Begin drafting Second Report to Court. Emails with TGF re S. Ramdhany claim.	1.60	550.00	880.00
05/17/2022	Adam Zeldin Review/update email to V. Ringelberg re S. Ramdhany's claim, emails/calls with V. Ringelberg/TGF/Richter team re same.	1.50	550.00	825.00
05/18/2022	Adam Sherman Review/finalize/sign notice re Court approval of Proposal. Email from V. Ringelberg re responses to Ramdhany claim questions, including emails with TGF on same. Emails/discussions with Richter team.	0.60	795.00	477.00
05/18/2022	Adam Zeldin Emails with V. Ringelberg/M. Sioen/TGF re S. Ramdhany claim. Discussions with Richter team re Second Report. Review/update Second Report. Prepare Court Hearing Notice.	5.10	550.00	2,805.00
05/18/2022	Jack Caylor Begin drafting updated second report of the proposal trustee. Multiple discussions with A. Zeldin re the second report.	3.00	250.00	750.00
05/19/2022	Carol O'Donnell Post document to website, efile to OSB. Prepare mailing for notice of hearing for court approval. Prepare emails. Miscellaneous administration.	1.30	300.00	390.00
05/19/2022	Vicky Coupal Mailing to creditors: Notice of Court Approval of Proposal	1.00	125.00	125.00
05/19/2022	Adam Zeldin Review/update Second Report. Discussions with Richter team re Second Report, Court Hearing notice, other.	2.20	550.00	1,210.00
05/19/2022	Jack Caylor	2.50	250.00	625.00

Invoice No.: 20407458
Date: 05/25/2022

Date	Name and Description	Hours	Rate	Amount
05/20/2022	Review A. Zeldin comments and updates to the second report. Update the appendices for the second report. Adam Zeldin Review of email from TGF re S. Ramdhany claim, including responses from Ayanda re same. Review/update Second Report.	1.20	550.00	660.00
Fees Total		<hr/> 122.65		<hr/> \$ 68,806.25
Date	Name and Description	Hours	Rate	Amount
05/01/2022	Photocopies: Notice to Creditors of Proposal			\$ 162.50
04/29/2022	Postage: Notice to Creditors of Proposal			41.47
05/19/2022	Postage: Notice of Application for Court Approval of Proposal			12.88
Disbursements Total				<hr/> \$ 216.85

Invoice No.: 20407458
Date: 05/25/2022

Remittance Form

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

Invoice Summary

Sub-Total		\$ 69,023.10
GST/HST #885435842 RT0001		8,973.00
Total Due	CAD	\$ 77,996.10

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

Appendix "M"

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

IN THE MATTER OF A PROPOSAL OF AYANDA CANNABIS CORPORATION

**AFFIDAVIT OF MITCHELL W. GROSSELL
(Sworn May 25, 2022)**

I, **MITCHELL W. GROSSELL**, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY AS FOLLOWS:

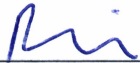
1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am an associate at Thornton Grout Finnigan LLP (“**TGF**”), lawyers for Richter Inc. (formerly, Richter Advisory Group Inc.) in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) and, 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.
2. Attached hereto as Exhibit “**A**” are true copies of the invoices provided to the Proposal Trustee by TGF for the fees and disbursements incurred by TGF during the course of this proceeding for the period from February 1, 2022 to May 20, 2022.
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 and billing rates of each of the lawyers at TGF 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.

6. The hourly billing rates outlined in Exhibit "C" to this affidavit are comparable to the hourly rates charged by TGF for services rendered in relation to similar proceedings.

7. I make this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of the Proposal Trustee's counsel.

SWORN by MITCHELL W. GROSSELL stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on this 25th day of May, 2022

}




Commissioner for Taking Affidavits
(or as may be)

Rachel Nicholson



Mitchell W. Grossell

This is Exhibit "A" referred to in the Affidavit of Mitchell W. Grossell sworn by Mitchell W. Grossell at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on May 25, 2022.



Commissioner for Taking Affidavits (or as may be)

RACHEL NICHOLSON



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 Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

February 24, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.37902
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: February 18, 2022

FEES

- Feb-07-22 Prepare for and telephone call with client and M. Grossell; review of engagement letter and review and respond to emails regarding same;

Attend call with Richter regarding update on the file; telephone call with A. Zeldin; email from A. Zeldin; review of proposed closing agenda;
- Feb-08-22 Preparation call with A. Zeldin regarding Ayanda; attend conference call with Miller Thomson regarding same;
- Feb-09-22 Voicemail and email from D. Ward regarding [REDACTED]; review of ground lease documents; review of financial statements; review of [REDACTED];

Instructions from M. Grossell and attend to corporate, PPSA and PIN searches with respect to Ayanda Cannabis Corporation [REDACTED];
- Feb-10-22 Review of letter to shareholders and comment on same; review of Ayanda Notice to Creditors and mailing lists; review of shareholder list; review of additional comments from Richter on shareholder letter; email to Miller Thomson regarding same; review of revised letter; update email to Richter; email exchange with E. Craddock regarding transferring case to Commercial List; review of materials regarding transferring proceeding to the Commercial List;
- Feb-11-22 Review of letter to Commercial List; review and respond to emails from M. Grossell regarding jurisdiction under BIA for RVOs;

Dealing with issues related to transferring the matter to the Commercial List; telephone call with F. Newbould regarding same; email to Richter regarding update on same; telephone call with R. Thornton; telephone call with A. Zeldin; dealing with email correspondence regarding return of corporate records; finalize letter to Justice McEwen regarding transfer of file and email to Commercial List Office;

- Feb-12-22 Email from R. Manea regarding NOI proceeding in Quebec; email from D. Ward regarding article providing an overview of RVOs; review of same;
- Feb-13-22 Review and consideration of email correspondence from N. Cain;
- Feb-14-22 Prepare for and telephone call with client and Miller Thomson regarding status of matter and timing;
- Review of cash flow forecast and email regarding same; consideration of issues with respect to transfer to the Commercial List and timing of motions; telephone call with A. Zeldin regarding file; email to Miller Thomson regarding same; conference call with Miller Thomson regarding status of the proceedings;
- Feb-15-22 Review of affidavit of D. Hyde and provide comments on same; email to A. Sherman and A. Zeldin regarding same;
- Feb-16-22 Attend conference call with D. Hyde regarding solicitation process; email from the Commercial List Office regarding transferring matter to the Commercial List; telephone call with A. Zeldin regarding sales process and treatment of ResidualCo; email to R. Thornton regarding same; drafting Order transferring matter to the Commercial List;
- Feb-17-22 Prepare for and conference call with Miller Thomson regarding plan structure and timing; review and respond to emails regarding same;
- Preparation for and attend conference call with Richter and Miller Thomson to discuss structure for the transaction; further consideration of same; review and comment on DIP Term Sheet; telephone call with A. Zeldin regarding valuation of the company and adequate consideration;
- Feb-18-22 Review of valuation report; review of sales process affidavit; telephone call with S. Massie regarding DIP Term sheet; review of revised draft of the sales process affidavit; review of draft order; comments on same; further email exchange with S. Massie regarding DIP Term Sheet; email from A. Zeldin regarding comments on the order and further revisions to same; brief review of data room;

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	2.30
Mitch Grossell	23.50
Roxana Manea (Law Clerk)	0.60

Total Fees	\$19,177.50	
HST (@ 13%) on Fees	<u>\$2,493.08</u>	
Total Fees and HST		\$21,670.58

DISBURSEMENTS

Fee for searches/registrations	\$108.45	
Disbursements for searches/registrations*	\$40.00	
Total Taxable Disbursements	\$108.45	
HST (@ 13%) on Taxable Disbursements	\$14.10	
Total *Non-Taxable Disbursements	<u>\$40.00</u>	
Total Disbursements and HST		<u>\$162.55</u>
TOTAL DUE & OWING		<u>\$21,833.13</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 Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

March 8, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.37966
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: March 4, 2022

FEES

- Feb-09-22 Emails with M. Grossell regarding research on the law in respect of [REDACTED]
- Feb-10-22 Update call with M. Grossell;
- Feb-11-22 Emails with M. Grossell regarding matter to be accepted on Commercial List; instructions from M. Grossell and attend to BIA search regarding Ayanda Cannabis Corporation; research RVOs granted in NOI proceedings; review s.187(7) and R. 10 regarding transfer of bankruptcy proceedings from one bankruptcy district/division to another; review QC precedent for Tidal Health RVO; review precedents regarding transfer of bankruptcy matter from Nova Scotia to Toronto; emails with M. Grossell regarding same;
- Feb-21-22 Review of affidavit of M. Sioen; review of comments from Richter regarding same; provide further comments on affidavit; review of SPA and relevant agreements; email to Miller Thomson regarding same;
- Feb-22-22 Review of Reverse Vesting Order and provide comments on same; email exchange with R. Thornton regarding [REDACTED]; telephone call with A. Zeldin regarding Reverse Vesting Order; telephone call with D. Ward regarding update on materials; review of Notice of Motion and provide comments on same;
- Feb-23-22 Email from E. Craddock regarding final affidavits; review of revisions to the affidavits; review of finalized Motion Record; emails with A. Zeldin regarding Report;
- Feb-24-22 Review of First Report and provide comments on same; telephone call with A. Zeldin regarding First Report; review of Liquidation Analysis and provide comments on same; drafting further language in respect of necessity of the reverse vesting order; further telephone call with A. Zeldin regarding First Report; emails from Miller Thomson regarding First Report;

- Feb-25-22 Review of email from A. Zeldin; finalize First Report of the Proposal Trustee and serve same; review of draft Factum and provide comments on same;
- Feb-28-22 Coordination of uploading Proposal Trustee's Report to CaseLines; emails with Miller Thomson regarding same; review of Factum; review of Harte Gold decision; consideration of submissions; review of revised Reverse Vesting Order and provide comments on same; email from [REDACTED] and respond to same;
- Emails with M. Grossell regarding CaseLines and Report; emails with Miller Thomson; calls with Miller Thomson x2; hyperlinking trustee's report and uploading same to CaseLines;
- Mar-01-22 Review of First Report; further preparation of submissions for motion; attend court regarding approval of sale transaction and reverse vesting order; telephone call with D. Ward regarding preparation for the motion; attendance at motion; debrief call with A. Zeldin; telephone call with M. Sassi regarding motion and return of documents; email to Miller Thomson regarding motion and next steps;
- Mar-03-22 Review and consideration of closing agenda; consideration of steps for a proposal; review of decision in Just Energy regarding treatment of contingent claims; review of BIA provisions in respect of claims process; preparation for and attend call with Miller Thomson regarding next steps; further 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	19.20
Bobbie-Jo Brinkman (Law Clerk)	0.50
Roxana Manea (Law Clerk)	2.80
Marco Gaspar (student)	0.20
Total Fees	\$14,195.00
HST (@ 13%) on Fees	<u>\$1,845.35</u>
Total Fees and HST	\$16,040.35
<u>DISBURSEMENTS</u>	
Bankruptcy Search*	\$24.00
Total Taxable Disbursements	\$0.00
HST (@ 13%) on Taxable Disbursements	\$0.00
Total *Non-Taxable Disbursements	<u>\$24.00</u>
Total Disbursements and HST	<u>\$24.00</u>
TOTAL DUE & OWING	<u>\$16,064.35</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 Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

March 22, 2022

Invoice No.38042
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: March 18, 2022

FEES

- Mar-03-22 Research [REDACTED];
- Mar-04-22 Research [REDACTED];
- Mar-07-22 Research [REDACTED];
- Mar-09-22 Review and respond to emails with M. Grossell; consider options regarding same;
Review of letters from Miller Thomson to Cassels and N. Cain regarding return of documents; email regarding same; review of draft Proposal; email to R. Thornton regarding terms of Proposal; email correspondence with A. Zeldin regarding same; further emails with R. Thornton regarding proposal;
- Mar-10-22 Review of proposal and drafting issues list; emails with M. Sassi; attend call with M. Sassi regarding return of information and documents in support of claim; telephone call with A. Zeldin regarding issues list;
- Mar-11-22 Preparation for and conference call with M. Grossell regarding structure of plan; review and respond to emails regarding return of information;

Telephone call with A. Zeldin regarding Proposal; telephone call with R. Thornton regarding same; email from M. Sassi regarding update; drafting email to Miller Thomson regarding same; further call with A. Zeldin;
- Mar-12-22 Review and revise draft proposal;
- Mar-14-22 Continue review and revision to Ayanda proposal; email to Richter regarding same;
- Mar-15-22 Review of comments from Richter regarding Ayanda proposal; telephone call with A. Zeldin regarding same;
- Mar-16-22 Telephone call with A. Zeldin regarding proposal; revisions to same; email to Miller Thomson regarding comments on proposal;
- Mar-17-22 Review of draft email from A. Zeldin regarding return of documents; comments on

same; email correspondence between A. Zeldin and M. Sassi; further email exchange regarding return of documents;

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	1.30
Mitch Grossell	12.20
Marco Gaspar (student)	1.90

Total Fees	\$10,750.00	
HST (@ 13%) on Fees	<u>\$1,397.50</u>	
Total Fees and HST		\$12,147.50

DISBURSEMENTS

Teranet Property Search	\$33.15	
Total Taxable Disbursements	\$33.15	
HST (@ 13%) on Taxable Disbursements	\$4.31	
Total *Non-Taxable Disbursements	<u>\$0.00</u>	
Total Disbursements and HST		<u>\$37.46</u>

TOTAL DUE & OWING **\$12,184.96**

Thornton Grout Finnigan LLP


Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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Payment can be made to us by:

- 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 Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, ON M5J 2T3 Canada

April 4, 2022

Invoice No.38073
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: April 1, 2022

FEES

- Mar-21-22 Review of email to N. Cain and respond to A. Zeldin; review of Management Services Agreement between the Company and the Purchaser; email in respect of same;
- Mar-24-22 Email from A. Zeldin regarding cash flow of the company; respond to same;
- Mar-28-22 Email correspondence with A. Zeldin regarding emails with N Cain;
- Mar-31-22 Emails from S. Massie regarding meeting to discuss proposal; review of revised Ayanda proposal;

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	1.10	
Total Fees	\$742.50	
HST (@ 13%) on Fees	<u>\$96.53</u>	
Total Fees and HST		\$839.03
 <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>\$839.03</u>

Thornton Grout Finnigan LLP

Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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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

April 19, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38110
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: April 15, 2022

FEES

- Apr-04-22 Review of Ayanda Proposal; review of data room regarding loan documentation for secured debt; review of documentation regarding secured loan; telephone call with A. Zeldin regarding update on status of file and information requests; drafting summary of loan review; drafting letter to N. Cain;
- Apr-05-22 Continue drafting letter to N. Cain; email to A. Zeldin regarding letter;
- Apr-06-22 Final review of letter to N. Cain regarding the return of Ayanda documents; finalize same;
- Apr-07-22 Email from N. Cain regarding documents requested; attend telephone call with counsel to S. Ramdhany regarding documents; further telephone call with A. Zeldin; review and provide comments on draft email to Miller Thomson;
- Apr-14-22 Preparation for and telephone call with Miller Thomson regarding Ayanda Proposal;

And to all other necessary telephone communications, attendances and correspondence with respect to the conduct of this matter.

Lawyer
Mitch Grossell

Hours
6.80

Total Fees	\$4,590.00
HST (@ 13%) on Fees	<u>\$596.70</u>
Total Fees and HST	\$5,186.70

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>\$5,186.70</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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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

May 4, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38190
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: April 29, 2022

FEES

- Apr-18-22 Review of revised Ayanda proposal; email to Richter regarding same; telephone call with A. Zeldin;
- Apr-19-22 Emails from S. Massie regarding Ayanda Proposal; responding emails regarding same; finalizing Ayanda Proposal; email correspondence with the Commercial List Office regarding court time; conference call to virtually commission statement of affairs of M. Sioen; review of Commercial List Request Form; email to Miller Thomson regarding same;
- Emails with assistant regarding proper form to use;
- Apr-20-22 Communications with M. Grossell regarding June motion; looking for precedents for materials; subsequent communications with M. Grossell; instructions to assistant to prepare shell Notice of Motion, Affidavit, Order and Factum;
- Apr-26-22 Telephone call with A. Zeldin regarding Proposal Trustee Report and analysis of secured loan;
- Apr-27-22 Review of Report on the Proposal of Ayanda; review of loan agreement summary; email to A. Zeldin regarding same;
- Apr-28-22 Email from A. Zeldin regarding mailing list of Ayanda Proposal to creditors; email correspondence regarding secured loan; telephone call with A. Zeldin; further emails regarding loan amounts;
- Review of message from M. Grossell; attend to ordering certified PPSA;
- Apr-29-22 Email correspondence with A. Zeldin regarding PPSA search; review of certified PPSA search; telephone call with A. Zeldin; emails from Miller Thomson regarding comments on the proposal; review of Notice to Creditors package;
- Communications with M. Grossell regarding certified PPSA; brief review of same;

Instructions from M. Grossell and Attend to PPSA search;

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	6.30	
Bobbie-Jo Brinkman (Law Clerk)	1.10	
Roxana Manea (Law Clerk)	0.20	
Total Fees		\$4,707.50
HST (@ 13%) on Fees		<u>\$611.98</u>
Total Fees and HST		\$5,319.48
 <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>\$5,319.48</u>

Thornton Grout Finnigan LLP


Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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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



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RESTRUCTURING + LITIGATION

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T 416.304.1616 F 416.304.1313

Richter Inc.
181 Bay Street, Suite 3510
Bay-Wellington Tower
Toronto, ON M5J 2T3 Canada

May 17, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38235
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: May 13, 2022

FEES

- May-04-22 Emails with A. Zeldin regarding creditors meeting and status of claims filed;
- May-06-22 Email from A. Zeldin regarding Proof of Claim; review of Proof of Claim of former employee;
- May-09-22 Telephone call with M. Grossell regarding meeting;

Review of creditor registration forms; review of Proof of Claim of N. Cain; telephone call with A. Sherman and A. Zeldin; telephone call with M. Sassi; telephone call with A. Sherman; review of BIA and case law regarding adjournment of creditors' meeting and voting of disputed claims at the creditors meeting; attend meeting of creditors; telephone call with A. Sherman; telephone call with R. Thornton regarding same;
- May-10-22 Review of precedents regarding approval of proposal; commence drafting order; email to Richter regarding next steps;
- May-11-22 Review of memorandum regarding [REDACTED]; email to S. Srikaruna regarding same; further email correspondence with S. Srikaruna regarding same; review of further email; email from M. Sassi regarding request for waterfall distribution; telephone call with A. Zeldin regarding Ayanda Proposal and next steps for approval;

Commence research for M. Grossell in respect of [REDACTED];
- May-13-22 Review of memorandum from S. Srikaruna analyzing [REDACTED]

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	0.30	
Mitch Grossell	7.60	
Shurabi Srikaruna (Student)	2.00	
Total Fees	\$6,335.00	
HST (@ 13%) on Fees	<u>\$823.55</u>	
Total Fees and HST		\$7,158.55
 <u>DISBURSEMENTS</u>		
Fee for searches/registrations	\$73.80	
Disbursements for searches/registrations*	\$24.00	
Total Taxable Disbursements	\$73.80	
HST (@ 13%) on Taxable Disbursements	\$9.59	
Total *Non-Taxable Disbursements	<u>\$24.00</u>	
Total Disbursements and HST		<u>\$107.39</u>
 TOTAL DUE & OWING		 <u>\$7,265.94</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

E. & O. E. GST/HST # 87042 1039 RT0001 * GST/HST Exempt

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*Attention: Credit Services Department
Please send remittance advice to ychiu@tgf.ca*



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RESTRUCTURING + LITIGATION

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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

May 25, 2022

Attention: Adam Sherman and Adam Zeldin

Invoice No.38290
File No.2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: May 20, 2022

FEES

- May-10-22 Commence research for M. Grossell in respect of various employment law issues and minimum compensation entitlement under statutory regime.
- May-11-22 Further Research on minimum compensation entitlement under the statutory regime for M.Grossell.
Researching follow up question for M.Grossell regarding employment issues.
- May-17-22 Review of questions in respect of S. Ramdhany employment; provide additional questions to Richter; review and revision to Proposal Approval Order; emails with B. Brinkman regarding Notice of Motion;
- May-18-22 Review email from M. Grossell; continue working on notice of motion; emails with M. Grossell; communications with M. Grossell regarding Fee Affidavit;
- May-19-22 Review of responses from Ayanda regarding the employment of S. Ramdhany; drafting summary email with thoughts and additional questions to the Company; review of 5-year forecasts; review of draft employment agreement;

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	3.60
Bobbie-Jo Brinkman (Law Clerk)	1.60
Shurabi Srikaruna (student)	6.50

Total Fees	\$5,590.00
HST (@ 13%) on Fees	<u>\$726.70</u>

Total Fees and HST \$6,316.70

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>\$6,316.70</u>

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

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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

This is Exhibit “**B**” referred to in the Affidavit of Mitchell W. Grossell sworn by Mitchell W. Grossell at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on May 25, 2022



Commissioner for Taking Affidavits (or as may be)

RACHEL NICHOLSON

EXHIBIT "B"

Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period February 1, 2022 to May 20, 2022

Invoice No.	Fees	Disbursements	HST	Hours	Average Rate	Total
37902	\$19,177.50	\$148.45	\$2,507.18	26.40	\$779.57	\$21,833.13
37966	\$14,195.00	\$24.00	\$1,845.35	22.70	\$625.33	\$16,064.35
38042	\$10,750.00	\$33.15	\$1,401.81	15.40	\$698.05	\$12,184.96
38073	\$742.50	\$0.00	\$96.53	1.10	\$675.00	\$839.03
38110	\$4,590.00	\$0.00	\$596.70	6.80	\$675.00	\$5,186.70
38190	\$4,707.50	\$0.00	\$611.98	7.60	\$619.41	\$5,319.48
38235	\$6,335.00	\$97.80	\$833.14	9.90	\$639.90	\$7,265.94
38290	\$5,590.00	\$0.00	\$726.70	11.70	\$477.78	\$6,316.70
	\$66,087.50	\$303.40	\$8,619.39	101.60		\$75,010.29

This is Exhibit "C" referred to in the Affidavit of Mitchell W. Grossell sworn by Mitchell W. Grossell at the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on May 25, 2022.



Commissioner for Taking Affidavits (or as may be)

RACHEL NICHOLSON

EXHIBIT “C”

Billing Rates of Thornton Grout Finnigan LLP

For the period February 1, 2022 to May 20, 2022

	<u>Rate</u>	<u>Year of Call</u>
Robert I. Thornton	\$1,350.00	1984
Mitchell Grossell	\$675.00	2016
Shurabi Srikaruna	\$400.00	Student
Marco Gaspar	\$400.00	Student
Bobbie-Jo Brinkman	\$350.00	Law Clerk
Roxana Manea	\$350.00	Law Clerk

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

Proceeding commenced at Toronto

AFFIDAVIT OF MITCHELL W. GROSSELL
(Sworn May 25, 2022)

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

Lawyers for the Proposal Trustee