

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

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

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

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

MOTION RECORD
(Returnable November 4, 2024)

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ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, C. B-3, as amended

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CANNABIS CORPORATION OF THE COUNTY OF NORFOLK,
IN THE PROVINCE OF ONTARIO

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(Returnable November 4, 2024)

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TAB 1

**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

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

NOTICE OF MOTION
(returnable November 4, 2024)

Richter Inc., in its capacity as the bankruptcy trustee (in such capacity, the “**Bankruptcy Trustee**”) of Ayanda Cannabis Corporation (the “**Company**”) will make a motion before Justice Steele of the Ontario Superior Court of Justice (Commercial List) on Monday November 4, 2024, at 11:00 a.m., or as soon after that time as the motion can be heard, by judicial teleconference via Zoom at Toronto, Ontario.

THE MOTION IS FOR:

1. An order substantially in the form of the Approval and Vesting Order attached at Tab 3 of the Motion Record dated October 24, 2024 (the “**Motion Record**”) that, among other things:
 - a) approves the time for service of this notice of motion and the motion record so that the motion is properly returnable on November 4, 2024;
 - b) approves the Asset Purchase Agreement dated September 17, 2024 (the “**APA**”), as amended by the Waiver and Amendment to the Asset Purchase Agreement dated October 8, 2024, and the associated transaction (the “**1001 Transaction**”) between the Bankruptcy Trustee and 1001010496 Ontario Inc. (the “**Purchaser**”);

- c) vests all right, title, and interest in and to the Purchased Assets (as defined in the APA) to the Purchaser, free from all claims, interests, liens, charges, and encumbrances upon the closing of the APA; and
 - d) seals Confidential Appendix “1” of the Second Report of the Bankruptcy Trustee dated October 24, 2024 (the “**Second Report**”), being the offer summary; Confidential Appendix “2” of the Second Report, being the unredacted copy of the APA; and Confidential Appendix “3” of the Second Report, being an unredacted copy of the minutes of the Tenth Meeting of the Inspectors;
2. An order substantially in the form of the draft order attached at Tab 4 of the Motion Record that, among other things:
 - a) approves a proposed partial distribution from the proceeds of the 1001 Transaction to Michael Sioen Farms Ltd. (“**MSFL**”), the sole secured creditor of the Company;
 - b) approves the revocation of certain of the Inspectors (as defined in the Second Report) of their duties;
 - c) approves the First Report of the Bankruptcy Trustee dated December 12, 2023 (the “**First Report**”), the Second Report, and the activities of the Bankruptcy Trustee as set out therein;
 - d) approves the fees and disbursements of the Bankruptcy Trustee and its legal counsel, as set out in the First Report and the Second Report; and
 - e) approves the Remaining Fees and Disbursements, as described in the Second Report.
3. Such other relief as counsel may request and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE

Background

4. The Company carried on business as a cultivator of cannabis and cannabis products. It struggled with intense industry competition, licensing delays exacerbated by the pandemic, cost overruns, difficulties securing capital, and internal conflicts among its founders, investors, and senior management. These issues culminated in the Company seeking recourse under the *Bankruptcy and Insolvency Act* (the “**BIA**”) amid the aforementioned financial and operational distress.
5. On February 4, 2022, the Company filed a Notice of Intention to Make a Proposal under the BIA and Richter Inc. consented to act as trustee under the Company’s NOI proceeding (in such capacity, the “**Proposal Trustee**”). Subsequently, the Company submitted a proposal under Part III of the BIA (the “**Proposal**”), that, after amendment, was approved by the Company’s creditors. The Proposal was approved by the Ontario Superior Court of Justice (the “**Court**”) on June 3, 2022.
6. Performance of the Proposal was contingent on the completion of the transaction contemplated by the Share Purchase Agreement dated February 22, 2022 (the “**SPA**”) between the Company and 12830353 Canada Inc. (the “**Initial Purchaser**”). The transaction was initially expected to close by June 30, 2022. However, the Initial Purchaser failed to close the transaction despite multiple extensions, increased deposits, and repeated amendments to the SPA. The Company eventually terminated the SPA in and around May 19, 2023, due to the Initial Purchaser’s continued inability to close the transaction.

7. On July 18, 2023, a material adverse change report was filed by the Proposal Trustee, detailing, among other things, the failure by the Initial Purchaser to close the transaction and the Company's insufficient liquidity for remarketing its assets. On August 25, 2023, the Proposal Trustee sought and obtained an order from the Court to annul the Proposal and automatically assign the Company into bankruptcy.
8. The Bankruptcy Trustee was confirmed as the trustee-in-bankruptcy on September 14, 2023 at the first meeting of the creditors. Five estate inspectors were appointed at the meeting. Three of the inspectors are shareholders of the Company, and two inspectors are creditors of the Company.
9. Since the bankruptcy, the Bankruptcy Trustee's primary focus has been marketing and selling the Company's remaining assets, which primarily consist of the building and equipment used in the cannabis business, with an aim of maximizing recoveries for the stakeholders.
10. In October 2023, the Bankruptcy Trustee conducted a sales process with respect to the Purchased Assets whereby over 4,300 prospects were engaged (the "**Bankruptcy Sales Process**"). The Bankruptcy Sales Process resulted in two offers being received. Following negotiation with the two offerors, the Bankruptcy Trustee selected the best offer, and an Asset Purchase Agreement (the "**First Class APA**") was signed with a targeted closing date of January 19, 2024 (the "**First Class Transaction**"). However, this purchaser also failed to close the First Class Transaction and the Bankruptcy Trustee eventually terminated the First Class APA due to the purchaser's inability to close the First Class Transaction.
11. In an effort to increase the marketability of the Company's remaining assets, the Bankruptcy Trustee engaged in discussions with the owner of the land that the

Company's facility resides. After these discussions, the land owner agreed to sever the two acres of land that the facility resides, and also sell the land to the Bankruptcy Trustee.

The 1001 Transaction

12. Following the Bankruptcy Sales Process, the Bankruptcy Trustee continued its marketing efforts, which resulted in the execution of the APA, which, subject to the approval of the Court and satisfaction of other closing conditions, will enable the Purchaser to acquire substantially all of the remaining assets of the Company, including the land, the building, fixtures and all associated equipment in exchange for the Purchase Price (as defined in the APA). The APA requires the Purchaser to provide the Bankruptcy Trustee with a cash deposit, which has been received by the Bankruptcy Trustee.
13. The Bankruptcy Trustee requests the Court approve the APA, which is supported by the sales process described in the Second Report. Following the abandonment of the First Class Transaction, the Bankruptcy Trustee re-engaged with certain parties that previously expressed interest in the Company's remaining assets during the Bankruptcy Sales Process. Simultaneously, Avison Young Commercial Real Estate Services, LP, the Trustee's real estate broker, continued to market and engage with other interested parties with respect to the sale of the Company's remaining assets. Subsequent communications between the Bankruptcy Trustee and these interested parties resulted in the Purchaser presenting an offer on September 16, 2024. This offer ultimately resulted in the execution of the APA.
14. The urgency, driven by the limited remaining liquidity in the bankruptcy estate underscores the critical need for swift and prompt closing of the 1001 Transaction.

15. This 1001 Transaction stands as the optimal avenue for maximizing returns for the Company's stakeholders. It presents a superior option compared to alternatives within the sale process. The bankrupt estate has extremely limited funds. The assets have been marketed for over one year and there is no indication of a superior offer than the proposed 1001 Transaction. The estate cannot afford the continued administration costs while continuing to market the assets.
16. The Company has one secured creditor, MSFL. The Bankruptcy Trustee has kept MSFL apprised of the Bankruptcy Trustee's marketing efforts and of the 1001 Transaction. The 1001 Transaction does not result in full recovery for MSFL, however, MSFL is supportive of the proposed APA and the associated 1001 Transaction. Unsecured creditors and equity holders are not expected to receive any distributions.
17. Richter Inc., in its capacity as the Bankruptcy Trustee of the Company in bankruptcy remains supportive of the proposed APA and the associated 1001 Transaction.

Revocation of the Inspectors' Appointment

18. The Bankruptcy Trustee seeks the revocation of certain of the Inspectors from their position so that the final administration of the estate is not unduly delayed. In the event that this Court approves the 1001 Transaction, effectively all of the Company's assets will have been realized. Certain of the Inspectors have been antagonistic and uncooperative throughout the bankruptcy proceeding. The Bankruptcy Trustee is of the view that certain of the Inspectors were not properly exercising their fiduciary duty to the creditors of the Company. Accordingly, the Bankruptcy Trustee believes it is appropriate to revoke certain of the Inspectors from their position so that the final administration of the estate is not unduly delayed.

Partial Distribution

19. The Bankruptcy Trustee seeks authorization to make a proposed partial distribution from the Company's estate to MSFL, the sole secured creditor of the Company. Following payment of the estate disbursements required to be made, and maintaining a holdback for any priority claims, the remaining proceeds from the 1001 Transaction are expected to be insufficient to satisfy both the full amount of MSFL's secured indebtedness as well as the outstanding professional fees of the Bankruptcy Trustee and its counsel. The Bankruptcy Trustee and MSFL are in discussion with respect to resolving this issue. The Bankruptcy Trustee seeks authorization to make a partial distribution to MSFL, in an amount to be determined by the Bankruptcy Trustee.

Approval of Statement of Receipts, Disbursements, and Activities

20. As part of an adjourned December 2023 motion, the Bankruptcy Trustee previously sought the approval of the fees and disbursements of the Proposal Trustee and its counsel for the period from August 1, 2023 to August 25, 2023 (the "**Proposal Fee Period**") in connection with the performance of their duties during the Company's NOI/Proposal proceeding, as well as the fees and disbursements of the Bankruptcy Trustee and its counsel for the period from August 25, 2023 to November 30, 2023 (the "**Bankruptcy Fee Period**") in connection with the performance of their duties during the Company's bankruptcy proceedings.
21. The Bankruptcy Trustee is seeking approval of the professional fees and disbursements of the Bankruptcy Trustee for the Proposal Fee Period in the amount of \$42,965.00, plus Harmonized Sales Tax ("**HST**") in the amount of \$5,585.45, for a total of \$48,550.45, and for the Initial Bankruptcy Period in the amount of \$96,221.50, plus HST of

\$12,508.80, for a total of \$108,730.30, as further set out in the First Report and the Affidavit of Adam Sherman, sworn December 12, 2023, attached as Appendix “I” to the First Report.

22. The Bankruptcy Trustee is also seeking approval of the fees and disbursements of its counsel, Thornton Grout Finnigan LLP, which reflects the legal services provided to the Bankruptcy Trustee for the Proposal Fee Period and the Bankruptcy Fee Period, in the amount of \$72,155.00 plus disbursements of \$2,164.65 and HST in the amount of \$9,661.55 for a total of \$83,981.20.
23. As part of the Bankruptcy Trustee’s current motion, the Bankruptcy Trustee is seeking the approval of the fees and disbursements of the Bankruptcy Trustee for the period between December 1, 2023, to September 30, 2024 (the “**Current Fee Period**”). The total fees of the Bankruptcy Trustee during the Current Fee Period amount to \$107,968.50, plus HST of \$14,035.91 for a total amount of \$122,004.41, as further set out in the affidavit of Adam Sherman, sworn October 24, 2024, attached as Appendix “BB” to the Second Report.
24. The Bankruptcy Trustee also seeks approval of the fees and disbursements of its counsel, Thornton Grout Finnigan LLP, for the Current Fee Period which reflects the legal services provided to the Bankruptcy Trustee, in the amount of \$82,927.50 plus disbursements of \$4,883.33 and HST in the amount of \$11,396.05 for a total of \$99,206.88.
25. The Bankruptcy Trustee is seeking approval of the Bankruptcy Trustee’s activities for the period of August 25, 2023 up to and including September 30, 2024, as further described in the First Report, and the Second Report. The Bankruptcy Trustee is also seeking

approval of the Bankruptcy Trustee's Interim Statement of Receipts and Disbursements from the period between August 25, 2023 to October 15, 2024.

General

26. The confidential appendices to the Second Report includes an Offer Summary (as defined in the Second Report, an unredacted copy of the APA, and an unredacted copy of the Minutes of the Tenth Meeting of the Inspectors. The Bankruptcy Trustee believes the Offer Summary, the APA, and the minutes of the Tenth Meeting of the Inspectors should remain confidential and sealed from the public record until the proposed transaction closes.
27. The provisions of the BIA, including sections 30(1), 65.13 and the inherent and equitable jurisdiction of this Honourable Court.
28. The provisions of the *Bankruptcy and Insolvency General Rules*, C.R.C., c. 368; - 6 – 28.
29. Sections 97, 106, and 137 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended;
29. Rules 1.04, 1.05, 2.01, 2.03, 3.01, 3.02, 14.05, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.
30. Such further and other grounds as counsel may advise and this Court may permit.

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

1. The Second Report of the Bankruptcy Trustee dated October 24, 2024, and the Appendices annexed thereto, including the First Report; and

2. Such further and other documentary evidence as the counsel may advise and this Court may permit.

October 24, 2024

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TO: SERVICE LIST

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

Estate/Court File No.: 35-2802344

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

Proceeding commenced at Toronto

**NOTICE OF MOTION
(Returnable November 4, 2024)**

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ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, C. B-3, as amended

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

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TAB 2

Court File No. BK-22-02802344-0035
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AYANDA CANNABIS CORPORATION

SECOND REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF
AYANDA CANNABIS CORPORATION

October 24, 2024

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CONFIDENTIAL APPENDICIES

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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 IN BANKRUPTCY
AYANDA CANNABIS CORPORATION

OCTOBER 24, 2024

I. INTRODUCTION

1. Ayanda Cannabis Corporation ("**Ayanda**" or the "**Company**") was a privately held licenced producer of cannabis.
2. On February 4, 2022 (the "**NOI Filing Date**"), Ayanda filed a **Notice of Intention to Make a Proposal** ("**NOI**") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.-3, as amended (the "**BIA**"). Richter Inc. (formerly, Richter Advisory Group Inc., "**Richter**") consented to act as trustee under the Company's NOI proceeding (in such capacity, the "**Proposal Trustee**").
3. Prior to the NOI proceeding, the Company completed a sale and investment solicitation process (the "**SISP**") that culminated in a transaction for the sale of all of **Ayanda's issued and outstanding shares** (the "Initial Transaction") pursuant to a share purchase agreement dated February 2, 2022 (as amended from time to time, **the "Initial SPA"**) between Ayanda and **12830353 Canada Inc., or its assignee** (the "Initial Purchaser").
4. Faced with a looming liquidity crisis and the threat of various contingent litigation claims from certain former employees and shareholders (the "**Contingent Claims**"), the Company determined it was appropriate to commence the NOI proceeding to, among other things: (i) provide a stabilized environment to allow the Company to complete the Initial 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 proceeding.
5. On March 1, 2022, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an Order (the "**Initial Approval and Vesting Order**") that, among other things, approved the Initial Transaction.
6. Also on March 1, 2022, the Court granted an Order (the "**DIP Facility and Stay Extension Order**") that, among other things:
 - (a) authorized the Company to obtain interim **financing up to the maximum principal amount of \$400,000** (the "DIP Facility") **pursuant to an interim facility term sheet dated February 16, 2022** between Ayanda and Cardinal **Advisory Limited** (the "DIP Lender");
 - (b) approved the following super-priority charges over all of **the Company's property, assets and undertakings**:
 - (i) a charge up to the maximum 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 up to the maximum amount of \$400,000 in favour of the DIP Lender to secure advances made to the Company under **the DIP Facility (the “DIP Lender’s 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.
7. **In recognition of Ayanda’s liquidity crisis as at the NOI Filing Date, and with the expectation of closing the** Initial Transaction with the Initial Purchaser, Ayanda and the Initial Purchaser entered into a services agreement dated March 1, 2022 (the “Services Agreement”) whereby the Initial Purchaser funded Ayanda’s continued operations during the interim period before closing of the Initial Transaction. As the Company did not generate revenue, the Initial Purchaser’s financial support provided critical funding to the Company to meet its post-filing obligations and continue operations while the parties worked to close the Initial Transaction.
 8. On April 19, 2022, the Company filed a proposal pursuant to Part III of the BIA, which was amended (as amended, the “**Proposal**”) at the meeting of creditors held on May 9, 2022 (the “**Creditors’ Meeting**”). Subject to closing the Initial Transaction, the Proposal contemplated full recoveries (less any applicable levies payable to the Superintendent of Bankruptcy) to unsecured creditors with valid proven claims against the Company, plus a recovery to the Company’s Class B shareholders. The Proposal was **unanimously approved by the Company’s creditors who voted at the Creditors’ Meeting**.
 9. On June 3, 2022, the Court granted an Order (the “Proposal Approval Order”) approving the Proposal.

Failure to Close the Initial Transaction

10. The Initial SPA provided for a closing date that was the later of: (a) ten business days after the date that the Initial Approval and Vesting Order was granted, and (b) the date that Health Canada approved the change of control of Ayanda (the “**Initial Transaction Closing Date**”), with an outside date of June 30, 2022, or such later date as Ayanda and the Initial Purchaser agreed in writing (the “**Outside Date**”). As the Outside Date approached, the Proposal Trustee understood that the only remaining condition to be satisfied prior to closing the Initial Transaction was **Health Canada’s** approval of the proposed change in control of Ayanda pursuant to the Initial Transaction.
11. On June 21, 2022, due to delays in Health Canada approving the proposed change of control, Ayanda and the Initial Purchaser executed an Acknowledgement Agreement that extended the Outside Date from June 30, 2022 to August 31, 2022.

12. On July 14, 2022, Health Canada informed Ayanda that it had completed its assessment of the change of control contemplated by the Initial Transaction. Based on its assessment, Health Canada did not have concerns with respect to the proposed change in control and informed Ayanda of the remaining actions required to give effect to the change in control.
13. **Following receipt of Health Canada's approval of the change in control, the Company** attempted to close the Initial Transaction. Notwithstanding that all conditions to closing were satisfied, the Initial Purchaser requested further time as the Initial Purchaser did not have the funds necessary to satisfy the purchase price and close the Initial Transaction.
14. In an effort to preserve the Initial Transaction, the parties entered into successive extension agreements, summarized below, amending the Initial SPA such that the Outside Date was ultimately extended to March 15, 2023:
 - (a) an Acknowledgement Agreement dated July 25, 2022 that, among other things, extended the Outside Date to August 31, 2022;
 - (b) an Amendment to the Initial SPA dated August 30, 2022 that, among other things: (i) extended the Outside Date to September 15, 2022, (ii) increased the deposit under the Initial SPA (the **"Deposit"**) by \$240,000, and (iii) provided the Initial Purchaser with an option to further extend the Outside Date to September 30, 2022 upon the payment of an additional \$100,000 towards the Deposit. The Purchaser elected to further extend the Outside Date to September 30, 2022;
 - (c) an Amendment to the Initial SPA dated September 29, 2022 that, among other things: (i) extended the Outside Date to October 14, 2022, and (ii) increased the Deposit by a further \$100,000;
 - (d) an Amendment to the Initial SPA dated October 14, 2022 (the **"October 2022 Amendment"**) that, among other things: (i) extended the Outside Date to November 15, 2022, and (ii) increased the Deposit by a further \$160,000. The October 2022 Amendment also provided the Purchaser with an option to extend the Outside Date to November 30, 2022, and subsequently to December 15, 2022, upon further increases to the Deposit of \$100,000 in each instance. The Purchaser elected to extend the Outside Date to December 15, 2022.

The October 2022 Amendment also confirmed the parties' agreement to a minimum amount of the closing adjustments under the Initial SPA, resulting in an increase to the purchase price of no less than \$300,000 (the **"Closing Adjustments"**). In addition, the Initial Purchaser agreed that the Deposit was non-refundable. Further, the Initial Purchaser confirmed that it abandoned its interest in the Deposit and that the Deposit may be used by the Company for working capital and other expenses, including the permanent repayment of amounts outstanding that were **subject to the DIP Lender's Charge**;

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

Additionally, pursuant to the December 2022 Amendment, the Initial Purchaser agreed to pay for all costs and expenses incurred by the Company from and after December 1, 2022, including legal fees of the Company incurred in connection with any further extension of the Outside Date (the **“Company Expense Payments”**). The Initial Purchaser was required to make an initial payment of \$25,000 on account of the Company Expense Payments, and an initial payment of \$50,000 in respect of the Closing Adjustments (the **“Closing Adjustment Payment”**);

- (f) an Amendment to the Initial SPA dated January 30, 2023 (the **“January 2023 Amendment”**) that, among other things: (i) extended the Outside Date to February 15, 2023, and (ii) increased the Deposit by \$100,000. The January 2023 Amendment confirmed in writing, among other things, the payment by the Initial Purchaser of \$63,000 towards the Company Expense Payments and the Closing Adjustment Payment as provided for in the December 2022 Amendment; and
- (g) an Amendment to the Initial SPA dated February 15, 2023 that, among other things: (i) extended the Outside Date to March 15, 2023, and (ii) increased the Deposit by \$500,000.

- 15. In total, the Initial Purchaser provided the Company with a total deposit towards the purchase price of \$1,650,000.
- 16. The Initial Purchaser failed to close the transaction on March 15, 2023. **The Company’s legal counsel** emailed the Initial Purchaser’s legal counsel on March 15, 2023, acknowledging that certain representatives of the Initial Purchaser encountered familial issues and, in these circumstances, the Company was willing to offer an extension of the Outside Date to March 24, 2023, subject to confirmation that the Initial Purchaser would be in a position to close on that date. The next day, the Initial Purchaser’s counsel advised he would communicate the message and respond if the extension offer was acceptable to the Initial Purchaser. The Proposal Trustee is not aware of any response from the Initial Purchaser’s counsel.
- 17. **On March 25, 2023, Ayanda’s CEO advised** its legal counsel that representatives of the Initial Purchaser requested another extension without specifying the terms of such extension. Over the subsequent weeks, negotiations on extension and deal terms continued among the Company, the Initial Purchaser and their respective counsel. On April 22, 2023, **the Company’s counsel advised the Proposal Trustee that the parties agreed to extend the Outside Date to May 5, 2023,** along with a revised transaction structure.

18. On May 5, 2023, the Initial Purchaser, again, failed to close the Initial Transaction. On May 10, 2023, **the Company's** legal counsel advised the Initial **Purchaser's legal counsel that Ayanda would agree to** one final extension of the Outside Date to May 19, 2023, and if the Initial Transaction did not close by that date, Ayanda would not provide any further extensions.
19. The Outside Date under the Initial SPA lapsed and it became clear that the Initial Purchaser did not have the required funding to close the Initial Transaction. In addition, following the expiration of the Initial SPA, the Initial Purchaser ceased making payments pursuant to the Services Agreement, which **resulted in the resignation of the Company's last remaining employee – Ayanda's master grower.**
20. Additionally, **the Company's insurance policy expired on June 5, 2023.** The incumbent insurer declined to extend the existing coverage, and the Company was also unable to secure suitable alternative replacement coverage given the status of both the Company and the failure to close the Initial Transaction.
21. **On July 20, 2023, Ayanda's** legal counsel wrote to the Initial Purchaser (the **"July 2023 Letter"**) to, among other things, advise that Ayanda was unable to fund continuing operations and that the Company was non-compliant with its cannabis **licenses issued by Health Canada. In the circumstances and given the Company's understanding that its cannabis** licenses held limited value, the July 2023 Letter also provided written notice to the Initial Purchaser that Ayanda would be taking immediate steps to surrender all cannabis licenses issued by Health Canada and destroy all cannabis product **located at the Company's** leased premises, a 55,000 square foot single story cultivation and processing facility (the **"Facility"**).

Material Adverse Change

22. In the Proposal **Trustee's view, failure to the close the** Initial Transaction and the effective termination of the Services Agreement represented a material adverse change to **the Company's financial circumstances and its ability to implement** its Proposal (which was conditional on, among other things, closing the Initial Transaction).
23. Although the Proposal permitted the Company the right to present an amended proposal, the Proposal Trustee was of the view that the Company could not present a viable amended proposal to its creditors for a variety of reasons, including:
 - (a) the Company had no ongoing business activities, no employees and was no longer operating as a going concern;
 - (b) the Company was unable to obtain insurance coverage for ongoing business activities;
 - (c) the Initial Purchaser, Ayanda and certain Class B shareholders attempted to negotiate and agree to material amendments to the Initial SPA (and the Proposal), which would permit the Initial Transaction to close, without success;

- (d) the Company had destroyed all cannabis-related product and plant material located at the **Company's premises** and taken steps to surrender its cannabis licenses that the Company understood had limited value due to the **estimated costs to bring Ayanda's cannabis licenses into compliance and the simplified process for new federal cannabis license applications**; and
- (e) the Company did not have sufficient liquidity **to remarket the Company's business or assets as a going concern**, and it appeared **that the Company's only remaining assets** were the Ground Lease (as hereinafter defined) and **Ayanda's building/equipment**, the values of which did not appear to be materially impacted by the legal status of the Company.

24. For these reasons, the Proposal Trustee was of the view that the Proposal (in its then current or an amended form) could not continue without injustice or undue delay to the creditors of Ayanda.
25. On July 18, 2023, the Proposal Trustee issued a material adverse change report pursuant to section 50(1) of the BIA and brought a motion to the Court for an order, among other things, annulling the Proposal and deeming the Company bankrupt.
26. On August 25, 2023 (**the "Date of Bankruptcy"**), the Court granted an Order (the **"Proposal Annulment Order"**) that, among other things:
- (a) annulled the Proposal pursuant to section 63(1) of the BIA;
 - (b) deemed Ayanda bankrupt, and appointed **Richter as trustee of Ayanda's bankrupt estate** (in such capacity, the "Bankruptcy Trustee"), subject to **affirmation by the Company's creditors**;
 - (c) amended the DIP Facility and Stay Extension Order to remove Miller Thomson LLP as a beneficiary of the Administration Charge and add Aird & Berlis LLP as a beneficiary to the Administration Charge;
 - (d) terminated the DIP Charge;
 - (e) approved the **Proposal Trustee's** Third Report to the Court dated August 4, 2023 (the **"Third Report"**) and the actions, activities and conduct of the Proposal Trustee described therein, and
 - (f) approved the fees and disbursements of the Proposal Trustee and its counsel, Thornton Grout Finnigan LLP (**"TGF"**), in the amounts set out in the Third Report.

Bankruptcy Proceedings

27. In accordance with the BIA, **the first meeting of the Company's creditors was held on September 14, 2023 (the "First Meeting of Creditors"). At the First Meeting of Creditors**, among other things, **Ayanda's** creditors: (i) affirmed the appointment of Richter as Bankruptcy Trustee, (ii) **appointed five estate inspectors (the "Inspectors")**, and one non-voting inspector to participate as an observer (the Inspectors subsequently authorized the addition of a second non-voting inspector to participate as an observer), and (iii) approved a motion for TGF to act as legal counsel to the **Bankruptcy Trustee and Ayanda's bankrupt estate**.
28. Richter has established a website (the "**Case Website**") for the purposes of these proceedings at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation/>. Copies of the Court and other materials filed in the NOI/Proposal proceeding and bankruptcy proceedings, including Orders of the Court and other relevant documents, are posted to and available for review at the Case Website.

II. PURPOSE OF REPORT

29. The Bankruptcy Trustee filed its first report dated December 12, 2023 (the "**Bankruptcy First Report**") in support of the Bankruptcy Trustee's **motion returnable December 19, 2023 (the "December 2023 Motion")** that, among other things, sought the approval of an Asset Purchase Agreement dated December 12, 2023 (the "**First Class APA**") and the transaction contemplated in the First Class APA (the "**First Class Transaction**") among the Trustee, First Class Extracts Corporation ("**First Class**"), and Luke & Blanche Sioen Farms Ltd. (the "**Land Owner**"). The Land Owner is the owner of the approximately 2 acres of land where the Facility resides and is the **counterparty to Ayanda's lease dated June 1, 2022 (the "Ground Lease")**. As described in further detail below, First Class failed to provide the deposit on or before December 19, 2023. Accordingly, the Bankruptcy Trustee decided to adjourn the December 2023 Motion *sine die* until there was better clarity regarding the First Class Transaction. **A copy of the Court's endorsement adjourning the December 2023 Motion is attached hereto as Appendix "A"**. A copy of the Bankruptcy First Report (excluding appendices) is attached hereto as **Appendix "B"**.

30. **Despite the Bankruptcy Trustee's efforts to advance the First Class Transaction**, it became apparent to both the **Bankruptcy Trustee and Ayanda's only secured creditor, Michael Sioen Farms Ltd. ("MSFL")** that First Class had difficulty securing funds to close the First Class Transaction. As such, the Bankruptcy Trustee informed First Class on January 23, 2024, that it was no longer pursuing the First Class Transaction and would be considering other options for the remaining Ayanda assets.
31. **The purpose of the Bankruptcy Trustee's second report (the "Bankruptcy Second Report")** is to report to the Court in respect of the following:
- (a) the actions and activities of the Bankruptcy Trustee since the Bankruptcy First Report;
 - (b) the proposed sale by the Bankruptcy Trustee of the Purchased Assets (as defined below) to 1001010496 Ontario Inc. (the **"Purchaser"**), subject to the approval of this Court, including the terms of an asset purchase agreement dated September 17, 2024 (as amended by the Waiver and Amendment to the Asset Purchase Agreement dated **October 8, 2024 (the "Waiver and Amendment", the "1001 APA")**), between the Bankruptcy Trustee and the Purchaser in respect of the sale **of Ayanda's remaining assets (the "1001 Transaction")**;
 - (c) **the Bankruptcy Trustee's** meetings and other communications with the Inspectors;
 - (d) **the Bankruptcy Trustee's interim statement of receipts and disbursements for the period from the Date of Bankruptcy to October 15, 2024 (the "October 15 Interim R&D")**;
 - (e) **the Bankruptcy Trustee's view on the appropriate treatment of funds realized from the sale of the** Purchased Assets (as defined below) after taking into consideration any priority claims and the costs of the NOI/Proposal proceeding and the bankruptcy proceeding, and the estimated costs necessary to complete the administration of **Ayanda's bankrupt estate; and**
 - (f) the fees and disbursements of the Bankruptcy Trustee and its counsel.
32. A further purpose of the Bankruptcy Second Report is to **seek the Court's approval of an Approval and Vesting Order (the "Bankruptcy Approval and Vesting Order")**, among other things:
- (a) approving the 1001 APA and the 1001 Transaction and authorizing the Bankruptcy Trustee to take any and all steps necessary to complete the 1001 Transaction, including entering into an agreement of purchase and sale with the Land Owner for the purchase of the Facility Lands;

- (b) vesting, upon the filing of **the Bankruptcy Trustee's** certificate, all respective right, title and interest of the Bankruptcy Trustee in and to the Purchased Assets (as defined below) to the Purchaser free and clear of all liens, charges, security interests and other encumbrances; and
- (c) sealing the Offer Summary (as defined below) and the unredacted version of the 1001 APA, until the closing of the 1001 Transaction or further Order of the Court.

33. **A further purpose of the Bankruptcy Second Report is to seek the advice and direction of the Court, and the Court's approval of an Order (the "Ancillary Order"), among other things:**

- (a) approving the Bankruptcy First Report, the Bankruptcy Second Report, and the actions, activities and conduct of the Bankruptcy Trustee described in such reports;
- (b) approving the October 15, 2024 Interim R&D;
- (c) revoking the appointment of certain of the Inspectors;
- (d) approving the fees and disbursements of the Proposal Trustee and the Bankruptcy Trustee, in its respective capacities, and its counsel in the amounts set out in both the Bankruptcy First Report and the Bankruptcy Second Report, and authorizing the Bankruptcy Trustee to pay such amounts in respect of the approved fees and disbursements, in consultation with MSFL, and after providing for any priority claims and making provision for any **required costs to complete the Bankruptcy Trustee's administration**; and
- (e) authorizing the Bankruptcy Trustee to make one or more distributions to MSFL in respect of its secured claim against the Purchased Assets (as defined below) as the Bankruptcy Trustee considers appropriate without further order of this Court, provided that aggregate distributions to MSFL do not exceed the secured indebtedness owed to it by Ayanda after taking into consideration any priority claims (including the Administration Charge granted in the NOI proceeding) and other costs of the bankruptcy administration.

III. TERMS OF REFERENCE

34. In preparing the **Bankruptcy Trustee's** Second Report, the Bankruptcy 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, and information from third-party sources (collectively, the **"Information"**). In accordance with industry practice, except as otherwise described in the Bankruptcy Second Report, the Bankruptcy Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Bankruptcy 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 Bankruptcy Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.

35. Parties using the Bankruptcy 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 the Bankruptcy Second Report for any other purpose.
36. Unless otherwise noted, all monetary amounts contained in the Bankruptcy Second Report are expressed in Canadian dollars.
37. Capitalized terms not otherwise defined in the Bankruptcy Second Report have the meanings given to them in the 1001 APA.

IV. ACTIVITIES OF THE BANKRUPTCY TRUSTEE

38. **The primary objective of Ayanda’s bankruptcy proceedings is to maximize recoveries from Ayanda’s remaining realizable assets for the benefit of Ayanda’s stakeholders.** As noted in the **Proposal Trustee’s** Third Report, following the destruction of all **cannabis products/plant material at the Facility, Ayanda’s only remaining realizable assets** included the Ground Lease, the Facility **and the Company’s equipment** (together with the Facility, **the “Ayanda Assets”**).
39. The actions/activities of the Bankruptcy Trustee between August 25, 2023 to December 12, 2023 are detailed in the **Bankruptcy First Report. Subsequent to the filing of the Bankruptcy First Report, the Bankruptcy Trustee’s activities have** included:
 - (a) maintaining and updating, as necessary, the Case Website where relevant materials in connection with the NOI/Proposal proceeding and the bankruptcy proceeding are available in electronic format;
 - (b) continuing to safeguard and preserve the Ayanda Assets, including (i) ensuring the Ayanda Assets are appropriately insured, (ii) ensuring the alarm system for the Facility is functioning and monitored, and (iii) controlling access to the Facility;
 - (c) responding to enquiries from various stakeholders, including creditors, shareholders and other parties in respect **of Ayanda’s bankruptcy proceedings;**
 - (d) communicating and consulting with the Inspectors in respect of various matters in respect of the bankruptcy proceedings, including organizing and chairing the ninth meeting of Inspectors held on January 10, 2024 and the tenth meeting of Inspectors held on September 17, 2024 **(the “Tenth Inspectors’ Meeting”)**;

- (e) corresponding and communicating extensively with representatives of MSFL in respect of all matters in connection with the bankruptcy proceedings;
- (f) communicating both directly and through TGF with representatives of First Class and its legal counsel in connection with the First Class Transaction and other matters in connection with the Ayanda bankruptcy (discussed further below);
- (g) communicating with representatives of Initial Purchaser and its legal counsel in respect of various matters in connection with the failed Initial Transaction, including a caution (the **“Facility Lands’ Caution”**) registered by the Initial Purchaser with the Land Registry Office on title to the real property underlying the Facility (discussed further below);
- (h) communicating with representatives of the Land Owner in respect of the severance of the approximately 2 acres of land underlying the Facility (the **“Facility Lands”**);
- (i) communicating with representatives of Hyde Advisory & Investments Inc. (**“Hyde Advisory”**), a cannabis focused business advisory firm responsible for sourcing both the Initial Transaction and the First Class Transaction, and was retained by the Bankruptcy Trustee (with Inspector approval) to market the Ayanda Assets;
- (j) communicating extensively with representatives of Avison Young Commercial Real Estate Services, LP (**“AY”**), the listing agent retained by the Bankruptcy Trustee (with Inspector approval) to list and market the Ayanda Assets, including: (i) co-ordinating site visits for interested parties, (ii) corresponding and communicating with interested parties, (iii) reviewing offers submitted, (iv) negotiating and finalizing the 1001 APA with the Purchaser;
- (k) communicating with Canada Revenue Agency (the **“CRA”**), Health Canada, Hyde Advisory and certain **Inspectors with knowledge of Ayanda’s approved standard operating procedures**, in respect of the regulatory review undertaken by CRA (the **“Regulatory Review”**) of **Ayanda’s destruction of all its cannabis related material prior to Ayanda’s bankruptcy** and **CRA’s** proposed assessment of certain duties/penalties against Ayanda (the **“Proposed CRA Assessment”**);
- (l) reviewing and investigating matters related to the Proposed CRA Assessment, including preparation of a response to the Proposed CRA Assessment that requested that CRA reconsider the assessment of any duties/penalties against Ayanda in connection with its destruction of its cannabis inventory;
- (m) **communicating with CRA in connection with Ayanda’s payroll remittance and other tax accounts;**
- (n) **making payments to third-party suppliers of goods and services provided to Ayanda’s bankrupt estate;**

- (o) recording receipts and disbursements and preparing the October 15 Interim R&D;
- (p) corresponding and communicating with TGF in connection with various matters in Ayanda's bankruptcy proceedings; and
- (q) preparing the Bankruptcy Second Report.

The First Class Transaction

- 40. As noted above, despite the Bankruptcy Trustee's efforts to advance the First Class Transaction and repeated assurances from First Class that the deposit was forthcoming, it became apparent to the Bankruptcy Trustee that First Class also had challenges securing the funding to close the First Class Transaction.
- 41. On January 17, 2024, Mr. Philip Ugochukwu Okpala, counsel to First Class, wrote to TGF to, among other things, advise that he acted for First Class and that his client's funding for the agreed upon transaction was conditional on the Facility Lands being severed from the adjoining property (the "**Main Street Letter**"). A copy of the Main Street Letter is attached hereto as **Appendix "C"**.
- 42. The First Class APA, a redacted copy of which was attached to the Bankruptcy First Report as **Appendix "E"**, was not conditional on a severance of the Facility Lands.
- 43. In response to the Main Street Letter, on January 17, 2024, TGF wrote to Mr. Okpala via email (the "**January 17 TGF Email**") to clarify the terms of the First Class APA, including that the First Class Transaction was not conditional on the severance of the Facility Lands, and that First Class was required to pay the deposit immediately following execution of the First Class APA. A redacted copy of the January 17 TGF Email is attached hereto as **Appendix "D"**.
- 44. On January 23, 2024, TGF wrote to First Class and its legal counsel (the "**January 23 TGF Letter**") to, among other things, advise that the Bankruptcy Trustee would no longer be pursuing the First Class Transaction and that the Bankruptcy Trustee reserved any and all legal or equitable rights or remedies it has against First Class and its directors or officers for the failure to proceed with the First Class Transaction, including its breach of the First Class APA. A redacted copy of the January 23 TGF Letter is attached hereto as **Appendix "E"**.
- 45. On January 23, 2024, the Bankruptcy Trustee provided a copy of the January 2024 TGF Letter to the Inspectors through an email update to the Inspectors (the "**Bankruptcy Trustee's January 24 Inspector Email**"). A copy of the Bankruptcy Trustee's January 24 Inspector Email is attached hereto as **Appendix "F"**. The Bankruptcy Trustee's January 24 Inspector Email advised that, after consulting with MSFL, the Bankruptcy Trustee would reach out to both AY and Hyde Advisory to ask that they communicate without delay to any parties that had expressed interest in the Ayanda Assets to inform them that the Ayanda opportunity had resurfaced and invited the Inspectors to contact the Bankruptcy Trustee

should they have a personal interest in the Ayanda assets. The Bankruptcy Trustee also noted that it would provide a similar update email to the Ayanda shareholders.

46. On January 25, 2024, the Bankruptcy Trustee advised the Ayanda shareholders that, among other things, the First Class Transaction was at an impasse and that the Bankruptcy Trustee would explore other options for the sale of the Ayanda Assets (the **"Bankruptcy Trustee's January 25 Shareholder Email"**). The Bankruptcy Trustee also invited the shareholders to contact the Bankruptcy Trustee should they or anyone they know have an interest in the Ayanda Assets. **A copy of the Bankruptcy Trustee's January 25 Shareholder Email is attached hereto as Appendix "G".**

Caution Registered on the Facility Lands

47. As described above, the Initial Purchaser paid \$1,650,000 as a deposit towards the purchase price, in addition to funding certain of **Ayanda's operating** and other expenses. Pursuant to the October 2022 Amendment, the Initial Purchaser agreed that the Deposit was non-refundable and the Initial Purchaser confirmed that it abandoned its interest in the Deposit and that the Deposit may be used by the Company for working capital and other expenses, including the permanent repayment of amounts outstanding that were **subject to the DIP Lender's Charge**.
48. As at the Date of Bankruptcy, the majority of the Deposit funds paid by the Initial Purchaser had been spent by Ayanda on operating and other costs associated with its restructuring activities.
49. Notwithstanding that the Initial Purchaser agreed to abandon its interest in the Deposit and other monies paid pursuant to the Services Agreement, on or about February 28, 2024, the Initial Purchaser registered **the Facility Lands' Caution** under the pretense that the Initial Purchaser was entitled to recovery of the Deposit and other monies paid to Ayanda pursuant to the Initial SPA and Services Agreement in the aggregate amount of approximately \$3.2 million. **A copy of Facility Lands' Caution is attached hereto as Appendix "H".**
50. Despite communications between the Bankruptcy Trustee and legal counsel for the Initial Purchaser wherein the **Bankruptcy Trustee expressed its view that the Facility Lands' Caution had been inappropriately registered, no steps** were taken by the Initial Purchaser or its legal counsel **to delete the Facility Lands' Caution**.
51. **In the Bankruptcy Trustee's view, the Initial Purchaser was aware of both: (i) the Bankruptcy Trustee's ongoing efforts to realize on the Ayanda Assets, and (ii) the Land Owner's steps to sever the Facility Lands from the adjoining property to facilitate the transfer of the Ayanda Facility (and underlying lands) to a new purchaser.** The Bankruptcy Trustee believes that **the Facility Lands' Caution** was registered as an attempt to undermine such efforts and exert pressure on the Land Owner (or Bankruptcy Trustee) to refund all or a portion of the Deposit that was non-refundable and in which the Initial Purchaser agreed to abandon any interest.

52. Ultimately, on or about April 28, 2024, **the Facility Lands' Caution expired and was** automatically deleted by the Land Registry Office with the Initial Purchaser taking no further action in respect of the Facility Lands against which it was purporting have an interest and/or legal claim against.

The Regulatory Review and the Proposed CRA Assessment

53. As noted in the Bankruptcy First Report, by letter dated November 14, 2023, CRA informed the Bankruptcy Trustee of the preliminary results of the Regulatory Review undertaken by CRA in respect of the Ayanda cannabis licence and the **destruction, by Ayanda, of all its cannabis related inventory prior to Ayanda's bankruptcy (the "November 2023 CRA Letter")**. A copy of the November 2023 CRA Letter is attached hereto as **Appendix "I"**.
54. The November 2023 CRA Letter informed the Bankruptcy Trustee that, among other things, the surveillance video used to support the destruction of the Ayanda cannabis inventory was insufficient to support the weight claimed as being destroyed and that the method of destruction used by Ayanda had not been approved in accordance with the applicable legal framework. As a result, CRA informed the Bankruptcy Trustee of the Proposed CRA Assessment in the amount of \$445,621.14, which represented the duty payable on the total amount of cannabis claimed as being destroyed by Ayanda.
55. The November 2023 CRA Letter advised that the processing of the Proposed CRA Assessment would be delayed until December 15, 2023, to provide the Bankruptcy Trustee time to respond to the Proposed CRA Assessment. At that time, the Bankruptcy Trustee was working to, among other things, advance the First Class Transaction. Accordingly, the Bankruptcy Trustee requested an extension of the time required to respond to the Proposed CRA Assessment, which deadline was extended to January 5, 2024.
56. In preparing its response to the Proposed CRA Assessment, the Bankruptcy Trustee consulted with various parties, including the former directors of Ayanda that had carried out the destruction activities, representatives of Hyde Advisory (and a related entity CannaNavigators Inc.), representatives of CRA, and certain of the Inspectors who were previously **involved with Ayanda and were aware of Ayanda's approved standard operating procedures**.
57. **Based on the Bankruptcy Trustee's investigation into the destruction of Ayanda's cannabis related inventory and the resultant Proposed CRA Assessment, the Bankruptcy Trustee determined that, among other things, the most recent version of Ayanda's standard operating procedures governing the destruction of its cannabis products (the "Destruction SOPs")** was prepared in November 2021. The Bankruptcy Trustee also determined that due to administrative inadvertence, the revised Destruction SOPs were not submitted to CRA for approval. Consequently, CRA relied on a **prior version of Ayanda's Destruction SOPs** in connection with its Regulatory Review. Based on the position articulated by CRA in the November 2023 CRA Letter and discussions with representatives of CRA, it was evident that the

Bankruptcy Trustee could not provide additional supporting information confirming the weight of the cannabis related inventory that was destroyed which, ultimately, formed the basis for the Proposed CRA Assessment.

58. In the circumstances, and following additional consultation with representatives of CRA, the Bankruptcy Trustee was of the view that the best response to the Proposed CRA Assessment was to explain to the CRA the surrounding circumstances that preceded, occurred during, and followed the destruction activities, including the annulment of the Proposal and the deemed bankruptcy. Further, the Bankruptcy Trustee requested CRA to reconsider the Proposed CRA Assessment in light of **Ayanda's bankruptcy** and the impact it would have on **Ayanda's creditors and other stakeholders**. As such, the Bankruptcy Trustee prepared a letter dated January 5, 2024 (the **"Bankruptcy Trustee's January CRA Letter"**) in response to the November 2023 CRA Letter and the Proposed CRA Assessment requesting that CRA reconsider the Proposed CRA Assessment. A copy of the Bankruptcy Trustee's January CRA Letter is attached hereto as **Appendix "J"**.
59. Prior to submission of the Bankruptcy Trustee's January CRA Letter, the Bankruptcy Trustee provided a draft of the letter to the Inspectors for their review and consideration. Copies of email correspondence between the Bankruptcy Trustee and the Inspectors in connection with the response to the Proposed CRA Assessment over the period January 4, 2024 to January 9, 2024 are attached hereto as **Appendix "K"**.
60. The email correspondence in **Appendix "K"** exemplifies the interactions between the Bankruptcy Trustee and certain of the Inspectors throughout the course of the bankruptcy proceeding. In this correspondence and others, it became apparent that certain of the Inspectors (3 of which are shareholders of Ayanda, not creditors) sought to assign blame to the Bankruptcy Trustee for **Ayanda's unfortunate circumstances, including the Proposed CRA Assessment**, which stems from the independent actions of Ayanda prior to its bankruptcy. Included in this correspondence are unfounded statements such as **"in my opinion this report is another indication of Richter's ineptitude in handling this CRA fine"**, and **"I am doubting Richter is able to perform [its] your required duties as Trustee within the cannabis industry and its federal regulations"**.
61. Following submission of the Bankruptcy Trustee's January CRA Letter, by letter dated February 12, 2024 (the **"February 2024 CRA Letter"**), the CRA informed the Bankruptcy Trustee that it had completed its Regulatory Review and, after **consideration of the Bankruptcy Trustee's** January CRA Letter, it reduced the CRA Proposed Reassessment from approximately \$450,000 to a fine in the amount of \$6,000 for **Ayanda's** failure to destroy all its cannabis related inventory in a manner authorized by the requisite authorities. The \$6,000.00 penalty was memorialized in a subsequent communication from CRA dated March 28, 2024 (the **"Penalty Notice"**). Copies of the February 2024 CRA Letter and the Penalty Notice are attached hereto as **Appendix "L"** and **Appendix "M"**, respectively.

62. As the CRA held a security deposit previously provided by Ayanda (the **“Security Deposit”**), the favourable result of the Regulatory Review resulted in a refund to the estate in the amount of approximately \$40,000 which, given the limited funding in the bankrupt estate, was critical to funding necessary and ongoing third-party expenses, including insurance, security monitoring and utilities (discussed further below).
63. By email dated March 4, 2024 (the **“Bankruptcy Trustee’s March 2024 Email”**), the same date the Bankruptcy Trustee received the February 2024 CRA Letter, the Bankruptcy Trustee informed the Inspectors of the final outcome of the Regulatory Review, including the future release of the Security Deposit (net of the \$6,000.00 penalty levied against Ayanda). **A copy of the Bankruptcy Trustee’s March 2024 Email is attached hereto as Appendix “N”.**

V. THE EVENTS LEADING TO THE 1001 TRANSACTION

64. The Bankruptcy Trustee previously reported on the retention of AY and Hyde Advisory to market the Ayanda Assets as well as the sale process undertaken by each of AY and Hyde Advisory in the Bankruptcy First Report and, as such, those details are not repeated in the Bankruptcy Second Report.
65. Following abandonment of the First Class Transaction, the Bankruptcy Trustee requested that, in addition to their normal marketing activities, both AY and Hyde Advisory reach out to any parties that had previously expressed interest in the Ayanda Assets to inform them that the Ayanda opportunity remained available. The Bankruptcy Trustee also sent communications to the Inspectors and Ayanda’s shareholders inviting them to contact the Bankruptcy Trustee should they have a personal interest in the Ayanda Assets or know of anyone that may have an interest in the Ayanda Assets.
66. The Ayanda Assets consist **of the Ground Lease, the Facility and the Company’s equipment**. Pursuant to the Ground Lease, the Facility Land upon which the Facility resides is leased to Ayanda by the Land Owner. The term of the Ground Lease commenced in June 2022 and includes a ten-year term with an option to extend for two additional five-year terms. Annual rent payable is \$400 (plus HST), and the tenant is responsible for the payment of utilities, property taxes, and all other costs and expenses associated with the Facility. When the term of the Ground Lease expires, the Building and Improvements (each as defined in the Ground Lease) become the property of the tenant.
67. Notwithstanding any standalone value associated with the favourable terms of the Ground Lease, the Bankruptcy Trustee was of the view that realizations would be maximized by the inclusion of the Facility Land as part of any sale process undertaken in respect of the Ground Lease. As noted in the Bankruptcy First Report, prior to the Date of Bankruptcy, the Land Owner provided its consent and authorization to market the Facility Land as available for sale to a *bona fide* third party interested in acquiring the Facility.

68. To facilitate the acquisition of the Facility Lands to any such purchaser, the Bankruptcy Trustee understands that, beginning in early 2024, the Land Owner initiated steps to sever the Facility Lands from the adjoining property, which **efforts were temporarily stymied by the Facility Lands' Caution. Following deletion of the Facility Lands' Caution, these** efforts were renewed and the Trustee understands that the severance of the Facility Lands from the adjoining property was completed in or about late June or early July 2024.
69. In an effort to **minimize costs of the Bankruptcy Trustee's administration, including the significant professional fees being** incurred, correspondence with the Inspector group was limited to essential matters requiring their direct input. The Bankruptcy Trustee notes that certain of the Inspectors continued the pattern of ascribing blame to the Bankruptcy Trustee for **Ayanda's unfortunate circumstances, including events that occurred prior to Ayanda's bankruptcy** proceedings.
70. Included in the correspondence is an email from the Bankruptcy Trustee to the Inspectors dated January 31, 2024 in response to certain questions/comments raised by certain of the Inspectors, including inquiries regarding the running of another sale process for Ayanda. Attached hereto as **Appendix "O"** is a copy of this email correspondence. In the **Bankruptcy Trustee's reply**, the Bankruptcy Trustee noted, among other things, that over the last couple of years, two independent and comprehensive sale processes had been undertaken by experienced players in the cannabis sector that generated limited interest in the Ayanda Assets. The Bankruptcy Trustee also commented on the significant difficulties experienced by many companies (large and small) in the Canadian cannabis industry, and the Bankruptcy Trustee's view that the known market for the Ayanda Assets had been fully canvassed. In the circumstances, the Bankruptcy Trustee stated its view that running another sale process would be redundant and efforts would be best served by reaching out to parties that had already expressed interest in the Ayanda Assets.
71. Also included in these communications is an email from the Bankruptcy Trustee to the Inspectors dated July 8, 2024 in response to an Inspector request for **an update on Ayanda's bankruptcy administration**. Attached hereto as Appendix **"P" is a copy of this email correspondence. The** Bankruptcy Trustee noted that there had been limited interest in the Ayanda Assets and no reasonable offers presented. The Bankruptcy Trustee also informed the Inspectors that the severance of the Facility Lands was complete. The Bankruptcy Trustee also provided the Inspectors with an interim statement of receipts and disbursements that confirmed the **liquidity issues in Ayanda's bankruptcy estate and**, at best, the estate had funding to pay a further approximately 4 months of expenses. Lastly, the Bankruptcy Trustee requested that the Inspectors contact the Bankruptcy Trustee should they or anyone they know have an interest in the Ayanda Assets.

72. In response to the Bankruptcy Trustee's July 8, 2024 email, **certain** Inspectors requested that a meeting be convened to **discuss certain the matters addressed in the Bankruptcy Trustee's communication**. Attached hereto as **Appendix "Q"** is a copy of this email correspondence. The Bankruptcy Trustee suggested that a meeting be convened on July 15, 2024. Attached hereto as **Appendix "R" is a copy of this email correspondence**. Unfortunately, only 2 of the 5 Inspectors **responded to the Bankruptcy Trustee's suggested** meeting and, consequently, on July 15, 2024, the Bankruptcy Trustee emailed the Inspectors to advise that it would not be proceeding with the meeting. The Bankruptcy Trustee invited the Inspectors to communicate any question that they may have and informed the **Inspectors of the Bankruptcy Trustee's** intention to reach an agreement for the sale of the Ayanda Assets prior to the **estate's limited remaining funds running** out, as the Ayanda Assets could not be left unprotected. Attached hereto as **Appendix "S" is a copy of this email** correspondence.
73. As noted above, given the limited interest in the Ayanda Assets, in addition to the ongoing efforts of both AY and Hyde Advisory to market the Ayanda Assets, the Bankruptcy Trustee was of the view that the best opportunity to complete a transaction for the Ayanda Assets was by focusing on parties that had previously expressed interest in such assets. The proposed Purchaser is one such party.
74. The Purchaser is a party identified through the sale process undertaken by AY shortly after the Date of Bankruptcy, which process was previously reported on in the Bankruptcy First Report. The Purchaser is also the party that submitted the Alternative Offer (as defined in the Bankruptcy First Report). AY remained in close contact with the Purchaser, which also submitted an offer for the Ayanda Assets in May 2024, which offer contained certain conditions unacceptable to both the Bankruptcy Trustee and MSFL. Subsequent communications among AY, the Bankruptcy Trustee and the Purchaser resulted in an offer being presented by the Purchaser (discussed further below) on September 16, 2024, which offer ultimately turned into the 1001 APA.
75. It should be noted that, as the Facility Lands have now been severed from the adjoining property, rather than selling the Ground Lease, the APA was structured such that the assets included in the 1001 APA were comprised of: (i) the Facility Lands (compensation to the Land Owner had been agreed to as part of the First Class Transaction, which amount is included in the allocation of the purchase price listed in the 1001 APA), (ii) the building and fixtures situated on the Facility Lands, and (iii) all Ayanda equipment located within the Facility.
76. The Bankruptcy Trustee has prepared a schedule summarizing the various offers submitted to the Bankruptcy Trustee **throughout the course of Ayanda's bankruptcy proceedings (the "Offer Summary")**. The Offer summary is attached hereto as **Confidential Appendix "1"**.

VI. THE 1001 TRANSACTION AND APA

77. The key terms and conditions of the APA are as follows:

(a) Purchaser: 1001010496 Ontario Inc.

(b) Purchased Assets:

(i) the Facility Land;

(ii) the Facility and all fixtures existing on the Facility Land; and

(iii) all of the equipment located within the Facility, excluding any property that is finally determined by the Bankruptcy Trustee or the Court to be property that is subject to a valid property claim under section 81 of the BIA;

(collectively, the **"Purchased Assets"**);

(c) Deposit: 10% of the Cash Purchase Price;

(d) Closing Date: The first business day that falls ten (10) days after the date on which the Approval and Vesting Order is granted by the Court or such other date as the Bankruptcy Trustee and the Purchaser may agree to in writing;

(e) Material Conditions: The APA contained 2 material conditions: (i) The Purchaser was granted a fifteen (15) business day diligence period (the **"Due Diligence Condition"**) to obtain a Phase One Environment Site Assessment report (the **"Phase 1 Report"**) to satisfy itself that there were no **"material issues"** with the Facility Land, and (ii) the Bankruptcy Approval and Vesting Order.

78. A redacted version of the 1001 APA is attached hereto as **Appendix "T"**. The redactions include commercially sensitive information that, if publicly available and the 1001 Transaction does not close, could impose an upper limit on the value of any subsequent sale process. An unredacted version of the 1001 APA has been filed with the Court as Confidential **Appendix "2"**.

79. Pursuant to the Waiver and Amendment, the Purchaser confirmed that the Phase 1 Report indicated that there were no material issues with the Facility Lands and waived the Due Diligence Condition. The Purchaser also confirmed that it has incorporated a new entity, 1001010496 Ontario Inc. to complete the 1001 Transaction as the Purchaser (under the 1001 APA, the initial purchaser was Fei Pan, in trust for a corporation to be incorporated). A copy of the Waiver and Amendment is attached hereto as **Appendix "U"**.

Communications with the Inspectors in relation to the 1001 Transaction

80. Following receipt of the offer on September 16, 2024, the Bankruptcy Trustee immediately contacted the Inspectors to **convene the Tenth Inspectors' Meeting on an urgent basis, as the offer that ultimately formed the basis of the 1001 APA was irrevocable until 5:00 p.m. on September 17, 2024 (the "Fei Pan Offer"). The Bankruptcy Trustee's** correspondence with the Inspectors on September 16, 2024 is attached hereto as **Appendix "V"**.
81. As part of this correspondence, the Bankruptcy Trustee sent an email to the Inspectors sent at 9:10 p.m. on September 16, 2024 that, among other things, provided an interim statement of receipts and disbursements up to September 16, 2024, a summary of the Due Diligence Condition, and informed the Inspectors that the Fei Pan Offer would result in shortfall to MSFL (which shortfall would likely be shared by the outstanding professional fees owed to the Bankruptcy Trustee and its legal counsel), and would not result in any recovery for general unsecured creditors or any other stakeholders.
82. The Tenth **Inspectors'** Meeting was held on September 17, 2024. All five Inspectors (and two observers) attended the Tenth **Inspectors'** Meeting. A copy of the minutes of the Tenth **Inspectors'** Meeting, as drafted by the Bankruptcy Trustee and redacted for certain sensitive commercial information (the **"Minutes"**), is attached hereto as **Appendix "W"**. As described in the Minutes, **the key matters to be addressed were: (i) the financial position of Ayanda's bankrupt estate, and (ii) the Fei Pan Offer.** An unredacted version of the Minutes has been filed with the Court as Confidential Appendix **"3"**.
83. As summarized in the Minutes, during the Tenth **Inspectors'** Meeting, several Inspectors made unfounded allegations against the Bankruptcy Trustee and its counsel, and raised a variety of concerns with the Fei Pan Offer, including (i) that the Inspectors had only been provided a summary of the **Fei Pan Offer's** deal terms (not the actual Fei Pan Offer), (ii) that the Fei Pan Offer would not result in realizations sufficient to provide a recovery to all stakeholders (including shareholders), and (iii) that the Inspectors felt pressured to make a quick decision in light of the short irrevocability period in the Fei Pan Offer.
84. In response to the above concerns, among other things, the Bankruptcy Trustee: (i) confirmed that the Inspectors had been provided all relevant information in connection with the Fei Pan Offer, (ii) reminded the Inspectors that the Ayanda Assets had been marketed for over one year with no reasonable offers being presented and **the estate's liquidity issues** and lack of funds required to preserve and protect the Ayanda Assets, and (iii) noted that the time to respond to the Fei Pan Offer was not in the Bankruptcy Trustee's control, as the Purchaser set the irrevocable date and time.

85. Following further discussion in connection with certain **Inspectors'** request to be provided a copy of the Fei Pan Offer, the Bankruptcy Trustee agreed to provide the Inspectors with a copy of the Fei Pan Offer redacted for certain offeror contact information. As noted in the Minutes, certain Inspectors advised that they would not consider the Fei Pan Offer unless they were provided with a complete unredacted copy of the Fei Pan Offer. The Bankruptcy Trustee responded that such redacted information was not required for the Inspectors to adequately consider the Fei Pan Offer. The Bankruptcy Trustee notes that it had concerns that certain Inspectors were sharing information received in their capacity as Inspectors with other interested parties. Accordingly, the Bankruptcy Trustee was of the view that the Inspectors should receive limited information essential to **the Inspectors' decision-making process. In the Bankruptcy Trustee's view, the sharing of certain of this information, including the bankrupt estate's financial** circumstances, could potentially negatively impact on recoveries.
86. **Notwithstanding the estate's** liquidity issues and the existence of no other reasonable **offers for Ayanda's Assets**, only one of the five Inspectors with voting rights (Nadine Dmetriuc) agreed that the Fei Pan Offer should be accepted. In the circumstances, and as the Bankruptcy Trustee was of the view that the remaining Inspectors' refusal to approve the Fei Pan Offer was interfering with the proper administration of the Ayanda bankruptcy, the Bankruptcy Trustee informed the Inspectors that despite their objections, the Bankruptcy Trustee was exercising its reasonable business judgement and would proceed to accept the Fei Pan Offer with the full consent, support and approval of MSFL, **Ayanda's sole secured** creditor. Subsequent to the Tenth **Inspectors'** Meeting and following a further exchange of communications between the Inspectors and the Bankruptcy Trustee and its counsel, one additional Inspector with voting rights (Natalie Cain) provided her approval (via email) of the Fei Pan Offer.
87. Attached hereto as **Appendix "X"** is correspondence between the Bankruptcy Trustee, its counsel, and the Inspectors that occurred after the Tenth **Inspectors'** Meeting, including an email from the Bankruptcy Trustee to the Inspectors confirming that the Bankruptcy Trustee, with the support, approval and consent of MSFL, had accepted the Fei Pan Offer. Also included in the correspondence attached as **Appendix "X" is an** email from Ms. Dmetriuc confirming her agreement to accept the Fei Pan Offer and stating that she was responding on her own behalf as an estate Inspector and not the Inspector group as a whole, which she did not want to be associated with.
88. Although the Bankruptcy Trustee appreciates and understands the dissatisfaction that certain of the Inspectors felt as shareholders of Ayanda and the potential outcome **from the sale of the Ayanda Assets, in the Bankruptcy Trustee's view**, the actions of these individuals reflected their personal interests and did not reflect the fiduciary duty that Inspectors have to the creditors of Ayanda.

89. By email dated October 8, 2024, the Bankruptcy Trustee informed the Inspectors (the **“Bankruptcy Trustee’s October 8 Email”**) that it had received the Waiver and Amendment and attached a copy of same to the email. The Bankruptcy Trustee also informed the Inspectors that it had secured Court time on November 4, 2024 to hear the Bankruptcy Trustee’s motion for approval of the 1001 APA and the 1001 Transaction. A copy of the Bankruptcy Trustee’s October 8 Email is attached as **Appendix “Y”**.
90. On October 14, 2024, as several weeks had passed since the Bankruptcy Trustee circulated the Minutes to the Inspectors with no response, the Bankruptcy Trustee wrote to the Inspectors, via email (the **“Bankruptcy Trustee’s October 14 Email”**) to request that the Inspectors either approve the Minutes, as drafted, or provide any comments or suggested revisions for **the Bankruptcy Trustee’s** consideration. The Bankruptcy Trustee also provided its view that the draft Minutes provided a transparent record of the discussion held during the Tenth **Inspectors’** Meeting. Lastly, the Bankruptcy Trustee reminded the Inspectors of the upcoming Court attendance to seek approval the 1001 Transaction, **and the Bankruptcy Trustee’s need to put a complete record before the Court, including the Minutes. A copy of the Bankruptcy Trustee’s October 14 Email is attached hereto as Appendix “Z”**.
91. **Following deliver of the Bankruptcy Trustee’s October 14 Email, Ms. Dmetriuc confirmed her agreement with the Minutes,** as drafted, and returned her signed acknowledgement to the Bankruptcy Trustee a copy of which is included with the **Minutes (see Appendix “W”)**. As at the date of this report, the Bankruptcy Trustee has not received a reply from any of the other Inspectors either confirming their agreement with the Minutes or providing any comments or suggested revisions to the Minutes.
92. As reported in the Minutes, the Bankruptcy Trustee is of the view that certain of the Inspectors were not properly exercising their fiduciary duty to the creditors of Ayanda and were instead focusing on their own personal interests in their decision-making. **Accordingly, the Bankruptcy Trustee’s view is that these Inspectors** were not acting in the best interests of the estate. While the Bankruptcy Trustee does not dispute that these Individuals were acting in good faith, the Bankruptcy Trustee is of the view that these individuals (who are all Ayanda shareholders or related to Ayanda shareholders) are confusing their personal interests with their fiduciary duty as Inspectors.
93. In the event that this Court approves the 1001 APA and the 1001 Transaction, the Ayanda Assets will have been fully **realized and the Bankruptcy Trustee’s remaining administration**, excluding the distribution of the sale proceeds (discussed further below), will be largely administrative in nature. In such circumstances, the **Inspectors’ involvement** going forward will be principally limited to reviewing and **approving the Bankruptcy Trustee’s final statement of receipts** and disbursements. The Bankruptcy Trustee is of the view that those Inspectors who have failed to respond to the Bankruptcy Trustee and carry out their duties as Inspectors should have their appointment as Inspectors revoked so that the final administration of this estate is not unduly delayed.

Bankruptcy Trustee Recommendation

94. Taking into consideration all of the above, the Bankruptcy Trustee is of the view that there is an urgency to complete the 1001 Transaction and recommends that this Court approve the 1001 APA and 1001 Transaction for the following reasons:
- (a) as detailed in the October 15 Interim R&D (discussed further below), the bankrupt estate has limited liquidity to **continue to preserve and protect Ayanda's Assets**;
 - (b) over the last several years, the Ayanda Assets were the subject of two independent and comprehensive sale processes undertaken by experienced players in the cannabis market, and those processes generated limited interest in the Ayanda Assets;
 - (c) while the Initial Transaction may have initially provided for some recovery to shareholders, in the Bankruptcy **Trustee's view**, no other prospective party offered similar economic terms;
 - (d) following **the annulment of Ayanda's proposal and its** deemed bankruptcy, the Ayanda Assets have been marketed for almost one year and generated limited interest;
 - (e) in the Bankruptcy Trustee's view, the process which ultimately led to the 1001 APA and the 1001 Transaction was conducted in a commercially reasonable manner by experienced professionals whose retention, as previously reported in the Bankruptcy First Report, was approved by the Inspectors;
 - (f) as previously noted, no funding is available to further market the Ayanda opportunity. Even if there was, the Bankruptcy Trustee is of the view that the known market for the Ayanda Assets has been fully canvassed and the resultant ongoing professional and other costs would further erode recoveries with no certainty that a superior transaction would be completed;
 - (g) **given the Company's liquidity** issues, there is urgency to complete a transaction;
 - (h) the terms of the 1001 APA are fair and reasonable in the circumstances;
 - (i) in the Bankruptcy **Trustee's view, the** 1001 Transaction provides for superior overall recoveries than would otherwise be recovered through a liquidation of the Ayanda Assets (without the inclusion of the Facility Land); and
 - (j) **the Company's** secured creditor (MSFL) supports the 1001 Transaction.

95. Based on the foregoing, the Bankruptcy Trustee is of the view that the 1001 Transaction will generate a superior return compared to the alternatives and is fair and reasonable in the circumstances. Accordingly, the Bankruptcy Trustee recommends that the Court approve the 1001 APA and authorize/direct the Bankruptcy Trustee to take all necessary steps to complete the 1001 Transaction.

Sealing

96. In the event that the 1001 Transaction does not close, the Bankruptcy Trustee is of the view that efforts to remarket the Ayanda Assets and the Facility Land may be impaired if the Offer Summary, the unredacted 1001 APA and the unredacted Minutes are made public at this time, as this information could place an upper limit on the value of the assets in any additional sale efforts. If this occurred, the creditors of the Ayanda would be materially prejudiced. In the circumstances, the Bankruptcy Trustee believes that it is appropriate for the Offer Summary, the unredacted 1001 APA and the unredacted Minutes to be filed with the Court on a confidential basis and sealed until the closing of the 1001 Transaction or upon further order of the Court.

VII. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

97. The October 15 Interim R&D is summarized as follows:

IN THE MATTER OF THE BANKRUPTCY OF Ayanda Cannabis Corporation of the County of Norfolk in the Province of Ontario			
TRUSTEE'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS (for the period ending October 15, 2024)			
RECEIPTS			
1. Funds Held by Ayanda Legal Counsel			155,254.25
2. Cash in Bank			5,822.33
3. Refunds			62,101.59
4. Interest			6,109.62
TOTAL RECEIPTS		\$	229,287.79
DISBURSEMENTS			
5. Notice of First Meeting of Creditors			
a) Photocopies	55.25		
b) Newspaper Advertisement	1,244.94		
c) Postage	32.98		
d) HST	173.31		1,506.48
6. Administrative Expenses			
a) Consulting Services (CannaNavigators)	2,250.00		
b) Computer Services (Lanworks)	931.00		
c) Security (Sonitrol)	7,485.00		
d) Telecommunications (Execulink)	5,627.11		
e) Hydro (Hydro One)	12,358.61		
f) Insurance (FCA)	163,989.36		
g) HST	3,688.37		196,329.45
7. Other Expenses			
a) Postage	42.68		
b) Bank Charges	251.83		
c) Miscellaneous	169.70		
d) HST	27.61		491.82
TOTAL DISBURSEMENTS		\$	198,327.75
ESTATE CASH BALANCE		\$	30,960.04
NOTE:	The above cash balance does not take into consideration the \$120,000 deposit provided by the Purchaser on September 18, 2024		

98. As set out above, the Bankruptcy Trustee had total receipts of \$229,287.79 between the Date of Bankruptcy and October 15, 2024, the majority of which relate to the unused Deposit funds paid pursuant to the Initial SPA and the amendments. Total disbursements over the same period were \$197,327.75, the majority of which relate to necessary costs to preserve and protect the Ayanda Assets, primarily insurance (approximately \$164,000). As at October 15, 2024, the Ayanda bankrupt estate had cash on hand totaling \$30,960.04 (excluding the Purchaser deposit of \$120,000).

99. The Bankruptcy Trustee estimates that a further approximately \$15,000 in preservation and protection costs will have been incurred by the return date for the within Motion.

VIII. AYANDA'S CREDITORS

Secured Creditors

100. As reported in the Bankruptcy First Report, MSFL is the sole secured creditor of Ayanda and was owed approximately \$500,000 as at the Date of Bankruptcy. **Ayanda's obligations to MSFL are secured by a General Security Agreement dated March 2021 (the "MSFL Security").**
101. The Bankruptcy Trustee has obtained an independent, written legal opinion from TGF with respect to the validity, enforceability and ranking of the MSFL Security (the **"Security Opinion"**). **According to the Security Opinion, it is TGF's view that, subject to customary qualifications and limitations in the Security Opinion, the MSFL Security is valid and enforceable and creates a first-ranking security interest against all present and after-acquired personal property of Ayanda.**

Priority Claims

102. Based on a review of the search results from the Personal Property Security Registration System (Ontario) with a currency date of October 14, 2024, a copy of which is attached hereto as **Appendix "AA"**, MSFL is the only party with a registered security interest against Ayanda.
103. The MSFL Security is, however, subject to certain prior charges and security interests or claims in respect of the Ayanda Assets, which include:
- (a) the Administration Charge;
 - (b) deemed trust claims; and
 - (c) statutory claims pursuant to the BIA (the **"BIA Claims"**).

Administration Charge

104. As noted previously in the Bankruptcy Second Report, the Administration Charge was granted to secure the fees and disbursements of the Proposal Trustee/Bankruptcy Trustee, TGF and Ayanda's legal counsel up to the maximum amount of \$300,000.
105. As at the date of the Bankruptcy Second Report, the Bankruptcy Trustee and its legal counsel have not received payment **for any of their fees and disbursements incurred as part of Ayanda's bankruptcy proceedings as well as a portion of their fees and disbursements incurred as part of the NOI/Proposal Proceedings.** As discussed further below, the outstanding

fees and disbursements of the Proposal Trustee/Bankruptcy Trustee and its legal counsel, TGF, for the period ending September 30, 2024 total approximately \$462,473.24.

DIP **Lender's** Charge

106. Pursuant to the March 2022 Order, the Court granted the DIP **Lender's Charge over the Ayanda Assets in the maximum** amount of the aggregate advances made by the DIP Lender to Ayanda to a maximum of \$400,000. Pursuant to the Proposal Annulment Order, **the Court discharged and terminated the DIP Lender's Charge.**

Deemed Trust Claims

107. The Bankruptcy Trustee understands that Ayanda made normal course remittances to CRA in connection with source deductions withheld from its employees. Additionally, as Ayanda had no source of revenue prior to the Date of Bankruptcy, the Bankruptcy Trustee understands that Ayanda was not in a payable position with respect to sales taxes prior to the Date of Bankruptcy. As such the Bankruptcy Trustee is not aware of any amounts that would be subject to a deemed trust in favour of CRA and the Bankruptcy Trustee has not been contacted by CRA in connection with same.

BIA Claims

108. The Bankruptcy Trustee is aware that there may be one claim in favour of a former Ayanda employee that may qualify as a claim pursuant to section 81.3 of the BIA. The maximum amount of this potential claim is \$2,000.00.
109. The Bankruptcy Trustee understands that Ayanda did not provide a registered pension plan for its employees. **Accordingly, the Bankruptcy Trustee is not aware of any amounts owing to Ayanda's former employees pursuant to section 81.5 of the BIA.**

IX. PROFESSIONAL FEES

110. The fees and disbursements of the Proposal Trustee and TGF for the period from February 1, 2022 to May 20, 2022 were approved by the Court pursuant to the Proposal Approval Order.
111. The fees and disbursements of the Proposal Trustee and TGF for the period from May 21, 2022 to July 31, 2023 were approved by the Court pursuant to the Proposal Annulment Order.
112. The Bankruptcy Trustee sought approval of: (i) the Proposal Trustee fees and disbursements and those of TGF for the period from August 1, 2023 to August 25, 2023 (the "**Proposal Fee Period**") in connection with the performance of their duties during **Ayanda's** NOI/Proposal proceeding, and (ii) the Bankruptcy Trustee fees and disbursements and those of TGF for the period from August 25, 2023 to November 30, 2023 (the "**Bankruptcy Fee Period**") in connection with the performance of their duties during **Ayanda's** bankruptcy proceedings, as part of the adjourned December 2023 Motion.

113. The total fees of the Proposal Trustee during the Proposal Fee Period amount to \$42,965.00 (excluding applicable sales taxes), and the total fees, net of discounts, of the Bankruptcy Trustee during the Bankruptcy Fee Period amount to \$96,221.50 (excluding applicable sales taxes) (collectively, “Previously Submitted Proposal Trustee/Bankruptcy Trustee Fees”). The time spent by the Proposal Trustee’s and Bankruptcy Trustee’s personnel during the above time periods is more particularly described in the affidavit of Adam Sherman, sworn December 12, 2023 (the “December 2023 Sherman Affidavit”), attached as Appendix “I” to the Bankruptcy First Report. The December 2023 Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee and Bankruptcy Trustee during the time period in question.
114. The total fees for services provided by TGF during the Proposal Fee Period and Bankruptcy Fee Period amount to \$72,155.00, together with disbursements in the amount of \$2,164.65, plus HST of \$9,661.55, for a total amount of \$83,981.20 (collectively, the “Previously Submitted TGF Fees and Disbursements”). The time spent by TGF’s personnel during the above time periods is more particularly described in the affidavit of Robert Thornton, sworn December 12, 2023 (the “Thornton Affidavit”), attached as Appendix “J” to the Bankruptcy First Report. Included in the Thornton Affidavit is a summary of the personnel, hours and hourly rates charged by TGF during the time period in question.
115. As part of the Bankruptcy Trustee’s current motion, the Bankruptcy Trustee is seeking the approval of fees and disbursements of the Bankruptcy Trustee and the TGF for the period December 1, 2023 to September 30, 2024 (the “Current Fee Period”).
116. The total fees of the Bankruptcy Trustee during the Current Fee Period amount to \$107,968.50 (excluding applicable sales taxes) (the “Current Bankruptcy Trustee Fees”). The time spent by the Bankruptcy Trustee’s personnel during the Current Fee Period is more particularly described in the affidavit of Adam Sherman, sworn October 24, 2024 (the “October 2024 Sherman Affidavit”), attached hereto as Appendix “BB”. The October 2024 Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee and Bankruptcy Trustee during the Current Fee Period.
117. The total fees of the Bankruptcy Trustee for the entirety of the Proposal Fee Period, the Bankruptcy Fee Period, and the Current Fee Period amount to an aggregate amount of \$247,155.00 in professional fees, plus HST in the amount of \$32,130.16, for a total of \$279,285.16.

118. The total fees for services provided by TGF during the Current Fee Period amount to \$82,927.50, together with disbursements in the amount of \$4,883.33, plus HST of \$11,396.05, for a total amount of \$99,206.88 (collectively, the **“Current TGF Fees and Disbursements”**). The time spent by TGF’s personnel during the Current Fee Period is more particularly described in the affidavit of Mitch Grossell, sworn October 24, 2024 (the **“Grossell Affidavit”**), attached hereto as **Appendix “CC”**. Included in the Grossell Affidavit is a summary of the personnel, hours and hourly rates charged by TGF during the Current Fee Period.
119. In addition to the fees incurred as of September 30, 2024 for each of Richter and TGF, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings, including the within motion and the completion of the Bankruptcy Trustee’s administration, the Bankruptcy has estimated a further approximately \$50,000.00 (excluding applicable taxes) in professional and legal costs required to close the 1001 Transaction and complete these proceedings up to the effective date of the Bankruptcy Trustee’s discharge (the **“Remaining Fees and Disbursements”**).
120. The total fees of TGF for the entirety of the Proposal Fee Period, the Bankruptcy Fee Period, and the Current Fee Period amount to an aggregate amount of \$155,082.50 in professional fees, plus disbursements of \$7,047.98 and HST in the amount of \$21,057.60, for a total of \$183,188.08.
121. The Bankruptcy Trustee respectfully submits that: (i) the Previously Submitted Proposal Trustee/Bankruptcy Trustee Fees and the Previously Submitted TGF Fees and Disbursements; (ii) the Current Bankruptcy Trustee Fees and Disbursements and the Current TGF Fees and Disbursements; and (iii) the Closing Costs are fair and reasonable in the circumstances and have been properly incurred. Accordingly, the Bankruptcy Trustee is seeking approval of: (i) the Previously Submitted Proposal Trustee/Bankruptcy Trustee Fees and the Previously Submitted TGF Fees and Disbursements; (ii) the Current Bankruptcy Trustee Fees and Disbursements and the Current TGF Fees and Disbursements; and (iii) the Remaining Fees and Disbursements.
- X. PROPOSED DISTRIBUTIONS SHOULD THE COURT APPROVE THE 1001 APA AND THE 1001 TRANSACTION
122. Should the Court approve the 1001 APA and the 1001 Transaction, the Bankruptcy Trustee estimates that the amounts accruing due to preserve and protect the Ayanda Assets up until the Closing Date and other amounts that would become due as a result of such closing, including broker fees and the amount due to the Land Owner in respect of the Facility Lands (which amounts were previously agreed to by the Inspectors, as reported in the Bankruptcy First Report) will total approximately \$155,000.00 (the **“Required Payments”**).

123. Following payment of the Required Payments and maintaining a holdback for any priority claims, the remaining proceeds realized from the 1001 Transaction (the **“Remaining Proceeds”**) will be insufficient to satisfy the amount due to MSFL, in full, and the outstanding amounts due to the Proposal Trustee/Bankruptcy Trustee and TGF.
124. In the circumstances (and should the Court approve the outstanding/unapproved fees and disbursements of the Proposal Trustee/Bankruptcy Trustee and TGF), the Bankruptcy Trustee requests that the Court authorize the Bankruptcy Trustee to make the following distributions subject to the Bankruptcy Trustee maintaining a sufficient reserve to complete the **administration of Ayanda’s bankrupt estate**:
- (a) MSFL: provided that such distributions do not exceed the amount of secured indebtedness owed to it by Ayanda; and
 - (b) Outstanding professional fees: provided that such amounts do not exceed the total amount of fees and disbursements as approved by the Court.

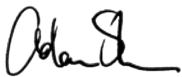
XI. CONCLUSION

125. Based on all the foregoing, the Bankruptcy Trustee respectfully recommends that this Court grant the relief requested in paragraph 32 and 33 above.

All of which is respectfully submitted this 24th day of October, 2024.

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

Per:



Adam Sherman, MBA, CIRP, LIT
Senior Vice President

APPENDIX “A”



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-22-02802344-0035

DATE: December 19, 2023

NO. ON LIST: 5

TITLE OF PROCEEDING: In the matter of the bankrupt of Ayanda Cannabis Corporation et al

BEFORE: JUSTICE CAVANGH

PARTICIPANT INFORMATION

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Mitchell W. Grossell	Counsel for Bankruptcy Trustee	mgrossell@tgf.ca

ENDORSEMENT OF JUSTICE CAVANAGH:

Richter Inc., in its capacity as the bankruptcy trustee of Ayanda Cannabis Corporation, requests an adjournment of its motion returnable before me today because the purchaser has not provided the deposit required by the Asset Purchase Agreement dated December 12, 2023.

This motion is adjourned. The Trustee will obtain a new hearing date from the Commercial List Office.

APPENDIX “B”

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

AYANDA CANNABIS CORPORATION

FIRST REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY OF
AYANDA CANNABIS CORPORATION

December 12, 2023

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APPENDICIES

APPENDIX “A” – Supplementary Third Report of the Proposal Trustee dated August 23, 2023 (without appendices)

APPENDIX “B” – Listing Agreement (redacted)

APPENDIX “C” – Advisory and Success Fee Agreement (redacted)

APPENDIX “D” – Resolution of the Estate Inspectors (redacted)

APPENDIX “E” – Asset Purchase Agreement (redacted)

APPENDIX “F” – PPSA Search Results with currency date December 7, 2023

APPENDIX “G” – Peter Sharma Statement of Claim

APPENDIX “H” – Notice of Stay of Proceedings re: Sharma Statement of Claim

APPENDIX “I” – Affidavit of Adam Sherman sworn December 12, 2023

APPENDIX “J” – Affidavit of Robert Thornton sworn December 12, 2023

CONFIDENTIAL APPENDICIES

CONFIDENTIAL **APPENDIX “1”** – Offer Summary

CONFIDENTIAL **APPENDIX “2”** – Unredacted Resolution of the Estate Inspectors

CONFIDENTIAL **APPENDIX “3”** – Unredacted Asset Purchase Agreement

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

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

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

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

FIRST REPORT OF RICHTER INC. (FORMERLY, RICHTER ADVISORY GROUP INC.)
IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY
AYANDA CANNABIS CORPORATION

DECEMBER 12, 2023

I. INTRODUCTION

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

(ii) a charge in the amount of \$400,000 in favour of the DIP Lender to secure advances made to the Company under **the DIP Facility (the “DIP Charge”, and together with the Administration Charge, the “Charges”)**; and

(c) extending the deadline by which Ayanda was required to file its proposal up to and including April 20, 2022.

7. **In recognition of Ayanda’s liquidity crisis as at the NOI Filing Date, and with the expectation of closing the** Initial Transaction with the Initial Purchaser, following the granting of the Initial Approval and Vesting Order, Ayanda and the Initial Purchaser entered into a services **agreement dated March 1, 2022 (the “Services Agreement”)**, detailing the terms upon which, for the benefit and expense of the Initial Purchaser, Ayanda would continue operations during the interim period before the Initial Transaction closed. As the Company did not generate revenue, the Initial **Purchaser’s** financial support pursuant to the Services Agreement provided critical funding to the Company to meet its post-filing obligations and continue operations while the parties worked to close the Initial Transaction.
8. On April 19, 2022, the Company filed a proposal pursuant to Part III of the BIA, which was amended (as amended, the **“Proposal”**) at the meeting of creditors held on May 9, 2022 (the **“Creditors’ Meeting”**). Subject to closing the Initial Transaction, it was expected that the Proposal would provide full recoveries (less any applicable levies payable to the Superintendent of Bankruptcy) to unsecured creditors with proven claims against the Company, plus a meaningful **recovery to the Company’s Class B** (non-voting) shareholders. The Proposal was unanimously approved by the **Company’s creditors who voted at the Creditors’ Meeting**.
9. On June 3, 2022, the Court granted an Order (**the “Proposal Approval Order”**) approving, among other things, the Proposal.

Failure to Close the Initial Transaction

10. The SPA provided for a closing date that was the later of: (a) ten business days after the date that the Initial Approval and Vesting Order was granted, and (b) the date that Health Canada approved the change of control of Ayanda (the **“Closing Date”**), and an outside closing date to complete the Transaction on or before June 30, 2022, or such later date as Ayanda and the Initial Purchaser agreed in writing (the **“Outside Date”**). As the Outside Date approached, the Proposal Trustee understood that the only remaining condition to be satisfied prior to closing the Initial Transaction was **Health Canada’s approval of the proposed change in control of Ayanda** pursuant to the Initial Transaction.
11. On June 21, 2022, due to delays in Health Canada approving the proposed change of control, Ayanda and the Initial Purchaser executed an Acknowledgement Agreement (the **“June 2022 Acknowledgment Agreement”**) that extended the Outside Date from June 30, 2022 to August 31, 2022.

12. On July 14, 2022, Health Canada informed Ayanda that it had completed its assessment of the change of control contemplated by the Initial Transaction. Health Canada further advised that, based on its assessment, Health Canada did not have concerns with respect to the proposed change in control as it relates to the *Cannabis Regulations* and informed Ayanda of the required actions necessary to give effect to the change in control.
13. **Following receipt of Health Canada's approval of the change in control of Ayanda contemplated by the Transaction, the Company moved to quickly close the Initial Transaction.** Notwithstanding that all conditions to closing were satisfied, the Initial Purchaser requested further time as the Initial Purchaser did not have the funds necessary to satisfy the purchase price and close the Initial Transaction.
14. In an effort to preserve the Initial Transaction that, if completed, provided for full **recovery to Ayanda's proven** unsecured creditors (less any levies payable to the Superintendent of Bankruptcy) **and a meaningful recovery to the Company's Class B shareholders**, following correspondence between Ayanda and the Initial Purchaser (and their respective counsel), at the request of the Initial Purchaser, the parties entered into successive extension agreements (collectively, **the "Amending Agreements"**), summarized below, amending the SPA such that the Outside Date was extended to March 15, 2023:
 - (a) an Acknowledgement Agreement dated July 25, 2022 (the **"July 2022 Acknowledgement Agreement"**) that, among other things, extended the Closing Date to August 31, 2022;
 - (b) an Amendment to the SPA dated August 30, 2022 (the **"August 2022 Amendment"**) that, among other things: (i) extended the Outside Date to September 15, 2022, (ii) increased the deposit under the SPA (the **"Deposit"**) by \$240,000 (total Deposit of \$440,000), and (iii) provided the Initial Purchaser with an option to further extend the Outside Date to September 30, 2022 upon the payment of an additional \$100,000 towards the Deposit (total Deposit of \$540,000). The Purchaser elected to further extend the Outside Date to September 30, 2022;
 - (c) an Amendment to the SPA dated September 29, 2022 (the **"September 2022 Amendment"**) that, among other things: (i) extended the Outside Date to October 14, 2022, and (ii) increased the Deposit by a further \$100,000 (total Deposit of \$640,000);
 - (d) an Amendment to the SPA dated October 14, 2022 (the **"October 2022 Amendment"**) that, among other things: (i) extended the Outside Date to November 15, 2022, and (ii) increased the Deposit by a further \$160,000 (total Deposit of \$800,000). The October 2022 Amendment also provided the Purchaser with an option to extend the Outside Date to November 30, 2022, and subsequently to December 15, 2022, upon further increases to the Deposit of \$100,000 in each instance (total Deposit of \$1,000,000). The Purchaser elected to extend the Outside Date to December 15, 2022.

The **October 2022 Amendment** also confirmed the parties' agreement to a minimum amount of the closing adjustments under the SPA, resulting in an increase to the purchase price of no less than \$300,000 (the **"Closing Adjustments"**). In addition, the Initial Purchaser further agreed that the Deposit was non-refundable, it abandons its interest in the Deposit, and the Deposit may be used by the Company for working capital and other expenses, including the permanent repayment of amounts outstanding that are subject to the DIP Lender's Charge;

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

The December 2022 Amendment also confirmed the Initial Purchaser's agreement to pay for all costs and expenses incurred by the Company from and after December 1, 2022, including legal fees of the Company incurred in connection with any further extension of the Outside Date (the **"Company Expense Payments"**), and required the Initial Purchaser to make an initial payment of \$25,000 on account of such fees and expenses. The Initial Purchaser also agreed to make an initial payment of \$50,000 in respect of the Closing Adjustments (the **"Closing Adjustment Payment"**);

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

15. The Initial Purchaser failed to close the transaction on March 15, 2023. The Company's legal counsel emailed the Initial Purchaser's legal counsel on March 15, 2023, acknowledging that certain representatives of the Initial Purchaser encountered familial issues and, in these circumstances, the Company was willing to offer an extension of the Outside Date to March 24, 2023, subject to confirmation that the Initial Purchaser would be in a position to close on that date. The next day, the Initial Purchaser's counsel advised he would communicate the message and respond if the extension offer was acceptable to the Initial Purchaser. The Proposal Trustee is not aware of any response from the Initial Purchaser's counsel.

16. **On March 25, 2023, Ayanda's CEO advised** its legal counsel that representatives of the Initial Purchaser requested another extension without specifying the terms of such extension. Over the subsequent weeks, negotiations on extension and deal terms continued among the Company, the Initial Purchaser and their respective counsel. On April 22, 2023, **the Company's counsel advised the Proposal Trustee that the parties agreed to extend the Outside Date to May 5, 2023,** along with a revised transaction structure.
17. On May 5, 2023, the Initial Purchaser, again, failed to close the Initial Transaction. On May 10, 2023, **the Company's** legal counsel advised the Initial **Purchaser's legal counsel that Ayanda would agree to** one final extension of the Outside Date to May 19, 2023, and if the Initial Transaction did not close by that date, Ayanda would not provide any further extensions.
18. The Outside Date under the SPA (as amended) lapsed and it became clear that the Initial Purchaser did not have the required funding to close the Initial Transaction. In addition, following the expiration of the SPA (as amended from time to time), the Initial Purchaser ceased making payments pursuant to the Services Agreement, which resulted in the **resignation of the Company's last remaining employee – Ayanda's master grower.**
19. The Proposal Trustee further understood **that the Company's insurance policy expired on June 5, 2023.** Not only did the incumbent insurer decline to extend the then existing coverage, but the Company was unable to secure suitable alternative replacement coverage given the status of both the Company and the failure to close the Initial Transaction.
20. **On July 20, 2023, Ayanda's** legal counsel wrote to the Initial Purchaser (the **"July 2023 Letter"**) to, among other things, advise that Ayanda was unable to fund continuing operations and that the Company was non-compliant with its cannabis licenses issued by Health Canada. **In the circumstances and given the Company's understanding that its cannabis licenses held limited value,** the July 2023 Letter also provided written notice to the Initial Purchaser that Ayanda will take immediate steps to surrender all cannabis licenses issued by Health Canada and destroy all cannabis product located **at the Company's** leased premises, a 55,000 square foot single story cultivation and processing facility (the **"Facility"**).

Material Adverse Change

21. In the Proposal **Trustee's view, failure to the close the** Initial Transaction and the effective termination of the Services Agreement represented a material adverse change to **the Company's financial circumstances and its ability to implement** its Proposal (which was conditional on, among other things, closing the Initial Transaction).

22. Although the Proposal provided for the possibility that, in the event the Initial Transaction did not close, the Company could present an amended proposal for consideration by its creditors, the Proposal Trustee was of the view that the Company was not in a position to present a viable amended proposal to its creditors for a variety of reasons, including:
- (a) the Company had no business activities, no employees and was no longer operating as a going concern;
 - (b) the Company was unable to obtain insurance coverage for ongoing business activities;
 - (c) the Initial Purchaser, Ayanda and other interested parties (i.e., Class B shareholders) attempted to negotiate and agree to material amendments to the SPA (and the Proposal), which would permit the Initial Transaction to close, without success;
 - (d) the Company had destroyed all cannabis-related product and plant material located at the **Company's premises** and taken steps to surrender its cannabis licenses that the Company understood had limited, if any, value due to, **among other things, the estimated costs to bring Ayanda's cannabis licenses into compliance and the simplified process for new federal cannabis license applications;** and
 - (e) the Company did not have sufficient liquidity **to remarket the Company's business or assets as a going concern**, and it appeared **that the Company's only remaining assets** were the Ground Lease (as hereinafter defined) and **Ayanda's building/equipment**, the values of which did not appear to be materially impacted by the legal status of the Company.
23. For these reasons, the Proposal Trustee was of the view that the Proposal (in its then current or an amended form) could not continue without injustice or undue delay to the creditors of Ayanda.
24. On July 18, 2023, the Proposal Trustee issued a material adverse change report pursuant to section 50(1) of the BIA (the "MAC Report") **and** brought a motion to the Court for an order, among other things, annulling the Proposal and deeming the Company bankrupt.
25. On August 25, 2023 (**the "Date of Bankruptcy"**), the Court granted an Order (the "**Proposal Annulment Order**") that, among other things:
- (a) annulled the Proposal pursuant to section 63(1) of the BIA;
 - (b) deemed Ayanda bankrupt, and appointed **Richter as trustee of Ayanda's bankrupt estate** (in such capacity, the "Bankruptcy Trustee"), **subject to affirmation by the Company's creditors;**

- (c) amended the DIP Facility and Stay Extension Order to remove Miller Thomson LLP as a beneficiary of the Administration Charge and add Aird & Berlis LLP as a beneficiary to the Administration Charge;
- (d) terminated the DIP Charge;
- (e) approved the **Proposal Trustee's third report to Court dated August 4, 2023 (the "Third Report")** and the actions, activities and conduct of the Proposal Trustee described therein, and
- (f) approved the fees and disbursements of the Proposal Trustee and its counsel, Thornton Grout Finnigan LLP ("TGF"), in the amounts set out in the Third Report.

Bankruptcy Proceedings

- 26. In accordance with the BIA, **the first meeting of the Company's creditors was held on September 14, 2023 (the "First Meeting of Creditors")**. **At the First Meeting of Creditors**, among other things, **Ayanda's** creditors affirmed the **appointment of Richter as Bankruptcy Trustee and appointed five estate inspectors (the "Inspectors")**, and one non-voting inspector to participate as an observer. The Inspectors subsequently authorized the addition of a second non-voting inspector to participate as an observer.
- 27. Richter has established a website (the "**Case Website**") for the purposes of these proceedings at: <https://www.richter.ca/insolvency/ayanda-cannabis-corporation/>. Copies of the Court and other materials filed in the NOI and bankruptcy proceedings, including Orders of the Court and other relevant documents, are posted to and available for review at the Case Website.

II. PURPOSE OF REPORT

- 28. This report (the "**First Report**") is filed by Richter in its capacity as Bankruptcy Trustee of the Company to provide the Court with information in respect of the following:
 - (a) the actions and activities of the Bankruptcy Trustee since the Date of Bankruptcy;
 - (b) the results of a **sale process undertaken by the Bankruptcy Trustee for the Company's** remaining realizable assets (**the "Sale Process"**) and, ultimately, the **proposed sale by the Bankruptcy Trustee of the Purchased Assets** (as defined below) to First Class Extracts Corporation, or its assignee (**the "New Purchaser"**), **subject to** the approval of this Court;

- (c) the terms of an asset purchase agreement dated December 12, 2023 (**the “APA”**) among the Bankruptcy Trustee, the New Purchaser and Luke & Blanche Sioen Farms Ltd. (**the “Land Owner”**)¹ **in respect of the sale of Ayanda’s remaining assets (the “New Transaction”), including the reasons why the Bankruptcy Trustee recommends the approval of the New Transaction by the Court;**
- (d) the known and potential claims against Ayanda as at the date of this First Report;
- (e) **the Bankruptcy Trustee’s interim statement of receipts and disbursements for the period from the Date of Bankruptcy to November 30, 2023 (the “November 30 Interim R&D”);**
- (f) the fees and disbursements of the Bankruptcy Trustee and its counsel; and
- (g) the Bankruptcy Trustee’s request that this Court grant an order (**the “Bankruptcy Approval and Vesting Order”**), *inter alia*:
 - (i) approving the APA and the New Transaction and directing the Bankruptcy Trustee to take any and all steps necessary to complete the APA and the New Transaction;
 - (ii) upon filing of a certificate, substantially in the form included at **Schedule “A” of the Bankruptcy Approval and Vesting Order**, certifying that the New Transaction has closed, and vesting all respective right, title and interest of the Bankruptcy Trustee in and to the Purchased Assets to the New Purchaser free and clear of all liens, charges, security interests and other encumbrances;
 - (iii) sealing the Offer Summary (as defined below), the Inspector Resolution (as defined below) and the unredacted version of the APA, until the closing of the New Transaction;
 - (iv) approving the fees and disbursements of the Bankruptcy Trustee and its counsel; and
 - (v) approving the **Proposal Trustee’s supplement to the Third Report** dated August 23, 2023 (the “Supplementary Third Report”), **filed with the Court in support of the Proposal Trustee’s motion seeking the Proposal Annulment Order**, and this First Report, and the actions, activities and conduct of the Proposal Trustee and Bankruptcy Trustee, respectively, set out therein. A copy of the Supplementary Third Report, without appendices, is attached hereto as **Appendix “A”**.

¹ The Land Owner is the counterparty to the Company’s lease dated June 1, 2022 with respect to the approximately 2 acres of land where the Facility resides (**the “Ground Lease”**).

III. TERMS OF REFERENCE

29. In preparing the First Report, the Bankruptcy 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 Bankruptcy Trustee has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, the Bankruptcy 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 Bankruptcy Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
30. Parties using this First Report other than for the purposes outlined herein are cautioned that it may not be appropriate for such purposes, and, consequently, should not use the First Report for any other purpose.
31. Unless otherwise noted, all monetary amounts contained in the First Report are expressed in Canadian dollars.
32. Capitalized terms not otherwise defined in this First Report have the meanings given to them in the APA.

IV. ACTIVITIES OF THE BANKRUPTCY TRUSTEE SINCE THE DATE OF BANKRUPTCY

33. **The primary objective of Ayanda's bankruptcy proceedings is to maximize recoveries from Ayanda's remaining realizable assets for the benefit of Ayanda's stakeholders.** As noted in the Third Report, following the destruction of the cannabis products/plant material at the Facility, it appeared that Ayanda's only remaining realizable assets are the Ground Lease, which includes the Facility, and the Company's equipment (together with the Facility, the "Ayanda Assets").
34. Since the Date of Bankruptcy, in addition to statutory work in accordance with the BIA, the Bankruptcy Trustee's actions and activities have primarily consisted of safeguarding and preserving the Facility while undertaking a process to solicit third-party interest in the Ayanda Assets. **The Bankruptcy Trustee's activities since the Date of Bankruptcy include, *inter alia*:**
 - (a) assisting the Company with the preparation of the Statement of Affairs sworn August 30, 2023 and the review of same;
 - (b) maintaining the Case Website;
 - (c) **safeguarding and preserving the Company's assets, including (i) restricting and controlling access to the Facility** by deactivating all electronic key fobs except for one, which is in the possession of **Mr. Sioen, Ayanda's former Chief Executive Officer and former director of the Company,** (ii) ensuring the alarm system for the Facility is

- functioning and appropriately monitored, (iii) arranging for the transfer of **Ayanda's cash held in financial institutions and in trust with Ayanda's** former counsel to the estate bank account, (iv) sourcing and obtaining new property and liability insurance coverage, and (v) backing-up the **Company's key electronic records and other** data;
- (d) **issuing the prescribed notices to the Company's creditors advising of the bankruptcy and the date, time and place** for the First Meeting of Creditors;
 - (e) chairing the First Meeting of Creditors **and preparing the Trustee's** Report to the First Meeting of Creditors on Preliminary Administration dated September 14, 2023, and tabled at the meeting;
 - (f) reviewing proofs of claim filed in the bankruptcy proceedings;
 - (g) organizing and chairing eight Inspector meetings: September 14, 2023 (**the "First Inspectors' Meeting"**), September 20, 2023 (**the "Second Inspectors' Meeting"**), October 6, 2023, October 11, 2023, November 17, 2023 (**the "Fifth Inspectors' Meeting"**), November 22, 2023, November 24, 2023 and December 1, 2023 (**the "Eighth Inspectors' Meeting"**), communicating and consulting with the Inspectors regarding the safeguarding and preservation of the Ayanda Assets, the Sale Process, the Property Claims (defined below), the Sharma Statement of Claim (defined below), the CRA Regulatory Review (defined below) and other matters in connection **with the Company's bankruptcy proceedings**;
 - (h) carrying out the Sale Process, including (i) soliciting and reviewing proposals from realtors to select a listing agent, (ii) retaining Avison Young Commercial Real Estate Services, LP ("**AY**") as listing agent and Hyde Advisory & Investments Inc. ("**Hyde Advisory**"), a cannabis focused business brokerage and advisory firm, to market the Ayanda Assets, (iii) corresponding and communicating with AY and Hyde Advisory, (iv) reviewing marketing materials, preparing and compiling information to be made available in virtual data rooms, including a form of agreement of purchase and sale (**the "Template APA"**), (v) coordinating due diligence requests, including arranging site visits, (vi) corresponding and communicating with prospective buyers, (vii) reviewing offers submitted, and (viii) negotiating and finalizing the APA with the New Purchaser;
 - (i) attending a tour of the Facility on October 3, 2023, with representatives of AY and certain Inspectors;
 - (j) corresponding and communicating extensively with Michael Sioen Farms Ltd. ("**MSFL**"), **the Company's secured** creditor, regarding its alleged secured claim against the Company, the Sale Process, the APA, and other matters in connection with the bankruptcy proceedings;

- (k) **reviewing and assessing a property claim filed by ES Farming Inc. (the “ES Farming Property Claim”), including** corresponding and communicating with ES Farming and arranging, following Inspector authorization, for the property subject to the ES Farming Property Claim to be returned to ES Farming;
- (l) reviewing and assessing a property claim filed by the Initial Purchaser (the “Initial Purchaser Property Claim” and together **with the ES Farming Property Claim, the “Property Claims”), including corresponding and** communicating with Mr. Peter Sharma, a director of the Initial Purchaser, and former representatives of the Company with knowledge of the circumstances giving rise to the Initial Purchaser Property Claim, and, following Inspector authorization, issuing a notice of disallowance to the Initial Purchaser disallowing, in full, the Initial Purchaser Property Claim;
- (m) preparing and updating **the Bankruptcy Trustee’s** interim statement of receipts and disbursements;
- (n) retaining, with Inspector approval, **CannaNavigators Inc. (“CannaNavigators”), a cannabis regulatory consultant,** to assist with preparing and compiling information and documentation in connection with a Canada Revenue **Agency (“CRA”) regulatory review of Ayanda (the “CRA Regulatory Review”), including corresponding and** communicating with CannaNavigators and CRA regarding same;
- (o) reviewing a letter dated November 14, 2023 from CRA summarizing the results of the CRA Regulatory Review, including **CRA’s** proposed assessment against Ayanda in connection with the destruction of all cannabis related product at the Facility by the Company prior to these bankruptcy proceedings (**the “CRA Proposed Assessment”).** Among other things, CRA alleges that the method of destruction employed by the Company was not approved by the requisite authorities. The Bankruptcy Trustee continues to review and investigate the CRA Proposed Assessment and will respond, as appropriate, upon confirmation of the particulars regarding the cannabis destruction;
- (p) communicating with representatives of Health Canada, Hyde Advisory and certain Inspectors who are familiar **with Ayanda’s former cannabis licenses and standard operating procedures in connection with the CRA** Regulatory Review and the CRA Proposed Assessment;
- (q) reviewing a statement of claim issued by Mr. P. Sharma, in his personal capacity (**the “Sharma Statement of Claim”**), against Ayanda and certain of its former directors;
- (r) **on November 16, 2023, issuing a notice (the “Stay Notice”) to Mr. Sharma, among other parties, of the stay of** proceedings pursuant to section 69.3(1) of the BIA and, among other things, advising that the Sharma Statement of Claim is subject to the stay of proceedings as it relates to the estate of Ayanda;

- (s) communicating with the Land Owner in respect of the Sale Process, Ground Lease and related matters, including the **Bankruptcy Trustee's intention to continue occupation of the real property subject to the Ground Lease until the date that the New Transaction closes;**
- (t) making payments to suppliers for goods and services provided after the Date of Bankruptcy;
- (u) responding to enquiries from creditors, shareholders and other interested parties in respect of **Ayanda's** bankruptcy proceedings;
- (v) **communicating and corresponding with Ayanda's former directors;**
- (w) corresponding and communicating with TGF regarding all matters in the bankruptcy proceedings; and
- (x) preparing this First Report.

V. THE SALE PROCESS

The Ayanda Assets

- 35. Pursuant to the Ground Lease, the approximately two acres of land (**the "Facility Land"**) upon which the Facility resides is leased by the Land Owner, a corporation controlled by Mr. Sioen, to Ayanda. The term of the Ground Lease commenced in June 2022 and includes a ten-year term with an option to extend for two additional five-year terms. Annual rent payable is \$400 (plus HST), and the tenant is responsible for the payment of utilities, property taxes, and all other costs and expenses associated with the Facility. When the term of the Ground Lease expires, the Building and Improvements (each as defined in the Ground Lease) become the property of the tenant.
- 36. Notwithstanding any standalone value associated with the Ground Lease, the Bankruptcy Trustee is of the view that realizations would be maximized by the inclusion of the Facility Land as part of any sale process undertaken in respect of the Ground Lease. As noted in the Supplementary Third Report, prior to the Date of Bankruptcy, the Land Owner provided its consent and authorization to market the Facility Land as available for sale to a *bona fide* third party interested in acquiring the Facility.

Retention of Listing Agent and Sales Agent

- 37. **As at the Date of Bankruptcy, Ayanda's bankrupt estate** did not have any funds after taking into consideration the unpaid professional fees owing to the Proposal Trustee and its counsel, as further described in the Third Report. For this reason, it was imperative that the Bankruptcy Trustee take immediate steps to realize on the Ayanda Assets.

38. Shortly after the Date of Bankruptcy, in an effort to expedite the process of realizing on the Ayanda Assets, the Bankruptcy Trustee requested proposals from four experienced real estate brokerage firms to act as listing agent to solicit offers for the Ayanda Assets, including the Facility Land. Two firms submitted proposals, which were received prior to the First Inspector Meeting.
39. At the First Inspector Meeting, the Bankruptcy Trustee provided an overview of the key terms, strategies and other pertinent information included in each of the proposals, including indications of value, proposed commission and cost structures, timeline, marketing and pricing strategy, and relevant experience. In addition, the Bankruptcy Trustee provided its view that the AY proposal was superior to the alternative in all respects except for the proposed commission rate.
40. In addition to soliciting listing agents proposals for the Ayanda Assets, the Bankruptcy Trustee also communicated with representatives of Hyde Advisory to discuss the potential for Hyde Advisory to re-market the Ayanda Assets as a turnkey cannabis facility to its network of global contacts in the cannabis industry. In the Bankruptcy Trustee's view, pursuing a sale of the Ayanda Assets through both a realtor and Hyde Advisory would ensure that the opportunity was exposed to a broad spectrum of potential interested parties.
41. Following discussions among the Bankruptcy Trustee and the Inspectors at the First Inspectors' Meeting, the Inspectors unanimously authorized the Bankruptcy Trustee to pursue a sale of the Ayanda Assets through the joint sale efforts of both Hyde Advisory and AY, subject to the negotiation of certain terms with the proposed listing agent. In this regard, the Bankruptcy Trustee: (a) negotiated more favourable economic terms with AY, and (b) contacted Hyde Advisory to request a draft form of agreement setting out the terms of its proposed engagement by the Bankruptcy Trustee.
42. **The Second Inspectors' Meeting was held to** discuss and consider the terms upon which each of AY and Hyde Advisory would agree to co-operatively market the Ayanda Assets. At this meeting, the Inspectors unanimously authorized the Bankruptcy Trustee finalize agreements with each of AY and Hyde Advisory, and provided the Bankruptcy Trustee with instructions regarding acceptable parameters **for such agreements. In accordance with the Inspectors' instructions, the** Bankruptcy Trustee entered into agreements with each of AY and Hyde Advisory, which included the following terms:
 - (a) AY: Pursuant to a Listing Agreement dated October 2, 2023 (**the "Listing Agreement"**), AY would receive a **commission at a competitive market rate for any transaction completed through AY's listing efforts. Alternatively,** AY agreed to a work fee should a transaction be completed that was introduced by Hyde Advisory; and
 - (b) Hyde Advisory: Pursuant to an **Advisory and Success Fee Agreement dated September 25, 2023 (the "Advisory and Success Fee Agreement"**), Hyde Advisory agreed to a success fee equal to a percentage of the purchase price if the purchaser was introduced by Hyde Advisory.

Redacted copies of the Listing Agreement and Advisory and Success Fee Agreement are attached hereto as Appendix “B” and **Appendix “C”**, respectively.

Overview of the Marketing Process

43. As noted above, given the state of the **bankrupt estate’s finances**, it was critical to advance the Sale Process as quickly as possible. Following **the Bankruptcy Trustee’s consultation with AY, Hyde Advisory and the Inspectors**, the Inspectors agreed that the Sale Process should commence as soon as possible and run for a six-week period. The Bankruptcy Trustee, as authorized by the Inspectors, set a bid deadline of November 13, 2023, **at 5:00 p.m. (Toronto time) (the “Bid Deadline”)**.
44. The Sale Process is summarized as follows:
 - (a) AY listed the opportunity on the Multiple Listing Service (MLS) for the Toronto and Waterloo regions on October 2, 2023. On October 10, 2023, AY issued a marketing brochure and other materials summarizing the opportunity to approximately 4,300 unique email addresses. The opportunity was also posted to the LinkedIn pages of the AY brokers of record;
 - (b) Hyde Advisory identified and actively canvassed 33 groups with respect to the opportunity within its network of domestic and international contacts who are 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. In addition, Hyde Advisory published a listing of the opportunity on its website, prepared and published a marketing post on its social media platforms, and published the opportunity **in Hyde Advisory’s October 2023 monthly newsletter**, which was sent to more than 3,000 subscribers;
 - (c) Interested parties were required to execute a non-**disclosure agreement (“NDA”) in order to receive additional** information, including access to electronic data rooms (one managed by AY and one managed by Hyde Advisory) that contained other information relevant to the Ayanda Assets. A total of thirteen parties (five from AY; eight from Hyde Advisory) executed an NDA and were granted data room access to assist in their due diligence. A copy of the Template APA was made available in the data rooms;
 - (d) AY and Hyde Advisory, with the assistance of the Bankruptcy Trustee, facilitated due diligence by, among other things, coordinating site visits to view and inspect the Facility. In total, four parties attended the Facility for a site tour;

- (e) On November 13, 2023, two parties submitted offers by the Bid Deadline. Both offers involved the acquisition of the Ayanda Assets, including the Facility Land. One offer was submitted through AY and was made in the form of the Template APA (**the “Alternative Offer”**). The other was submitted through Hyde Advisory by the New Purchaser and was in the form of a letter of intent (**the “New Purchaser Offer”**);
- (f) Although the New Purchaser Offer proposed a superior purchase price when compared to the Alternative Offer, the New Purchaser Offer included a 21-day diligence condition and was not submitted in the form of the Template APA. Following instructions from the Inspectors at the Fifth Inspectors’ Meeting, the Bankruptcy Trustee contacted Hyde Advisory to request that the New Purchaser re-submit its offer using the Template APA and consider removing its diligence condition. The Bankruptcy Trustee, through AY, also provided the Alternative Offer with an opportunity to increase its proposed purchase price. AY subsequently confirmed that the party that submitted the Alternative Offer was not willing to move on value;
- (g) On November 20, 2023, the New Purchaser submitted a revised offer (**the “New Purchaser Revised Offer”**) using the Template APA and removed its diligence condition (all other deal terms, including the purchase price, remained unchanged);
- (h) The Bankruptcy Trustee has prepared a schedule summarizing and comparing the New Purchaser Revised Offer and the Alternative Offer (**the “Offer Summary”**). **The Offer Summary** is appended to the First Report as **Confidential Appendix “1”**;
- (i) Following further meetings, communications and correspondence among the Bankruptcy Trustee and the Inspectors in respect of the above, **at the Eighth Inspectors’ Meeting, the Inspectors unanimously authorized the Bankruptcy Trustee to take all necessary steps to finalize the APA with the New Purchaser, based on the terms set out in the New Purchaser Revised Offer. The Inspectors also unanimously agreed upon a purchase price allocation as between the Ayanda Assets and the Facility Land. A redacted copy of an Inspectors’ resolution (the “Inspectors’ Resolution”) authorizing the above is attached hereto as Appendix “D”. An unredacted version of the Inspectors’ Resolution is attached hereto as Confidential Appendix “2”**.

VI. THE NEW TRANSACTION AND APA

45. The key terms and conditions of the APA are as follows:

- (a) Purchaser: First Class Extracts Corporation, or its assignee;
- (b) Purchased Assets:
 - (i) the Ground Lease;

- (ii) the Facility and all fixtures existing on the Facility Land; and
- (iii) all of the equipment located within the Facility, excluding any property that is finally determined by the Bankruptcy Trustee or the Court to be property that is subject to a valid property claim under section 81 of the BIA;

(collectively, the **“Purchased Assets”**);

- (c) Deposit: Equal to 10% of the aggregate of: (i) the Cash Purchase Price (as defined in the APA) and (ii) the Facility Land Cash Payment (as defined below);
- (d) Closing Date: January 19, 2024, or such other date as the Bankruptcy Trustee and the New Purchaser may agree to in writing;
- (e) Material Conditions: The New Transaction Approval and Vesting Order; and
- (f) Conveyance of Facility Land to Purchaser: Following execution of the APA, the New Purchaser and the Land Owner will work co-operatively to sever the Facility Land. If severance is granted, the Land Owner will convey the **Facility Land to the New Purchaser in exchange for a cash payment (the “Facility Land Cash Payment”).** The Bankruptcy Trustee is of the view that the Facility Land Cash Payment, which was approved by the Inspectors, is fair and reasonable.

46. A redacted version of the APA is attached hereto as **Appendix “E”**. The redactions include commercially sensitive information that, if publicly available and the transaction with the New Purchaser does not close, could impose an upper limit on the value of any subsequent sale process. An unredacted version of the APA has been filed with the Court as **Confidential Appendix “3”**.

Bankruptcy Trustee Recommendation

47. The Bankruptcy Trustee recommends that this Court approve the New Transaction for the following reasons:
- (a) the Bankruptcy Trustee is of the view that the Sale Process was conducted in a commercially reasonable manner in the circumstances, including the amount of time to solicit bids, the breadth of the Bankruptcy Trustee’s canvassing of the market, the information made available to interested parties (including the information in the data rooms), and the availability of the Bankruptcy Trustee, with the assistance of the Company’s former directors, for due diligence requests, meetings and site tours;

- (b) no alternative offers superior to that which is contemplated under the New Transaction were received despite the Bankruptcy Trustee, through its advisors, reaching out to over 4,300 prospective parties (not including any parties who were made aware of the Sale Process through other social media from which the opportunity was marketed);
- (c) no funding is available to further market the opportunity. Even if there was, the Bankruptcy 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 a transaction;**
- (e) Hyde Advisory is highly qualified and has extensive experience in the cannabis sector, and AY is an experienced realtor with experience selling distressed real estate assets;
- (f) the terms of the APA are fair and reasonable in the circumstances;
- (g) the Inspectors and the material creditors of the Company have been kept apprised of the Sale Process, and have approved the Sale Process;
- (h) in the Bankruptcy **Trustee's view, the** New Transaction provides for superior overall recoveries than the alternative offer received in the Sale Process, or that would otherwise be recovered through a liquidation of the Ayanda Assets (without the inclusion of the Facility Land);
- (i) the Inspectors, the Land Owner and the **Company's** secured creditor (MSFL) support the New Transaction; and
- (j) **the New Transaction is the best opportunity to maximize recoveries for Ayanda's stakeholders.**

48. Based on the foregoing, the Trustee is of the view that the Sale Process was conducted appropriately, and the New Transaction is fair and reasonable in the circumstances.

Sealing

49. In the event that the New Transaction does not close, the Bankruptcy Trustee is of the view that efforts to remarket the Ayanda Assets and the Facility Land may be impaired if the Offer Summary, the Inspector Resolution, and the unredacted APA are made public at this time because this information could place an upper limit on the value of the assets in any additional sale efforts. If this occurred, the creditors of the Ayanda would be materially prejudiced. In the circumstances, the Bankruptcy Trustee believes that it is appropriate for the Offer Summary, the Inspector Resolution, and unredacted APA to be filed with the Court on a confidential basis and sealed until the closing of the New Transaction or upon further order of the Court.

VII. CREDITORS

Secured Creditors

50. According to Ayanda's books and records, the Bankruptcy Trustee understands that MSFL is the sole secured creditor with outstanding indebtedness of approximately \$500,000 as of the Date of Bankruptcy. This indebtedness arises from certain loan agreements, including an initial \$550,000 loan advanced on or about November 4, 2019 pursuant to a letter agreement dated November 4, 2019.
51. MSFL provided the Company with an additional loan of \$1 million pursuant to a letter agreement dated March 9, 2021, and evidenced by a demand promissory note dated March 10, 2021. Pursuant to a General Security Agreement dated March 2021 ("MSFL GSA"), Ayanda granted a security interest to MSFL in respect of all amounts owing to MSFL.
52. Prior to **Ayanda's** NOI proceeding, MSFL agreed to reduce the indebtedness outstanding under the promissory note by \$500,000 pursuant to an Acknowledgment Agreement dated May 27, 2021 (**the "May 2021 Acknowledgment Agreement"**). As part of the May 2021 **Acknowledgment Agreement**, **Rene Huyge ("Huyge")** agreed to reduce the indebtedness owed by MSFL to Huyge by \$500,000, and the Company provided shares to Huyge.
53. The results of a search of the Personal Property Security Registration System (Ontario) for Ayanda with a currency date of December 7, 2023 (**the "PPSA Search Results"**) confirm that MSFL is the only secured creditor of Ayanda. A copy of the PPSA Search Results is attached hereto as **Appendix "F"**.

Other Potential Claims Against Ayanda

54. The table below sets out known potential claims against Ayanda, as at the date of this First Report. **As of today's date, no claims have been proven or admitted for purposes of distribution in Ayanda's bankruptcy proceedings.**

Ayanda Cannabis Corporation Summary of Potential Claims As At December 12, 2023 (in CAD; unaudited)	
	Amount
Proofs of Claim Filed ¹	1,202,853
Other Potential Claims	10,445,621
Total Potential Claims Against Ayanda	11,648,475

(1) None of the proofs of claim filed with the Bankruptcy Trustee to date have been admitted or approved for the purposes of a distribution in Ayanda's bankruptcy proceedings.

55. The Bankruptcy Trustee notes the following with respect to certain of the claims referenced in the table on the previous page:

- (a) One of the Proofs of Claim filed represents a contingent claim totaling \$1,148,618.20 filed by a former director, officer and founder of **Ayanda (the “Filed Contingent Claim”)**. **The** Filed Contingent Claim was filed in the NOI proceedings, and alleges the claimant is owed approximately \$180,000 on account of an alleged share redemption and approximately \$965,000 for services provided to the Company pursuant to an alleged oral contract.

Following a comprehensive review of the Filed Contingent Claim, the Proposal Trustee issued a notice of revision that disallowed most of the Filed Contingent Claim. Based on its review, the Proposal Trustee was of the view that the claimant was entitled to a portion of **the claimant's** share redemption claim (\$646.14). The remaining portion of **the claimant's** share redemption claim and the entire claim pursuant to the alleged oral contract was disallowed by the Proposal Trustee because the Proposal Trustee was not satisfied that the claimant proved its claim on a balance of probabilities (**the “Disallowance”**).

The claimant has appealed the Disallowance by filing a Notice of Motion within the time period prescribed by the **BIA (the “Appeal”)** but has otherwise not filed any additional information/documentation in support of the Appeal;

- (b) **One of the “other potential claims”** relates to the Sharma Statement of Claim, which makes serious allegations against the Company, certain of its former directors, and certain representatives of the Bankruptcy Trustee. As noted above, the Bankruptcy Trustee issued the Stay Notice to the plaintiff advising that the action advanced under the Statement of Claim is stayed **as against Ayanda's bankrupt estate**. Copies of the Sharma Statement of Claim and Stay Notice are attached hereto as **Appendix “G”** and **Appendix “H”**, respectively; and
- (c) **Another one of the “other potential claims”** represents the CRA Proposed Assessment. As noted above, the Bankruptcy Trustee is reviewing/investigating the assessment and will respond upon satisfying itself as to the particulars of such assessment.

56. In addition to the foregoing, certain Class B shareholders of Ayanda filed claims in these bankruptcy proceedings in respect of their equity contribution to the Company, which have been excluded from the table above.

VIII. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

57. The November 30 Interim R&D is summarized as follows:

Ayanda Cannabis Corporation	
Interim Statement of Receipts and Disbursements	
For the Period August 25, 2023 to November 30, 2023	
(in CAD; unaudited)	
<i>Receipts</i>	Amount
Transfer of funds held in financial institution	5,822
Transfer of funds held in trust	155,254
Refund of Enbridge deposit	21,662
Interest	685
Total Receipts	183,423
<i>Disbursements</i>	
Newspaper advertisement of first meeting of creditors	1,245
IT recovery/backup	931
Insurance	35,008
Security	1,935
Telecommunication services	802
Consulting - CannaNavigators	2,250
Sales tax	927
Bank charges	42
Total disbursements	43,140
Estate cash balance (Note 1)	140,283
Note 1 - Excludes accrued and unpaid costs, including insurance, security, telecommunications and professional fees of the Bankruptcy Trustee and its counsel.	

58. As set out above, as at November 30, 2023, there was approximately \$140,283 in the estate account. The November 30 Interim R&D does not, however, include certain accrued and unpaid costs as of the date of the First Report, including approximately \$359,000 in professional fees and disbursements (excluding HST) due to the Proposal Trustee/Bankruptcy Trustee and TGF, and approximately \$12,756 in expenses incurred to safeguard the Ayanda Assets, including insurance, security and telecommunication services (telecommunication services are required to maintain the security systems at the Facility).

IX. PROFESSIONAL FEES

59. The fees and disbursements of the Proposal Trustee and TGF for the period from February 1, 2022 to May 20, 2022 were approved by the Court pursuant to the Proposal Approval Order.

60. The fees and disbursements of the Proposal Trustee and TGF for the period from May 21, 2022 to July 31, 2023 were approved by the Court pursuant to the Proposal Annulment Order.

61. The Proposal Trustee/Bankruptcy Trustee and TGF have maintained detailed records of their professional time and costs. The Bankruptcy Trustee is seeking the approval of (i) the Proposal Trustee fees and disbursements and those of

TGF for the period from August 1, 2023 to August 25, 2023 (the “Proposal **Fee Period**”) in connection with the performance of their duties during **Ayanda’s** NOI proceedings, and (ii) the Bankruptcy Trustee fees and disbursements and those of TGF for the period from August 25, 2023 to November 30, 2023 (the “Bankruptcy **Fee Period**” and **together with the Proposal Fee Period, the “Total Fee Period**”) in connection with the performance of their duties during **Ayanda’s** bankruptcy proceedings.

62. The total fees of the Proposal Trustee during the Proposal Fee Period amount to \$42,965.00 (excluding applicable sales taxes) (collectively, the “Proposal Trustee Fees”). The total fees, net of discounts, of the Bankruptcy Trustee during the Bankruptcy Fee Period amount to \$96,221.50 (excluding applicable sales taxes) (collectively, the “Bankruptcy Trustee Fees” and **together with the Proposal Trustee Fees, the “Proposal/Bankruptcy Trustee Fees**”). The time spent by the **Proposal Trustee’s and Bankruptcy Trustee’s** personnel during the Total Fee Period is more particularly described in the affidavit of Adam Sherman, sworn December 12, 2023 (the “Sherman Affidavit”), **attached hereto as Appendix “I”**. The Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee and Bankruptcy Trustee during the Total Fee Period.
63. The total fees for services provided by TGF during the Total Fee Period amount to \$72,155.00, together with disbursements in the amount of \$2,164.65, plus Harmonized Sales Tax of \$9,661.55, for a total amount of \$83,981.20 (collectively, the “TGF Fees and Disbursements”). **The time spent by TGF’s personnel during the Total Fee Period** is more particularly described in the affidavit of Robert Thornton, sworn December 12, 2023 (the “Thornton Affidavit”), attached hereto as **Appendix “J”**. Included in the Thornton Affidavit is a summary of the personnel, hours and hourly rates charged by TGF during the Total Fee Period.
64. The Bankruptcy Trustee respectfully submits that the Proposal/Bankruptcy Trustee Fees and the TGF Fees and Disbursements are fair and reasonable in the circumstances and have been properly incurred. Accordingly, the Bankruptcy Trustee is seeking approval of the Proposal/Bankruptcy Trustee Fees and the TGF Fees and Disbursements.

X. CONCLUSION

65. Based on all the foregoing, the Bankruptcy Trustee respectfully recommends that this Court grant the relief requested in paragraph 28(g) above.

All of which is respectfully submitted this 12th day of December, 2023.

**Richter Inc. (formerly, Richter Advisory Group Inc.)
in its capacity as Trustee in Bankruptcy 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 “C”



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January 17, 2024

Thornton Grout Finnigan LLP
Barristers & Solicitors
Suite 3200, TD West Tower,
100 Wellington Street West,
P.O. Box 329, Toronto-Dominion Centre,
Toronto, Ontario M5K 1K7

Attention: Mitch W. Grossell

Dear Sir:

Re: First Class Extracts Corporation, Ryan Gaede (Guarantor) (Borrower) purchase from **LUKE & BLANCHE SIOEN FARMS LTD.**, landowner of approximately 97 acres of real property located in the County of Norfolk at 324-372 Burford-Delhi TL, Windham Centre, Ontario
Closing Date: January 19, 2024
Our File No.: 24505

Please be advised that we act for the purchaser in the above transaction, and we understand that you represent the vendor.

My client is waiting for the severance to be completed, which is a condition on their mortgage. As soon as this is complete, which I don't expect will take much longer, I will send the agreed deposit to your attention and canvas for a new closing date.

We trust the foregoing to be satisfactory.

Yours very truly,

Main Street Lawyers LLP

Philip Ugochukwu Okpala

PUO:lo

APPENDIX “D”

Sherman, Adam

From: Mitch Grossell <MGrossell@tgf.ca>
Sent: Wednesday, January 17, 2024 5:29 PM
To: Philip Okpala
Cc: Sherman, Adam; Zeldin, Adam
Subject: Re: Letter to Vendor Solicitor

Attention! Courriel externe | External Email

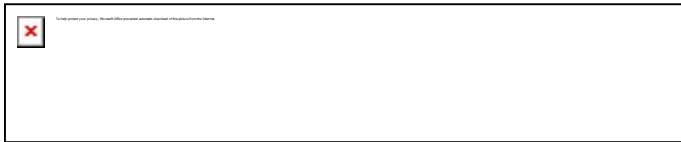
Hi Philip, I have received your letter. There appears to be a misunderstanding. First, I represent Richter Inc., in its capacity as bankruptcy trustee of Ayanda Cannabis Corporation. I do not represent Luke & Blanche Sioen Farms Ltd. In addition, the asset purchase agreement among Richter Inc., Luke & Blanche Sioen Farms Ltd and your client is not conditional on severance of any land. Your client has agreed to purchase Ayanda Cannabis Corporation's interest in the lease. The land is a separate issue.

Pursuant to the asset purchase agreement, your client was required to provide the [REDACTED] deposit to Richter Inc. immediately following signing of the APA. Have you reviewed a copy of the APA?

Please let me know if a call would be helpful.

Mitch

Get [Outlook for iOS](#)



Mitch W. Grossell | | MGrossell@tgf.ca | Direct Line +1 416 304 7978 | | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

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APPENDIX “E”

January 23, 2024

Via Email

Sean Hedmann / Jason Suchecki
First Class Extracts Corporation
4544 Sheppard Avenue East, Unit 236
Toronto, Ontario M1S 1V2

Philip Ugochukwu Okpala
Main Street Lawyers LLP
125 Lakeshore Road East, Suite 300
Oakville, Ontario L6L 1H3

Corbin's Law
PO Box 31101
Ajax RPO Westney Heights
Ajax, Ontario, L1T 3V2

Attention: Sean Hedmann, Jason Suchecki, Philip Ugochukwu Okpala, Kyle Corbin

Dear Sirs:

Re: In the Matter of the Bankruptcy of Ayanda Cannabis Corporation (Estate / Court File No. 35-2802344)

We are counsel to Richter Inc. (formerly Richter Advisory Group Inc.) (the "**Bankruptcy Trustee**"), in its capacity as bankruptcy trustee of Ayanda Cannabis Corporation ("**Ayanda**"). Reference is made to the Asset Purchase Agreement among the Bankruptcy Trustee, First Class Extracts Corporation (the "**Purchaser**") and Luke & Blanche Sioen Farms (the "**Land Owner**") dated December 12, 2023 (the "**Purchase Agreement**").

Pursuant to Section 2.3 of the Purchase Agreement, the Purchaser was required to provide the Bankruptcy Trustee with a deposit in the amount of [REDACTED] (the "**Deposit**") at the time that the Purchase Agreement was signed.

Since the Purchase Agreement was signed, the Bankruptcy Trustee has received several assurances that the Deposit was forthcoming. Based on these assurances, the Bankruptcy Trustee prepared Court materials and brought a motion originally returnable on December 19, 2023, that, among other things, sought Court approval of the Purchase Agreement. Notwithstanding the previous assurances that the Deposit was forthcoming, the Bankruptcy Trustee did not receive the deposit on or before December 19, 2023, and was required to adjourn the motion *sine die*.

As of today's date, the Bankruptcy Trustee has not received the Deposit, and the Purchaser is in default of its obligations under the Purchase Agreement. After careful consideration, including consultation with Ayanda's secured creditor, the Bankruptcy Trustee believes the Purchaser is

either unwilling or incapable of closing the transaction contemplated in the Purchase Agreement. Accordingly, this letter is to provide written notice to the Purchaser that the Bankruptcy Trustee will no longer pursue the transaction with the Purchaser.

The Bankruptcy Trustee has a statutory duty under the *Bankruptcy and Insolvency Act* to liquidate the remaining assets of Ayanda in an effort to maximize value for its creditors. Accordingly, the Bankruptcy Trustee intends to pursue alternative transactions with other purchasers.

The Bankruptcy Trustee expressly reserves any and all legal or equitable rights or remedies it has against the Purchaser and its directors and officers for the failure to proceed with the transaction in the Purchase Agreement, including without limitation, damages for breach of the Purchase Agreement and the increased legal fees and costs of the Bankruptcy Trustee associated with the failed transaction.

We are available to discuss further, should that be necessary.

Yours truly,

Thornton Grout Finnigan LLP



Mitchell W. Grossell
MWG

cc: Michael Sioen, Loretta Sioen, Luke & Blanche Sioen Farms Ltd.
Adam Sherman, Richter Inc.

APPENDIX “F”

Sherman, Adam

From: Sherman, Adam
Sent: Wednesday, January 24, 2024 11:50 AM
To: Natalie Cain; Shaun Ramdhany; Collin Yarmie; john couwenberg; ndmetriuc@gmail.com; nphfarms@hotmail.com; Yogan Appalsamy
Cc: Mitch Grossell
Subject: Ayanda - Update
Attachments: Letter to Purchaser re_ Transaction _TGF Draft_ January 23_ 2024.pdf

All,

We are writing to provide an update regarding the contemplated sale of the Ayanda facility and lease to First Class Extracts. Unfortunately, despite almost daily assurances from the purchaser that the deposit or full purchase price (depending on the day) was to be paid to the Trustee, as of today no such funds have been received. It has been six weeks since the sale agreement was signed, and it appears that First Class is either unable or unwilling to complete the contemplated transaction.

Given the above, and after consulting with Ayanda's secured creditor (who is no longer willing to wait on First Class), the Trustee has informed First Class of the Trustee's intention to consider other options for the sale of the Ayanda facility and lease. Attached is a copy of the letter sent to First Class.

The Trustee will be reaching out to Avison Young and Hyde Advisory both of which were responsible for the recent cooperative sale process to ask that they communicate without delay to any potential interested parties that the Ayanda opportunity has resurfaced. We also intend to send an update to the Ayanda shareholders along with an invitation to reach out to the Trustee should they (or a related/otherwise known party) have an interest in putting forward an offer for the Ayanda facility and lease (as well as the underlying land, if desired). Should any inspectors wish to submit an offer, please contact the Trustee as there are additional considerations for any potential sale to inspectors who may be privy to certain restricted information due to their role in the administration of Ayanda's bankrupt estate.

We will keep you informed of any developments in connection with the above. Should there be consensus among the inspector group that a meeting should be convened to discuss any of the above, please let us know. We are, however, cognizant of mounting costs and are working to limit same given the uncertain recoveries.

Also, as you are aware, Adam Zeldin has recently moved on from Richter to a new opportunity. I will be the primary contact for the Ayanda matter going forward.

Regards,

Adam

APPENDIX “G”

Sherman, Adam

From: Sherman, Adam
Sent: Thursday, January 25, 2024 1:31 PM
To: Sherman, Adam; Mitch Grossell
Subject: Ayanda - Update re Sale of Ayanda facility/lease

All,

We are writing to provide an update regarding the recent contemplated sale of the Ayanda facility and lease to First Class Extracts. Unfortunately, despite almost daily assurances from the purchaser that the deposit or full purchase price (depending on the day) was to be paid to the Trustee, no such funds have been received. It has been over six weeks since the sale agreement was signed, and it appears that First Class is either unable or unwilling to complete the contemplated transaction.

Given the above, and after consulting with Ayanda's secured creditor (who is no longer willing to wait on First Class), the Trustee has informed First Class of the Trustee's intention to consider other options for the sale of the Ayanda facility and lease.

The Trustee has been in contact with representatives of Avison Young and Hyde Advisory both of which were responsible for the recent cooperative sale process and instructed them to communicate without delay to any potential interested parties that the Ayanda opportunity has resurfaced.

Should you or a related/otherwise known party have an interest in putting forward an offer for the Ayanda facility and lease (as well as the underlying land, if desired), please contact the Trustee at your earliest opportunity to discuss.

Regards,

Adam

APPENDIX “H”

Properties

PIN 50175 - 0124 LT Interest/Estate Fee Simple
 Description PT LT 20 CON 1 WINDHAM AS IN NR515272; NORFOLK COUNTY
 Address 372 BURFORD-DELHI TL
 WINDHAM CENTRE

Consideration

Consideration \$13,000,000.00

Owner(s)

Name LUKE & BLANCHE SIOEN FARMS LTD.
 Address for Service 372 Burford Dehli Townline
 Norwich, Ontario
 N0J 1P0

Cautioner(s)

Capacity

Share

Name 13321550 CANADA INC.
 Address for Service 3500 Dufferin St
 Suite 400
 Toronto, Ontario
 M3K 1N2

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Name 12830353 CANADA INC.
 Address for Service 3500 Dufferin St
 Suite 400
 Toronto, Ontario
 M3K 1N2

A person or persons with authority to bind the corporation has/have consented to the registration of this document.

This document is not authorized under Power of Attorney by this party.

Statements

The applicant is entitled to register a caution to prevent any dealing with the land without the applicant's consent. The nature of the interest is That the client has the right to receive a Charge or Transfer, whatever the case may be. That a series of deposits that were paid to the Seller for the purchase of the property known as 372 Burford-Dehli Townline Road, Windham, Ontario and all operational costs paid by Purchaser. Seller breached contract and also owes the Cautioner all the deposit monies and operational costs. Cautioner demanding funds paid to be reimbursed in the amount of \$3,200,000.00.

The Land Registrar is authorized to delete this caution 60 days from the date of registration.

Signed By

Jessica Lee Davidson 24 Yorkview Drive acting for First 2024 02 28
 North York Cautioner(s) Signed
 M2N 2S1

Tel 416-659-6603

Fax

Jessica Lee Davidson 24 Yorkview Drive acting for Last 2024 03 28
 North York Cautioner(s) Signed
 M2N 2S1

Tel 416-659-6603

Fax

I have the authority to sign and register the document on behalf of the Cautioner(s).

Submitted By

J L DAVIDSON LAW PROFESSIONAL CORPORATION 24 Yorkview Drive
 North York
 M2N 2S1

2024 03 28

Tel 416-659-6603

Fax

Fees/Taxes/Payment	
---------------------------	--

<i>Statutory Registration Fee</i>	\$69.95
<i>Total Paid</i>	\$69.95

APPENDIX “I”



November 14, 2023

Richter Inc.
3510 – 181 Bay Street - Bay Wellington Tower
Toronto, ON M5J2T3
Attention: Adam Zeldin

Re: Ayanda Cannabis Corporation

Subject: Regulatory review of Cannabis Licence 775801921 RD0001 under the Excise Act, 2001

We have completed our review of the above noted cannabis licence that included the Non-Duty Paid Removals from unpackaged Dried/Fresh Flowering Material Inventory for the period July 01, 2023 to July 31, 2023.

We are proposing an assessment in the amount of \$445,621.14 which is the duty payable for 387,448 g of dried/fresh cannabis that has been considered unaccounted for, pursuant to Section 158.26 of the Excise Act, 2001.

On November 9, 2023, we reviewed the video surveillance that was kept to support the destruction of cannabis. This video surveillance was not sufficient to support the weight that you claimed as destroyed. Further, the destruction was done in a method that was not approved by the Minister. Pursuant to Section 158.34 of the Excise Act, 2001, the fair market will be used to determine the sale price for the calculation of Excise Duty. Refer to Appendix A for the detailed calculations. This proposed assessment is made in accordance with Sections 158.19 and 158.2 of the Excise Act, 2001.

The completion of our review should not be considered as permission to destroy any books and records. For more information please refer to [EDN53, General Information for Cultivators, Producers and Packagers of Cannabis Products](#).

We will delay the reassessments of the proposed adjustments until **December 15, 2023**. If you are not in agreement with the proposed audit adjustments, representation may be made for further consideration. The representation must be in writing and accompanied by supporting documentation in order to be considered.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact me at 365-324-2587. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

RAMEZAN TASH
AMIRREZA

Digitally signed by
RAMEZANTASH
AMIRREZA
Date: 2023.11.10
15:56:12 -05'00'

Amirreza Ramezan Tash
Excise Duties and Taxes Auditor
Legislative Policy and Regulatory Affairs
55 Bay St N, Hamilton ON L8R 3P7

Enclosure: Appendix A



APPENDIX A:

Calculations for Dried/Fresh Cannabis Duty, Additional Cannabis Duty and Adjustment to the Additional Cannabis Duty

July 2023 Proposed Assessment

Province Ontario	Sale Price (\$5 per gram)	Quantity (gram)	Cannabis Duty	Additional Cannabis Duty (ACD)	Adjustment to the ACD	Total duty Payable
Per CRA	\$1,937,240.00	387,448	\$ 96,862.00	\$ 290,586.00	\$58,173.14	\$445,621.14

APPENDIX “J”

Sent Via Mail and Fax (1-905-572-4608)

January 5, 2024

Canada Revenue Agency
Legislative Policy and Regulatory Affairs
55 Bay St. North
Hamilton, ON L8R 3P7

Attn: Amirreza R Tash

**RE: In the Matter of the Bankruptcy of Ayanda Cannabis Corporation
("Ayanda" or the "Company")
Excise Duty Cannabis; Case Number: 44412651**

Dear Mr. Tash,

As you are aware, pursuant to an order (the "**Bankruptcy Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 25, 2023 (the "**Date of Bankruptcy**"), Ayanda was deemed to have made an assignment in bankruptcy and Richter Inc. (formerly Richter Advisory Group Inc., "**Richter**") was appointed trustee of the Company's bankrupt estate (the "**Bankruptcy Trustee**"). Copies of the Bankruptcy Order and the certificate of assignment issued by the Office of the Superintendent of Bankruptcy are attached hereto as **Appendix "A"** and **Appendix "B"**, respectively.

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

We are in receipt of the Canada Revenue Agency's (the "**CRA**") letter dated November 14, 2023 (the "**CRA Letter**"), which reviews Ayanda's cannabis license (License 775801921 RD0001) under the *Excise Act, 2001* (the "**Regulatory Review**"). The CRA has proposed \$445,621.14 in excise duties for 387,448 grams of cannabis (the "**Subject Inventory**") due to inadequate video proof of its destruction and non-compliance with the Minister's approved destruction method.

TORONTO

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

We are hereby responding to the CRA Letter within the extended deadline of January 5, 2024, to clarify the circumstances surrounding Ayanda's bankruptcy and the inventory destruction, and to specifically submit our request for reconsideration of the proposed assessment by CRA considering Ayanda's current circumstances, ongoing bankruptcy proceedings, and the impact on its creditors and other stakeholders.

CHICAGO

200 South Wacker,
#3100
Chicago IL 60606
312.828.0800

I. Overview of the Company

Ayanda conducted its operations from a leased 55,000 square foot facility (the "**Facility**") in Norfolk County, Ontario. The Company, however, utilized only about 15,000 square feet for active cannabis cultivation and production. During its operational period, Ayanda encountered several challenges, notably licensing delays, adverse effects of the pandemic, difficulties in securing adequate capital, and internal discord among stakeholders. These factors contributed to substantial financial distress, culminating in cumulative losses of approximately \$1.7 million from fiscal years 2018 to 2021. Notably, Ayanda only began its limited cultivation activities in July 2021.

Constrained to business-to-business sales under its existing cannabis licenses, Ayanda was unable to generate revenue directly from its production activities. Consequently, the company was reliant on equity financing sourced from investors and loans from shareholders to sustain both the construction of the Facility and ongoing operational expenses.

Confronted with an imminent liquidity crisis and potential contingent litigation from former employees and shareholders, Ayanda resolved to initiate voluntary insolvency proceedings. This course of action, aimed at stabilizing the Company's financial position and addressing outstanding claims in a structured, court-supervised setting, was supported by Ayanda's shareholders.

II. Company's Distressed Circumstances at the Time of the Destruction of the Subject Inventory

On February 4, 2022 (the "**NOI Filing Date**"), Ayanda filed a Notice of Intention to Make a Proposal ("**NOI**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"). Richter agreed to act as trustee under the Company's NOI (in such capacity, the "**Proposal Trustee**").

Failed Attempt to Secure Funding under the Initial Transaction.

In the summer of 2021, Ayanda ran out of equity capital from family and friends and needed additional funds to expand cultivation and operations. In November 2021, Ayanda officially engaged an external agent to run a sale process, resulting in a transaction between Ayanda and 12830353 Canada Inc. (the "**Initial Purchaser**") for the sale of all of Ayanda's shares (the "**Initial Transaction**") under a share purchase agreement dated February 2, 2022 (the "**Initial SPA**"). However, despite meeting all closing conditions, the Initial Purchaser unexpectedly requested additional time due to a lack of funds. To salvage this deal, successive extensions were granted, moving the closing date to May 19, 2023. Unfortunately, this closing date also passed, and it became clear that the Initial Purchaser could not secure the necessary funding to complete the Initial Transaction.

Employee Exits and 86% Inventory Procurement on Behalf of Initial Purchaser

In recognition of Ayanda's liquidity crisis as at the NOI Filing Date, and with the expectation of closing the Initial Transaction with the Purchaser, Ayanda and the Initial Purchaser entered into an agreement dated March 1, 2022 (the "**Services Agreement**"), detailing the terms upon which, for the benefit and expense of the Initial Purchaser, Ayanda would continue operations during the interim period before the Initial Transaction closed. As the Company did not generate revenue, the Initial Purchaser's support pursuant to the Services Agreement provided critical funding to the Company to meet its post-filing obligations and continue operations while the parties worked to close the Initial Transaction.

Given Ayanda's limited historical cultivation activities, the Company had limited inventory on hand as at the NOI Filing Date (approximately 55,809 grams according to Ayanda's records). Based on the Company's records, during the period after the NOI Filing Date to March 1, 2023 (the date of the Services Agreement), Ayanda did not cultivate or purchase any cannabis. Subsequent to entering into the Services Agreement, any cannabis grown or purchased by Ayanda was funded by the Initial Purchaser for its own benefit. In the circumstances, and based on Ayanda's records, it appears that of the total Subject Inventory (387,448 grams), approximately 331,640 grams or 86% was cannabis either grown/purchased by and for the benefit of the Initial Purchaser. The Bankruptcy Trustee understands that following the expiration of the Initial SPA (as amended), the Purchaser ceased making payments pursuant to the Services Agreement which, among other things, resulted in the resignation of Ayanda's last remaining employee – the master grower. The Bankruptcy Trustee further understands that Ayanda was without a Quality Assurance Person ("**QAP**") at this time, as the previous QAP, an individual engaged and paid by the Initial Purchaser, resigned due to non-payment

Insurance Lapse After Multiple Extensions and Failed Replacement Attempts

The Company's insurance policy, which coverage had been extended several times pending the closing of the Initial Transaction, expired on June 5, 2023. Not only did the incumbent insurer decline to extend the then existing coverage, but the Company was unable to secure suitable alternative replacement coverage given the status of both the Company and the Initial Transaction.

Company's Non-Compliant Status, License Surrender and Destruction of Subject Inventory Advice.

With limited cash, no insurance and no remaining employees, including the various security cleared employees required by the *Cannabis Regulations*, Ayanda's remaining directors consulted with CannaNavigators Inc., a third-party cannabis regulatory consultant who advised that, in its view, the Company was non-compliant with its cannabis licenses issued by Health Canada and, given the Company's current circumstances, Ayanda should take immediate steps to destroy all cannabis related product and surrender its cannabis licenses to avoid being subject to any fines

or penalties under the *Cannabis Regulations*. In recognition of the above, on July 20, 2023, Ayanda's legal counsel wrote to the Initial Purchaser (the "**July 2023 Letter**") to, among other things, advise that Ayanda was unable to fund continuing operations and that the Company was non-compliant with its cannabis licenses issued by Health Canada. In the circumstances and given the Company's understanding that its cannabis licenses held limited value, the July 2023 Letter also provided written notice to the Initial Purchaser that Ayanda would be taking immediate steps to destroy all cannabis product located at the Facility and surrender all cannabis licenses issued by Health Canada.

Expedited Destruction Procedures Amid Liability Concerns

The Bankruptcy Trustee understands that the latest version of the Company's Standard Operations Procedures ("**SOPs**") for the destruction of cannabis products (the "**Destruction SOPs**") were prepared in November 2021. The Bankruptcy Trustee further understands that due to administrative inadvertence, the revised Destruction SOPs were not submitted to CRA for approval. Accordingly, CRA was relying on a prior version of destruction SOPs for the Regulatory Review.

Among other things, the revised Destruction SOPs provide that when destroying any plant materials (including killed plants, pruning/trimming, cloning waste, harvest waste, cannabis oil and cannabis extracts) the destroyed/waste products are to properly bagged, weighed, documented and denatured (with vinegar and soil). The Bankruptcy Trustee understands that when the Subject Inventory was destroyed, Ayanda's former directors (including Mr. M. Sioen, the designated responsible person) and a representative of the Initial Purchaser were in attendance/carried out the destruction procedures. Unfortunately, with the resignation of the master grower and no QAP, it appears that Ayanda may not have precisely complied with the Destruction SOPs in its destruction of all cannabis related product located at the Facility.

Based on the Bankruptcy Trustee's discussions with the Company's former directors in attendance for the destruction of the Subject Inventory, the destruction procedures were carried out with the best intentions, on an expedited and urgent basis given the former directors' concerns that they may be held personally liable for Ayanda's non-compliance with the *Cannabis Regulations*.

III. Company's Court Proceedings

Material Adverse Change and Deemed Bankruptcy

On March 1, 2022, the Court granted two Orders that, among other things, approved the Initial Transaction and extended the deadline by which Ayanda was required to file a proposal up to and including April 20, 2022. On April 19, 2022, the Company filed a proposal pursuant to Part III of the BIA, which was amended at the meeting of creditors held on May 9, 2022 (as amended, the "**Proposal**"). Subject to closing the Initial Transaction, it was expected that the Proposal would provide full recoveries (less any levies payable to the Superintendent) to unsecured creditors with proven claims against the Company and provide a meaningful recovery to the Company's Class B shareholders. The Proposal was unanimously approved by the Company's creditors who voted at the creditors' meeting. On June 3, 2022, the Court granted an Order approving, among other things, the Proposal, which ultimately lapsed due to failure in closing the Initial Transaction.

In the Proposal Trustee's view, failure to close the Initial Transaction and the effective termination of the Services Agreement represented a material adverse change to the Company's financial circumstances and its ability to implement its Proposal (which was conditional on, among other things, closing the Initial Transaction).

Although the Proposal provided for the possibility that, in the event the Initial Transaction did not close, the Company could present an amended proposal for consideration by its creditors, the Proposal Trustee was of the view that the Company was not in a position to present a viable amended proposal to its creditors for a variety of reasons, including:

- (a) the Company had no business activities, no employees and was no longer operating as a going concern;
- (b) the Company was unable to obtain insurance coverage for ongoing business activities;

- (c) the Initial Purchaser, Ayanda and other interested parties (i.e., Class B shareholders) attempted to negotiate and agree to material amendments to the Initial SPA (and the Proposal), which would permit the Initial Transaction to close, without success;
- (d) the Company had destroyed all cannabis related product and plant material located at the Facility and surrendered its cannabis licenses; and
- (e) the Company did not have sufficient liquidity to remarket the Company's business or assets as a going concern, and it appeared that the Company's only remaining assets were the Ground Lease (as hereinafter defined) and the Facility (including the equipment located therein), the values of which did not appear to be materially impacted by the legal status of the Company.

For these reasons, the Proposal Trustee was of the view that the Proposal (in its then current or an amended form) could not continue without injustice or undue delay to the creditors of Ayanda. On July 18, 2023, the Proposal Trustee issued a material adverse change report pursuant to section 50(1) of the BIA and brought a motion to the Court for an order, among other things, annulling the Proposal and deeming the Company bankrupt. On August 25, 2023 (i.e., the Date of Bankruptcy), the Court issued an Order that, among other things, annulled the Proposal, deemed Ayanda bankrupt and appointed Richter as the Bankruptcy Trustee.

Ayanda's Bankruptcy Proceedings

The primary objective of Ayanda's bankruptcy proceedings is to maximize recoveries from Ayanda's remaining realizable assets which, following the destruction of the Company's cannabis products/plant material, appeared to be limited to Ayanda's lease for the Facility (which includes the Company's equipment located therein) dated June 1, 2022 (the "**Ground Lease**", and together with the Facility, the "**Ayanda Assets**").

Since the Date of Bankruptcy, in addition to statutory work in accordance with the BIA, the Bankruptcy Trustee's actions and activities have primarily consisted of safeguarding and preserving the Facility while undertaking a process to solicit third-party interest in the Ayanda Assets. As a result of the Bankruptcy Trustee's efforts, a new purchaser for the Ayanda Assets has been identified and the Bankruptcy Trustee has entered into a new transaction (the "**New Transaction**") for the sale of the Ayanda Assets, which is subject to Court approval. Should the New Transaction close, it is expected that there will be sufficient proceeds realized to support a distribution to Ayanda's unsecured creditors, as they are currently known, with the potential for a distribution to Ayanda's Class B shareholders.

Given Ayanda's current circumstances, any fines/duties assessed by CRA will not be shouldered by Ayanda but will effectively penalize the Company's creditors/other stakeholders. As such, the Bankruptcy Trustee requests that you reconsider the assessment of any duties against Ayanda in respect of the destruction of the Subject Inventory.

In addition to the foregoing, the Trustee reserves the right to supplement the above commentary or provide further information to CRA in respect of the Regulatory Review and the proposed assessment.

Should you have any questions or require further information, please note that Richter has established a website (the "**Case Website**") for the Ayanda insolvency proceedings at: <https://www.richter.ca/insolvencycase/ayanda-cannabis-corporation/> where copies of the Court and other materials filed in the NOI and bankruptcy proceedings, including Orders of the Court and other relevant documents, are posted and available for review. Alternatively, feel free to contact the undersigned at azeldin@richter.ca or 416-646-7390.

We thank you in advance for your accommodation.

Yours very truly,

Richter Inc.
In its capacity as Licensed Insolvency Trustee of
The estate of Ayanda Cannabis Corporation
And not in its personal or corporate capacity



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

Encl.

APPENDIX “K”

Sherman, Adam

From: Zeldin, Adam
Sent: Thursday, January 4, 2024 6:00 AM
To: C_yarmie@hotmail.com; john couwenberg; Shaun Ramdhany; ndmetriuc@gmail.com; Nataliecain0@gmail.com; nphfarms@hotmail.com; yogan.a@gmail.com
Cc: Sherman, Adam; Mitch Grossell; Divi Dev
Subject: CRA Response Letter - DRAFT
Attachments: Letter - CRA - January 5 2024_(DRAFT - 01 03 2024).docx

Hi Everyone,

Attached is a copy of a draft response letter to CRA regarding its proposed assessment in connection with the destruction of Ayanda's cannabis inventory, which remains subject to review and comments from our counsel. The deadline to submit the response is January 5, 2024 (Friday). Should you have any comments, we kindly ask that you provide them to the Trustee as soon as possible. I am also available to discuss over a call if preferred.

Thanks,
Adam

Sherman, Adam

From: Shaun Ramdhany <shaun.ramdhany@gmail.com>
Sent: Thursday, January 4, 2024 11:05 AM
To: Zeldin, Adam
Cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; nataliecaïn0@gmail.com; nphfarms@hotmail.com; yogan.a@gmail.com; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: Re: CRA Response Letter - DRAFT

Attention! Courriel externe | External Email

Adam,

in my opinion this report is another indication of Richter's ineptitude in handling this CRA fine. This report does not address the fine.

Firstly, Richter delayed responding to this fine (original due date 15 Dec23) and this report contains a lot of jargon that still does not address the root cause of the fine: i.e video evidence of the product moving for destruction. Why is video surveillance footage of the destruction not being provided?

I emailed/spoke to you about providing video evidence to CRA to address this fine, yet this is still not being submitted. Please address why this is the case. I left Ayanda with a clean compliance record as evidenced by the last Health Canada inspection in a June 2021. It is disappointing that all the value of the licenses were lost due to mismanagement and non-compliance.

Shaun Ramdhany
Cell:1-416-399-9375

Sherman, Adam

From: Zeldin, Adam
Sent: Thursday, January 4, 2024 5:28 PM
To: Shaun Ramdhany
Cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; nataliecain0@gmail.com; nphfarms@hotmail.com; yogan.a@gmail.com; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: RE: CRA Response Letter - DRAFT
Attachments: CRA_Ayanda Cannabis Corp_Letter.pdf

Hi Shaun,

We acknowledge receipt of your email and we wish to address your remarks, which are not only unconstructive but also unfounded. It appears that you are inappropriately assigning blame to the Trustee for a situation beyond its creation and control, yet one that is being addressed through the proposed response letter.

It is imperative to remind you of the key findings from CRA's letter previously circulated to all inspectors and attached again for your reference. CRA's examination of the video surveillance documenting the destruction of the Subject Inventory, concluded that it was insufficient to substantiate the declared weight of the destroyed goods. As it is, CRA has reviewed the available video surveillance supporting the destruction. Thus, resubmitting the same video, already scrutinized by CRA, would be redundant and unproductive, especially when there have been no concerns raised by the CRA about the product's moving during the destruction.

To further correct any misconceptions — the CRA has not imposed any fines, duties, or penalties thus far. The attached letter represents a preliminary assessment of potential duties, and not a final determination. Regarding the concerns about the delay in responding to the CRA, it should be noted that the original deadline of December 15, 2023, was extended to January 5, 2024, as agreed to by CRA at the Trustee's request, to allow the Trustee time to investigate the issue and formulate a response. Through the response letter, our goal is to urge the CRA to reevaluate its initial findings from the Regulatory Review, taking into consideration the series of events and circumstances that preceded, occurred during, and followed the destruction.

Thanks,
Adam

Sherman, Adam

From: Shaun Ramdhany <shaun.ramdhany@gmail.com>
Sent: Thursday, January 4, 2024 7:04 PM
To: Zeldin, Adam
Cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; Natalie Cain; nphfarms@hotmail.com; Yogan Appalsamy; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: Re: CRA Response Letter - DRAFT

Attention! Courriel externe | External Email

Adam,

I will remind you that John and I raised concerns about this destruction in the past. The Richter team provided an assurance that this was done appropriately, even to Justice Conway.

If the video evidence provided previously was insufficient, then there should be other/additional video of the movement of cannabis for destruction. The quantity could be estimated from the video to at least mitigate the "fine". It is obvious that previously submitted video evidence was insufficient to mitigate this financial penalty. That's not the question I posed to you on email and during my call with you. Can we review the video provided to CRA?

In my opinion, if we provide sufficient evidence to CRA including the appropriate video footage, this penalty could be mitigated.

Once again: Can we review additional video footage of that day showing the complete movement of cannabis for destruction?

Shaun

Sherman, Adam

From: Zeldin, Adam
Sent: Friday, January 5, 2024 12:18 PM
To: Shaun Ramdhany
Cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; Natalie Cain; nphfarms@hotmail.com; Yogan Appalsamy; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: RE: CRA Response Letter - DRAFT
Attachments: PXL_20230825_121918045.TS.mp4

Hi Shaun,

We confirm receipt of your below email that appears to continue your pattern of seeking to assign blame for the unfortunate circumstances surrounding Ayanda.

While we acknowledge that concerns regarding the destruction of Ayanda's cannabis product have been raised previously, it is unclear why this is relevant in the context of the Trustee's proposed response to the CRA letter/proposed assessment.

In addition, your assertion that Richter provided assurances to the Court that the destruction of the Subject Inventory was done appropriately is wholly untrue. Richter, in its then capacity as Proposal Trustee, and its legal counsel, provided no such assurances. Rather, the Trustee's legal counsel advised the Court that the Proposal Trustee had viewed a video showing the destruction of the Subject Inventory but did not comment on either the appropriateness of the actions undertaken by Ayanda to destroy the Subject Inventory or whether the destruction activities undertaken complied with Ayanda's approved standard operating procedures.

Regarding your request to review the video provided by Ayanda to CRA showing the destruction of the Subject Inventory, a copy of the video provided to the Trustee has been attached to this email. The Trustee understands that the attached video is from Ayanda's internal surveillance cameras. The Trustee has also viewed additional surveillance video from the day of the destruction, which video has also been provided to CRA. Unfortunately, this additional video footage is stored on the Company's computers located at the Ayanda facility and the Trustee is not in a position to provide you with a copy of same at this time.

While we agree that it may be helpful to provide additional video/other evidence of the destruction activities undertaken, the Trustee understands that CRA has been provided with all video/other evidence in existence regarding the destruction of the Subject Inventory. Also, as previously communicated, the proposed assessment to be levied by CRA stems from its inability to confirm the weight of the cannabis product destroyed, which, based on the Trustee's communications with CRA, is not possible based on the evidence submitted. In the circumstances, in the absence of satisfactory video/other evidence confirming the weight of the cannabis product destroyed, CRA may proceed with the proposed assessment.

As there is no further video/other evidence confirming the weight of the cannabis product destroyed to be provided to CRA, after consulting with a third-party cannabis regulatory consultant, the Trustee prepared its proposed response to the CRA letter that, among other things, communicated the inappropriateness of proposed assessment given Ayanda's bankruptcy proceedings and requested that CRA reconsider the proposed assessment that would only serve to further penalize Ayanda's creditors/other stakeholders.

Again, we welcome constructive comments on the Trustee's proposed response to the CRA letter, which the Trustee will be finalizing and delivering to CRA before the end of the day.

Thanks,

Sherman, Adam

From: Natalie Cain <nataliecain0@gmail.com>
Sent: Friday, January 5, 2024 3:14 PM
To: Zeldin, Adam
Subject: Re: CRA Response Letter - DRAFT

Attention! Courriel externe | External Email

Adam,

The video you provided does not provide any evidence of the quantities of dried cannabis (finished product stored in Secure Storage Room that was destroyed). This file provided is not even an original file pulled from the Sonitrol security system, it seems it's a cellphone capture - there is no date/time stamp. This is ridiculous, this is why I stressed this CRA claim must be addressed appropriately, I am doubting Richter is able to perform your required duties as Trustee within the cannabis industry and its federal regulations.

Reminder to Richter: As stated in the CRA document dated November 14, 2023 "completion of our review should not be considered as permission to destroy any books and records."

Sonitrol, Ayanda's security service provider, stores all security video as required by cannabis regulations (this must be stored for two years, per the Canadian Cannabis Act and Regulations). If Mike and Richter are unwilling or unable to provide the video requested showing evidence of cannabis destruction, I request you retrieve these videos from Sonitrol directly.

The Health Canada Responsible Person is ultimately responsible for any destruction event and must be able to retrieve video footage when required by regulators.

Who is the "third-party cannabis regulatory consultant" that Richter is consulting with to address this CRA claim?

To aid in accessing files; According to the destruction records provided by Richter, the two main destruction events of dry flower (not plants as depicted in the current video) occurred on July 07, 2023 and July 21, 2023 (including vegetative plants in rooms GRMC/GR2).

You stated in your reply, "the Trustee understands that CRA has been provided with all video/other evidence in existence regarding the destruction of the Subject Inventory."

As inspectors who are addressing this CRA claim I believe it is imperative to view all the footage that has been provided to CRA as soon as possible. Richter not having these files readily-shareable is concerning, considering they were apparently submitted to CRA. Your avoidance in providing this footage is misleading and hampers the efforts to review and resolve this claim.

You didn't respond to many of my previous messages, please respond and provide the security footage of the destruction events listed above. It is necessary to see the security footage of the destruction that occurred, and any other evidence provided to CRA by Richter to address this substantial CRA claim.

Natalie

Sherman, Adam

From: Zeldin, Adam
Sent: Friday, January 5, 2024 4:51 PM
To: Natalie Cain; Shaun Ramdhany; cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; nphfarms@hotmail.com; Yogan Appalsamy; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: RE: CRA Response Letter - DRAFT

Hi Natalie,

Thanks for your email. We take issue with many of the comments and intend to address them at the appropriate time. Given that we are up against the deadline to respond to CRA, we are going to be issuing the letter today. We will be including commentary in the letter that notwithstanding the deadline, the Trustee reserves its rights to provide further information/evidence to support the position that the assessment is inappropriate. We can then deal with providing the inspectors an opportunity to review the video surveillance, and, if appropriate, provide additional representations to CRA.

It is also worth noting that there is an appeal process provided in the Excise Tax Act that allows the opportunity to file an objection/appeal if there is disagreement with the assessment. We can consider this option at the appropriate time.

We will be in touch next week.

Thanks,
Adam

Sherman, Adam

From: Zeldin, Adam
Sent: Tuesday, January 9, 2024 9:30 AM
To: Natalie Cain; Shaun Ramdhany; cc: C_yarmie@hotmail.com; john couwenberg; ndmetriuc@gmail.com; nphfarms@hotmail.com; Yogan Appalsamy; Sherman, Adam; Mitch Grossell; Divi Dev
Subject: RE: CRA Response Letter - DRAFT

Hi Natalie,

We acknowledge receipt of your email, which like previous emails received from Mr. Ramdhany (your spouse) appear to continue a pattern of seeking to assign blame to the trustee for the unfortunate circumstances surrounding Ayanda. The trustee had no involvement with either the failed transaction for the Ayanda business that ultimately led to the Company's bankruptcy or the destruction of the Company's cannabis inventory/plant material.

Also, the video we provided to the inspectors was not the video provided to CRA by Ayanda, but merely the only video that was readily available to respond to your (and Mr. Ramdhany's) requests. As you should be aware, since you seem familiar with Ayanda's computer/security system monitored by Sonitrol, the system is a "closed" system, that does not allow for remote access. The video surveillance footage from the day of the destruction has been preserved (along with all Company records) but can only be viewed (or a copy made) from inside the computer/security system located at the Ayanda facility. As noted in our recent communications, CRA has been provided with all video/other evidence in the Company's possession in respect of the destruction of the Company's cannabis inventory/plant material. CRA also attended at the facility as part of its review.

As you and the other inspectors are well aware, Ayanda's bankrupt estate is effectively without funds and, at present, we are uncertain of what amounts may be realized from the Ayanda assets. There are considerable amounts due to both the trustee (as well as the former proposal trustee) and its counsel, and significant amounts remain due to a secured creditor prior to any amounts being available for unsecured creditors and then other stakeholders. Your continued attempts to malign the trustee and its activities are only serving to drive up the costs of the administration for all interested parties. The trustee has acted and will continue to act with care and diligence in completing its administration. In this regard, as part of the trustee's consideration of the CRA letter, it consulted with CannaNavigators Inc. (the inspectors should be familiar with CannaNavigators as the inspectors previously approved their retention to complete certain outstanding administrative matters in connection with the Company's surrendering of its cannabis licenses) regarding an appropriate response to CRA given the unique facts of this case.

Further, your assertion that the trustee has not responded to many of your previous messages is patently false. While we acknowledge that an email from January 2, 2024 was not responded to directly, subsequent emails from the trustee to the inspectors addressed the concerns raised in your email that the trustee was in position to respond to.

In the circumstances, and to avoid any further confusion, as previously suggested, the trustee recommends that we convene an inspectors' meeting during which we can discuss the status of the current transaction, the CRA letter and the trustee's response, as well as any other relevant matters. Please confirm your availability on **Wednesday, January 10, 2024 at 2pm** for such meeting.

We look forward to speaking with everyone,

Adam

APPENDIX “L”

PROTECTED B

February 12, 2024

Richter Inc.
3510 – 181 Bay Street - Bay Wellington Tower
Toronto, ON M5J2T3
Attention: Adam Zeldin

Re: Ayanda Cannabis Corporation

Subject: Regulatory review of Cannabis Licence 775801921 RD0001 under the Excise Act, 2001

We have completed our review of the above noted cannabis licence that included the Non-Duty Paid Removals from unpackaged Dried/Fresh Flowering Material Inventory for the period July 01, 2023 to July 31, 2023. As a result of regulatory review, we are proposing a penalty of \$6,000 for failure to destroy cannabis products in the manner authorized by the Minister. This penalty is proposed pursuant to section 234 of the Excise Act, 2001.

Section 234 of the Excise Act, 2001 states:

- 234 (1) Every person that contravenes section 38, 40, 49, 61, 62.1, 99, 149, 151, 158.15, 158.5, 158.52 or 158.67 is liable to a penalty of not more than \$25,000.
- (3) Every person that fails to return or destroy stamps as directed by the Minister under paragraph 158.07(b), or that fails to re-work or destroy a cannabis product in the manner authorized by the Minister under section 158.16, is liable to a penalty of not more than \$25,000.

On November 9, 2023, we reviewed the video proof that was kept to support the destruction of cannabis. In addition, we received a letter from the Bankruptcy Trustee dated January 05, 2024, which states that Ayanda Cannabis licensee may not have complied fully with approved standard operation procedures for destruction in its destruction of cannabis product. As a result, it is determined that the licensee destroyed 387,448 grams of bulk cannabis in a manner not authorized by the Minister of National Revenue, which is in contravention of sections 158.15 and 158.16 of the Excise Act, 2001.

The completion of our review should not be considered as permission to destroy any books and records. For more information please refer to EDN53, General Information for Cultivators, Producers and Packagers of Cannabis Products.

PROTECTED B

We will delay the reassessments of the proposed penalty until **March 13, 2024**. If you are not in agreement with the proposed penalty, representation may be made for further consideration. The representation must be in writing and accompanied by supporting documentation in order to be considered. You can submit this information using your MyBA account with case number 44412651.

Should you have any questions or require clarification regarding the above information, please do not hesitate to contact me at 365-324-2587. For general information regarding the excise duty on cannabis products please go to canada.ca/cannabis-excise. To request a ruling or interpretation or make a technical enquiry on cannabis excise duty, please call 1-866-330-3304 or email cannabis@cra-arc.gc.ca.

Sincerely,

RAMEZANT: Digitally signed by
ASH: RAMEZANTASH
AMIRREZA
AMIRREZA: Date: 2024.02.08
14:14:26 -05'00'
Amirreza Ramezan Tash
Excise Duties and Taxes Auditor
Legislative Policy and Regulatory Affairs
55 Bay St N, Hamilton ON L8R 3P7

APPENDIX “M”



By Registered Mail

Date of Notice March 28, 2024	Penalty Imposition Number 44412651 ED-C-234-158.16 ED-C-234-158.15	Penalty Amount \$ 6,000.00	Issuing office Ontario
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Name and Address:

Richter Inc.
181 Bay Street - #3510 Bay Wellington
Tower
Toronto, ON M5J2T3

Program Account Number:

775801921 RD0001

NOTICE OF PENALTY IMPOSITION

Reason for Penalty

On November 9, 2023, while reviewing the video documentation to support a large destruction of cannabis, it was determined that the licensee destroyed 387,448 grams of bulk cannabis in a manner not authorized by the Minister of National Revenue. This is in contravention of sections 158.15 and 158.16 of the Excise Act, 2001. Consequently, an administrative monetary penalty under subsection 234 (1) and 234 (3) of the Act, will be applied

Legislative Authority for Penalty Imposition

This penalty is imposed under section 254 of the Act.

1. It was determined that a person removed a cannabis product that was waste from the premises of a cannabis licensee other than the cannabis licensee or a person authorized by the Minister, per subsection 158.15(1) of the Excise Act, 2001.
2. It was determined that a person failed to re-work or destroy a cannabis product in the manner authorized by the Minister of National Revenue, per section 158.16 of the Excise Act, 2001.

Penalty Calculation

After reviewing the information related to your license, an administrative penalty of \$6,000 has been imposed for the following reasons in detail:

- Penalty in the amount of \$5,000 pursuant to section 234 of the Act for failure to comply with subsection 158.15(1) of the Act.
- Penalty in the amount of \$1,000 pursuant to section 234 of the Act for failure to comply with section 158.16 of the Act.

The penalty amount of \$ 6,000.00 is based on a review of the circumstances surrounding the infraction, the number of previous infractions, and the severity of the infraction in terms of potential revenue loss and impact on control of excisable goods.

Additional information on graduated administrative monetary penalties of not more than \$25,000 can be found under section 234 of the Act.

Payment

Your payment of \$ 6,000.00 must be received by the CRA by April 18, 2024 [that is date of this notice + 20 days].

All payments of \$50,000 or more must be made at a financial institution. Payments less than \$50,000 may be made electronically using My Payment or using a financial institution's online banking service, in person at a Canadian financial institution, or by mail by sending a cheque or money order payable to the Receiver General, along with a Form 159, *Remittance Voucher—Amount Owing*, to:

Canada Revenue Agency
Prince Edward Island Tax Centre
275 Pope Road
Summerside PE C1N 6A2

Payments other than electronic payments must be accompanied by Form RC159 which can be obtained by going to Order remittance vouchers or payment forms or by calling the CRA Business Enquiries line at 1-800-959-5525.

All payment of \$50,000 or more must be made at a financial institution and must be accompanied by Form RC159.

To help us process your payment correctly, write your complete program account number **775801921 RD0001** on the back of the cheque or money order. Cheques that are post-dated to the due date are acceptable. Do not send cash in the mail.

We consider you to have made the payment on the day that it is **received** by the CRA or the day that it is **processed** at any financial institution belonging to the Canadian Payments Association.

If payment is not made by **April 18, 2024** the amount will be subject to interest at the prescribed rate, beginning on the day following the date of this notice. Interest will be compounded daily until the earlier of the day on which the penalty amount and the interest are paid or the day on which you ask the Minister of National Revenue in writing to review the imposition of this penalty.

Review of Imposed Penalty

Under section 271 of the Act, you may ask the Minister of National Revenue to review the imposition of this penalty. Such a request must be made in writing, by you or your authorized representative, to the issuing CRA office within 90 days after the date this Notice was served on you in person or sent to you by registered or certified mail.



Upon receipt of the request for review, the CRA will, without delay, provide you with written reasons for the imposition of the penalty. Within 30 days after the date the written reasons were sent, you may submit any evidence that you wish the Minister to consider in the course of the review.

Extension of Time to Request a Review

If you do not make a request under section 271 for a review of the penalty imposed within the required 90 days, you may make a written application to the Minister to extend the time for making such a request. The request must be sent to the office that issued the Notice.

The Minister may extend the time for making the request under section 271 if an application is made within one year after the 90 day time limit noted above and if the Minister is satisfied that:

- a) the applicant had a bona fide intention to make the request before the expiration of the time limit but was unable to do so and was unable to instruct another person to do so on their behalf;
- b) the application was made as soon as circumstances permitted it to be made; and
- c) having regard to any reasons provided by the applicant and to the circumstances of the case, it would be just and equitable to extend the time.

Additional Information

If you wish to receive further information on this matter, please contact Amirreza Ramezan Tash at 365-324-2587.

**CARDWELL
KATHERINE**

Digitally signed by
CARDWELL KATHERINE
Date: 2024.03.28 09:51:20
-04'00'

**Katherine Cardwell, CPA, CGA
Ontario Regional Manager
Excise Duties and Taxes
Legislative Policy and Regulatory Affairs
55 Bay Street North Hamilton ON L8R 3P7**

APPENDIX “N”

Sherman, Adam

From: Sherman, Adam
Sent: Monday, March 4, 2024 11:45 AM
To: Collin Yarmie; john couwenberg; ndmetriuc@gmail.com; Shaun Ramdhany; nataliecairn0@gmail.com; yogan.a@gmail.com; ndmetriuc@gmail.com
Cc: Mitch Grossell
Subject: Ayanda Update
Attachments: Ayanda - CRA letter re cannabis destruction (2 12 2024).pdf

All,

See attached letter from CRA which was received earlier today regarding Ayanda's destruction of its cannabis inventory. As noted in the attached letter, CRA has revised its previous position and is now proposing to levy a \$6,000 penalty against Ayanda as a result of its failure to fully comply with its approved standard operating procedures re destruction. In the Trustee's view, given CRA's original position, this is a great outcome.

Based on the Trustee's previous discussions with CRA, the Trustee understands that CRA is holding approximately \$30,000 of Ayanda deposit monies, which we expect CRA to set-off against the penalty, once levied, as well as potentially other amounts due to CRA from prior to Ayanda's bankruptcy. We will connect with CRA to collect any deposit funds remaining, if any, following completion of CRA's assessment.

With respect to the facility/property, at present, there is nothing new to report. The individuals that reviewed the facility several weeks ago have recently sought clarification of certain matters given Ayanda's bankruptcy, and we are hopeful that they will submit an offer. We will keep you posted on any developments regarding the sale of the facility.

Regards,

Adam

APPENDIX “O”

Sherman, Adam

From: Sherman, Adam
Sent: Wednesday, January 31, 2024 4:01 PM
To: Collin Yarmie; john couwenberg; Patricia Hanson; ndmetriuc@gmail.com; Shaun Ramdhany; nataliecain0@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: RE: Ayanda

Hi Collin,

As noted in my preliminary response to your below email, to avoid duplication of efforts/costs, we are including all inspectors in this communication. Going forward, unless it relates to a personal matter, we request all inspectors to be included in communications with the trustee. With respect to the below email, we note the following:

At present, no receiver has been appointed over the remaining Ayanda assets. As we previously discussed, given the complexities of the Ayanda matter, any appointment of a receiver would likely involve a Court application which would be on notice to all interested parties. The trustee has not been advised of any such application nor is it aware of the secured creditor preparing for such an application. Should a receiver be appointed, the receiver will take over the trustee's efforts to realize on the remaining Ayanda assets – the trustee (and the bankrupt estate) would not have a significant role in such process. Following any sale, which would require Court approval, any funds remaining after payment of secured claims and other charges against the Ayanda assets would be paid to the bankrupt estate for distribution to unsecured creditors (and potentially shareholders after payment of all creditor claims).

Regarding the current process to identify a purchaser for the remaining Ayanda assets, as we previously advised, we have reached out to both Avison Young and Hyde Advisory which were responsible for the recent cooperative sale process for the Ayanda facility and lease (including the underlying lands, if desired) and requested that they contact any and all parties that had expressed an interest in the Ayanda assets to advise that the opportunity has resurfaced. Avison Young showed the facility to an interested party yesterday. With respect to your comment regarding the potential to run another sale process, we note that that over the last couple of years, two independent and comprehensive sale processes have been undertaken for the Ayanda assets by experienced players in the cannabis space that generated limited interest in the Ayanda assets. As you are aware, the Canadian cannabis industry is struggling with many cannabis companies (both large and small) experiencing financial difficulties and looking for investors/buyers. In the trustee's view, the known market for the Ayanda assets has been fully canvassed and running another comprehensive sale process at this stage would be redundant. Ayanda's bankrupt estate is effectively without funds and the remaining Ayanda assets must be realized upon as soon as possible. In such circumstances, reaching out to parties that have already expressed an interest in the Ayanda assets appears to be the best option of quickly identifying a potential purchaser for the Ayanda assets. In addition to the above, we would like to correct the criticism of the trustee regarding the inability of the recent prospective purchaser (First Class Extracts) to fulfill its obligations. As you are aware, the recent sale process resulted in only two bids for the Ayanda assets. The offer presented by First Class Extracts far exceeded the other offer. In the circumstances, and in an effort to maximize recoveries from the Ayanda assets, the inspectors unanimously resolved that the trustee seek to conclude the transaction with First Class Extracts. It is unfortunate that First Class Extracts has not fulfilled its purchase obligations, but it is not correct to suggest that the trustee did not attempt to confirm the veracity of the bid from First Class Extracts. To the contrary, the inspectors were kept well informed of the difficulties encountered in seeking to conclude the transaction with First Class Extracts, including its failure to provide the required deposit monies to the trustee.

With respect to the CRA matter, at present, we have nothing further to report. CRA is continuing to consider the trustee's response to the proposed duties to be levied against Ayanda. We are not in a position to comment on the allegations included in your email regarding what may or may not have been previously communicated to you (and

others) regarding Ayanda's cannabis inventory/plant material prior to the Ayanda bankruptcy, as the trustee was not privy to those communications. However, we note that under the Management Services Agreement with the prior purchaser, Ayanda had the obligation to continue operating its business in accordance with the instructions of the previous purchaser, so long as the previous purchaser paid for the ongoing costs.

As we have advised many times, during Ayanda's proposal proceedings, Ayanda's directors and officers continued to make all operational decisions – Richter had no authority to make such decisions. Accordingly, Richter had nothing to do with Ayanda's activities/operations or its decision to destroy its cannabis inventory/plant material and surrender its cannabis licenses, all of which took place prior to Ayanda's bankruptcy. As previously communicated to the inspectors (and as previously reported to the Court), the trustee understands that Ayanda made these difficult decisions at a time the Company had no funds to support its continuing restructuring efforts, no insurance for its assets/operations, no employees, and upon the advice of Hyde Advisory/CannaNavigators (a well-known/specialist consultant in the cannabis space) who informed Ayanda that it was non-compliant with its cannabis licenses and should take immediate steps to destroy its cannabis inventory/plant material and surrender its licenses to avoid being subject to any fines/penalties under the Cannabis Regulations.

The ongoing efforts to criticize the trustee or otherwise attribute Ayanda's current unfortunate circumstances to Richter who is effectively funding Ayanda's bankruptcy administration is not only incorrect, but also inappropriate. As we have previously advised, should the inspectors be dissatisfied with Richter's actions/activities as bankruptcy trustee in respect of Ayanda's remaining assets (all of which have been approved by the inspectors), Ayanda's creditors may seek to substitute Richter's appointment with that of another trustee.

Should anyone have any questions/require further information in connection with any of the above, please let us know. Should there be consensus that an inspectors' meeting is necessary to address any of the above or other relevant matters, please let us know and we will schedule a meeting. Otherwise, we will provide updates in respect of the above matters, as appropriate/necessary. As previously noted, we are working to keep costs to a minimum given the uncertain recoveries from the Ayanda assets.

Regards,

Adam

APPENDIX “P”

Sherman, Adam

From: Sherman, Adam
Sent: Monday, July 8, 2024 3:42 PM
To: Natalie Cain
Cc: Patricia Hanson; Collin Yarmie; John Couwenberg; shaun.ramdhany@gmail.com; Nadine Dmetriuc; Yogan Appalsamy
Subject: RE: Fw: Ayanda update
Attachments: Ayanda Interim R&D (7 8 2024).pdf

Hi Natalie,

There is not much to report. A few parties have arranged site visits to the Ayanda facility, but no reasonable offers have been presented – in April, one highly conditional offer that would have resulted in a shortfall to the secured creditor (and no funds for unsecured creditors/other interested parties) was presented but went no further after the trustee advised that the conditions were unacceptable and that they needed to improve the offer. Unfortunately, we are struggling with a difficult to sell asset in difficult market conditions (the real estate and cannabis related markets are struggling, and the continuing high interest rate environment has had a further negatively impact on large transactions).

We can, however, report that the trustee has been advised that the 2 acres that formed part of the Ayanda lease and was being offered for sale along with the facility has been severed from the adjoining property, which will help facilitate the transfer of the lands to a purchaser for the facility.

Most important, however, is that the estate is soon to be out of funds. At present, the trustee is holding approximately \$56k (with approximately \$25k owed for June/July insurance and June utilities) – see attached interim R&D as at today's date. The trustee is waiting on a CRA refund of approximately \$40k (expected any day), but we will need a path forward fairly soon, as those funds (along with the net funds on hand) will only cover approximately 4 months of current expenses.

As previously stated, should anyone on this email have an interest in putting forward an offer for the Ayanda assets (or if you know any interested parties), please let us know.

Let us know if you have any further questions.

Thanks,

Adam

APPENDIX “Q”

Sherman, Adam

From: Collin Yarmie <c_yarmie@hotmail.com>
Sent: Wednesday, July 10, 2024 10:31 AM
To: Sherman, Adam; Natalie Cain
Cc: Patricia Hanson; John Couwenberg; shaun.ramdhaney@gmail.com; Nadine Dmetriuc; Yogan Appalsamy
Subject: Re: Ayanda update

Attention! Courriel externe | External Email

Good morning Adam,

I was wondering if we could maybe set up a zoom meeting as we have not had one in a long while and would be good to answer questions that are being asked after this last email.

Thanks
Collin

Sherman, Adam

From: Nadine Dmetriuc <ndmetriuc@gmail.com>
Sent: Wednesday, July 10, 2024 10:41 AM
To: Sherman, Adam
Subject: Re: Fw: Ayanda update

Attention! Courriel externe | External Email

In my opinion, we should wait for the CRA credit in the interm, may have an offer, again funds are low and waiting for CRA response then maybe have a zoom meeting for direction at that time I believe would be most cost-effective

Sincerely, Nadine

APPENDIX “R”

Sherman, Adam

From: Sherman, Adam
Sent: Thursday, July 11, 2024 11:51 AM
To: Collin Yarmie; Natalie Cain
Cc: Patricia Hanson; John Couwenberg; shaun.ramdhan@gmail.com; Nadine Dmetriuc; Yogan Appalsamy
Subject: RE: Ayanda update

Hi Colin,

Yes, we can schedule a call. Does Monday (July 15) at 12pm work for the group?

Sherman, Adam

From: Collin Yarmie <c_yarmie@hotmail.com>
Sent: Thursday, July 11, 2024 8:53 PM
To: Sherman, Adam; Natalie Cain
Cc: Patricia Hanson; John Couwenberg; shaun.ramdhaney@gmail.com; Nadine Dmetriuc; Yogan Appalsamy
Subject: Re: Ayanda update

Attention! Courriel externe | External Email

I should be able to make that work if others can as well.

Collin

Sherman, Adam

From: Shaun Ramdhany <shaun.ramdhany@gmail.com>
Sent: Thursday, July 11, 2024 9:11 PM
To: Collin Yarmie; Sherman, Adam
Cc: Natalie Cain; Patricia Hanson; John Couwenberg; Nadine Dmetriuc; Yogan Appalsamy
Subject: Re: Ayanda update

Attention! Courriel externe | External Email

Monday 12pm works for me.

Thanks

Shaun

APPENDIX “S”

Sherman, Adam

From: Sherman, Adam
Sent: Monday, July 15, 2024 11:17 AM
To: Shaun Ramdhany; Collin Yarmie
Cc: Natalie Cain; Patricia Hanson; John Couwenberg; Nadine Dmetriuc; Yogan Appalsamy
Subject: RE: Ayanda update

All,

After hearing back from only 2 inspectors, we will not be proceeding with the inspectors' meeting proposed for 12pm today.

Regarding any potential questions that you may have, feel free to contact me directly. With respect to the property and the limited estate funds remaining, it is the trustee's intention to reach a sale agreement prior to running out of funds, as the assets cannot be left unprotected.

Regards,

Adam

APPENDIX “T”

ASSET PURCHASE AGREEMENT

This Agreement made this 17th day of September, 2024.

BETWEEN:

**RICHTER INC., in its capacity as trustee-in-bankruptcy of
Ayanda Cannabis Corporation and not in its personal or
corporate capacity**

(the “Trustee”)

- and -

FEI PAN, in trust for a corporation to be incorporated

(the “Purchaser”)

WHEREAS on February 4, 2022, Ayanda Cannabis Corporation (the “**Company**”) filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”);

AND WHEREAS on April 19, 2022, the Company filed a proposal pursuant to Part III of the BIA, which was amended (as amended, the “**Proposal**”) at the meeting of creditors held on May 9, 2022.

AND WHEREAS on June 3, 2022, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order approving, among other things, the Proposal.

AND WHEREAS on July 18, 2023, the Trustee issued a material adverse change report due to the failure by the purchaser to close the transaction contemplated in the Proposal and the Company’s financial situations;

AND WHEREAS on August 25, 2023, the Court granted an order that, among other things, annulled the Proposal and deemed the Company to have made an assignment into bankruptcy;

AND WHEREAS on September 14, 2023, the Trustee was confirmed as trustee-in-bankruptcy of the Company at the First Meeting of Creditors;

AND WHEREAS Luke & Blanche Sioen Farms Ltd. (the “**Land Owner**”) is the owner of approximately 97 acres of real property located in the County of Norfolk at 324-372 Burford-Delhi TL, Windham Centre, Ontario (the “**Land**”);

AND WHEREAS on or about July 16, 2024, two acres of the Land was severed as a separate lot, with the new severed real property lot having a municipal address of 324 Burford-Delhi TL, Windham Centre, Ontario, and legal description of PT LT 20 CON 1 WINDHAM PT 1 37R11713; NORFOLK COUNTY (as severed), bearing PIN 50175-0222 (the “**Facility Land**”);





AND WHEREAS all of the assets, undertakings and properties of the Company (collectively, the "Property") have vested in the Trustee pursuant to the BIA;

AND WHEREAS the Land Owner intends to sell the Facility Land to the Trustee, in its capacity as bankruptcy trustee of the Company, and the Trustee has determined the purchase of the Facility Land will maximize value for the Company's stakeholders;

AND WHEREAS the Purchaser offers and agrees to purchase the Purchased Assets and the Assumed Obligations (each as defined below) from the Trustee upon the terms and conditions set forth hereinafter;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties) the parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below, unless the context requires otherwise:

"**Adjustments**" has the meaning ascribed thereto in Section 2.2;

"**Agreement**" means this asset purchase agreement, including all written amendments and written restatements thereto from time to time;

"**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"**Approval and Vesting Order**" has the meaning ascribed thereto in Section 4.1;

"**Article**" or "**Section**" means the specified Article, or Section to this Agreement and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement;

"**Assumed Obligations**" has the meaning ascribed thereto in Section 2.7;

"**Business Day**" means a day on which banks are open for business in the City of Toronto, but does not include a Saturday, Sunday or statutory holiday recognized in the Province of Ontario;

"**Cash Purchase Price**" has the meaning ascribed thereto in Section 2.2;

"Claims" means any and all claims, demands, complaints, actions, applications, suits, causes of action, orders, or other similar processes, and **"Claim"** means any one of them;

"Closing" means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement;

"Closing Date" means, subject to the terms hereof, the first business day that falls ten (10) days after the date on which the Approval and Vesting Order is granted by the Court, if applicable, or such other date as the Parties may agree to in writing;

"Closing Time" has the meaning ascribed thereto in Section 3.1;

"Company" has the meaning ascribed thereto in the Recitals;

"Court" has the meaning ascribed thereto in the Recitals;

"Deposit" has the meaning ascribed thereto in Section 2.3;

"Encumbrances" means any and all security interests (whether contractual, statutory, or otherwise), mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, leases, title retention agreements, reservations of ownership, demands, executions, levies, charges, options or other rights to acquire any interest in any assets, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, and all contracts to create any of the foregoing, or encumbrances of any kind or character whatsoever;

"Excluded Assets" means any and all assets of the Company other than the Purchased Assets, including for greater certainty, any property that is finally determined by the Trustee or the Court to be a valid property claim pursuant to section 81 of the BIA.

"Governmental Authorities" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **"Governmental Authority"** means any one of them;

"HST" means all of the harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada);

"Liability" means any debt, loss, damage, adverse claim, fines, penalties, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, disputed or undisputed, liquidated or unliquidated, or due or to become due, and whether in or under statute, contract, tort, strict liability or otherwise), and includes all costs and expenses relating thereto (including all fees, disbursements and expenses of legal counsel, experts and costs of investigation) and **"Liabilities"** means the plural thereof;

"Parties" means the Trustee and the Purchaser collectively, and **"Party"** means any one of them;

"Permitted Encumbrances" means such Encumbrances, if any, that the Purchaser agrees will continue to attach to and be enforceable against the Purchased Assets following Closing, a list of which are attached hereto as **Schedule "A"**;

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity;

"Purchase Price" has the meaning ascribed thereto in Section 2.2;

"Purchased Assets" has the meaning ascribed thereto in Section 2.1;

"Taxes" means all taxes, land transfer taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including, Canada Pension Plan and provincial pension plan contributions (or equivalent in the jurisdiction where the Purchased Assets may be located), employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not that arise in respect of the Purchased Assets in the jurisdiction in which they are located;

"Trustee" has the meaning ascribed thereto in the Recitals;

"Trustee's Certificate" has the meaning ascribed thereto in Section 4.1; and

"Work Orders" means any written work orders, deficiency notices, notices of non-compliance, notices of violation or similar orders or directives issued with respect to the Purchased Assets by any Governmental Authority advising of any material defect or deficiency in the construction, state of repair or state of completion of the Purchased Assets, or ordering or directing that any material alteration, repair, improvement or other work to be done or relating to any non-compliance or failure to complete any inspection pertaining to any building permit, building or land use by-law, ordinance or regulation; and **"Work Order"** has a corresponding meaning.

1.2 Section References

Unless the context requires otherwise, references in this Agreement to Sections are to Sections of this Agreement.

ARTICLE 2
PURCHASE AND SALE


2.1 Purchase and Sale of Purchased Assets

At the Closing Time, subject to the terms and conditions of this Agreement, the Purchaser shall assume the Assumed Obligations and the Trustee shall sell, and the Purchaser shall purchase all of the Trustee's right, title and interest, if any, in all of the following assets (collectively the "**Purchased Assets**"):

- (a) Facility Land;
- (b) the building and fixtures situated on the Facility Land (collectively, the "**Building**"); and
- (c) all of the equipment located within the Building, save and except any property that is finally determined by the Trustee or the Court to be property that is subject to a valid property claim under section 81 of the BIA, including the equipment listed at **Schedule "C"** of this Agreement. For greater certainty, the Purchased Assets do not include the Excluded Assets.

2.2 Purchase Price

Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Purchased Assets pursuant to the terms hereof, the Purchaser shall: (i) pay to the Trustee in cash the amount of \$ [REDACTED] (the "**Cash Purchase Price**"), which shall be exclusive of applicable Taxes; and (ii) assume from the Trustee and become obligated to pay, perform and discharge, when due, the Assumed Obligations ((i) and (ii), collectively, the "**Purchase Price**"). No adjustments shall be allowed to the Purchase Price for any changes in condition, quality or quantity of the Purchased Assets up to and including the Closing Date and the Trustee makes no representations with respect to same.

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The Trustee shall be responsible for all expenses and entitled to all revenue, if any, accrued from the Purchased Assets ending on the Closing Date and thereafter the Purchaser shall be responsible for all expenses and shall be entitled to all revenue if any, accruing from the Purchased Assets.

Adjustments to the Cash Purchase Price (herein referred to as the "**Adjustments**") shall be made as of the Closing Date only with respect to realty taxes and water account utilities costs in respect of real property, which shall be adjusted as of the Closing Date. The Trustee shall not be required to undertake to readjust any amount on the statement of adjustment post-closing which adjustments shall be final as of the Closing Date.

2.3 Deposit

- (1) Contemporaneously with the execution and delivery of this Agreement by the Purchaser, the Purchaser has paid a deposit payable to the order of the Trustee, in trust, in the amount of \$ [REDACTED]

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██████████ (the "Deposit"), which is equal to ██████████ of the Cash Purchase Price

- (2) The Deposit shall be held, pending Closing, by the Trustee in an interest-bearing account with a third-party financial institution.
- (3) If the Closing does not occur by reason of an uncured default of the Purchaser or the Purchaser's failure for any reason to close the transaction set forth in this Agreement on or before the Closing Date (except in the case of the permitted termination of this Agreement pursuant to Section 7.1(a) Section 7.1(c) (but only in the event that the conditions precedent set forth in Section 4.2 are not satisfied prior to the Closing Time) or as a result of the Trustee's failure to obtain an Approval and Vesting Order or if any of the representations and/or warranties of the Purchaser as set forth in this Agreement are found to be false, the full amount of the Deposit (plus accrued interest), less any applicable withholding Taxes, shall become the property of the Trustee and be released to the Trustee as liquidated damages and not as a penalty and without prejudice to the rights and remedies of the Trustee available at law or in equity.
- (4) If the Closing does not occur for any reason other than that expressed in Section 2.3(3) above, the full amount of the Deposit, less any accrued interest and/or any applicable withholding Taxes, shall be returned by the Trustee to the Purchaser.

2.4 Satisfaction of Purchase Price

The Purchaser shall satisfy the Purchase Price on Closing as follows:

- (1) by the assumption by the Purchaser of the Assumed Obligations; and
- (2) by payment to the Trustee by wire transfer of the Cash Purchase Price, less the amount of the Deposit (and subject to any Adjustments, if applicable), to an account specified in writing by the Trustee

2.5 Allocation of Purchase Price

The Purchase Price shall be allocated as follows:

- (a) \$ ██████████ in respect of the Facility Land; FP
- (b) \$ ██████████ in respect of the Building; and AS
- (c) \$ ██████████ in respect of the remainder of the Purchased Assets not compromising (a) and (b) above.

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The Trustee and the Purchaser agree to make all filings and returns under the *Income Tax Act* (Canada) and other applicable taxation statutes in accordance with such said allocation. If the

Parties do not agree on an allocation, each shall nonetheless file its tax returns with the relevant revenue authorities based on their own respective reasonable allocations.

2.6 Sales and Transfer Taxes; HST and Receivables Elections

- (a) The Purchaser shall be responsible for the payment on Closing of any Taxes that are required to be paid or remitted in connection with the consummation of the transactions contemplated in this Agreement, which such amounts shall be in addition to the Purchase Price.
- (b) If applicable, at the Closing, the Trustee and the Purchaser shall jointly execute an election under Section 167 of the Excise Tax Act (Canada) to seek to cause the sale of the Purchased Assets to take place on an HST-free basis under Part IX of the Excise Tax Act (Canada) and the Purchaser shall file such election with its HST return for the applicable reporting period in which the sale of the Purchased Assets takes place.
- (c) The Purchaser covenants and agrees that the Purchase Price does not include the amount of any HST applicable to the sale and conveyance of the Purchased Assets by the Trustee to the Purchaser and that it shall pay any such HST in addition to the Purchase Price subject to the provisions of Section 2.6.
- (d) No HST shall be payable by the Purchaser to the Trustee nor collected by the Trustee provided:
 - i. the Purchaser is registered for the purpose of the HST at the Closing Date;
 - ii. the Purchaser provides the Trustee with its HST registration number at closing, together with a declaration of a senior officer of the Purchaser to the effect that such registration is in good standing and has not been varied or revoked;
 - iii. the Purchased Assets are being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee or otherwise on behalf of or for another Person;
 - iv. the Purchaser will indemnify and save harmless the Trustee from any HST, penalty, interest or other amount which may be payable by or be assessed against the Trustee under the Excise Tax Act (Canada) as a result of or in connection with the Trustee's failure to pay any HST applicable on the sale

and conveyance of the Purchased Assets to the Purchaser by the Trustee;
and

- v. the form of HST Declaration and Indemnity attached hereto as Schedule "D" is delivered by the Purchaser to the Trustee upon Closing,

or, in lieu of the foregoing, the Purchaser shall pay to the Trustee the HST payable in respect of the purchase and sale of the Purchased Assets by wire transfer to the Trustee on Closing.

2.7 Assumed Obligations

At Closing, the Purchaser shall assume and be liable for the following (collectively, the "**Assumed Obligations**"):

- (a) all Liabilities and Claims arising or accruing from the use or storage of the Purchased Assets from and after the Closing, including any and all costs related to the Purchased Assets from and after the Closing;
- (b) all Permitted Encumbrances (if any); and
- (c) all Taxes arising or accruing from and after the Closing from the use of the Purchased Assets, including, without limitation, HST to be collected and remitted to Canada Revenue Agency when due.

2.8 Purchaser's Conditions

This Asset Purchase Agreement shall be conditional subject to a due diligence period as follows:

- (a) The Purchaser shall be given a period to perform due diligence on the Property for fifteen (15) business days from acceptance of this Agreement (the "**Due Diligence Period**") to obtain a Phase One Environmental Site Assessment report (the "**ESA I Report**") on the Facility Land to investigate and satisfy it-self (the "**Due Diligence Condition**"). The Purchaser shall be satisfied with, or waive, the Due Diligence Condition if the ESA I Report suggests no material issues with the Facility Land.
- (b) The Due Diligence Condition shall be satisfied or waived by the Purchaser by the Purchaser delivering a written notice of satisfaction or waiver to the Vendor.
- (c) The Purchaser shall bear all costs in relation to obtaining the ESA I Report.
- (d) The Purchaser shall keep in strict confidence all documents and information obtained with respect to the as the results of the ESA I Report on the Facility Land (collectively, the "**Confidential Information**") until such time as the transaction of purchase and sale contemplated herein is completed, provided that the Purchaser shall be entitled to disclose any and all Confidential Information to its consultants and advisors and agrees to instruct those parties to comply with the provisions of

this Section 2.8 (d). Notwithstanding the foregoing, the Purchaser shall disclose the ESA I Report to the Trustee if the ESA I Report discloses any material issues with the Facility Land. The Trustee shall keep in strict confidence the information in the ESA I Report.

- (e) During the Due Diligence Period, the Purchaser agrees that this Agreement does not grant exclusivity to the Purchaser and that the Trustee and its advisors are permitted to continue marketing the Purchased Assets. During the Due Diligence Period, the Trustee shall advise the Purchaser of receipt of any binding written offers in respect of the Purchased Assets.
- (f) In the event that the Due Diligence Condition is not satisfied or waived before 5:00 PM EST on the expiry date of the Due Diligence Period:
 - (1) this Agreement shall be terminated forthwith;
 - (2) any and all deposits paid by the Purchaser, less any accrued interest, under this Agreement shall be returned to the Purchaser forthwith; and
 - (3) the Purchaser shall keep in strict confidence the Confidential Information, which obligation shall survive termination of this Agreement.

2.9 Inspection of Purchased Assets

Save and except for the Due Diligence Condition set out in Section 2.8, the Purchaser acknowledges that it has had sufficient opportunity to inspect the Purchased Assets prior to the Closing Date including having conducted such surveys and building condition inspections as the Purchaser has required.

The Purchaser shall have reasonable access until the Closing Date to the Purchased Assets to carry out such reasonable inspections and tests as the Purchaser may deem necessary, provided that the Purchaser gives two (2) Business Days' prior written notice to the Trustee (who shall have the right to accompany the Purchaser on any visits) The Purchaser shall repair and restore any damage it causes to the Purchased Assets as a result of any inspections or tests undertaken by the Purchaser and shall indemnify and hold harmless the Trustee in respect of such damage. This indemnity shall survive the termination of this Agreement.

ARTICLE 3 **CLOSING ARRANGEMENTS**

3.1 Closing

Closing shall take place at 3:00 p.m. (the "**Closing Time**") or as soon as possible thereafter on the Closing Date or on such other date as the Parties may agree upon in writing. The Closing shall

take place by electronic transmission of documents, or at such other time and location, and in such other manner, as the Parties may agree upon in writing.

On Closing, the Trustee shall deliver the keys to the Building to the Purchaser. The Purchaser acknowledges that the Trustee shall be under no additional obligation to deliver the Purchased Assets to the Purchaser (other than, in respect of the sale of the Building, the keys).

3.2 Tender

Except as otherwise set out herein, any tender of documents or money under this Agreement may be made upon the Parties or their respective counsel and money may be tendered by official bank draft drawn upon a Canadian chartered bank, by negotiable cheque payable in Canadian funds and certified by a Canadian chartered bank or trust company, or by wire transfer of immediately available funds to the account specified by that Party.

3.3 Trustee's Closing Deliveries

At the Closing, the Trustee shall deliver to the Purchaser the following, each in form and substance satisfactory to the Trustee and the Purchaser, acting reasonably:

- (a) a copy of the Approval and Vesting Order, if applicable, and a preparation Application for Vesting Order in Teraview for registration by the Purchaser on the Closing Date;
- (b) the elections referred to in Section 2.6 (as applicable)
- (c) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Trustee contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date;
- (d) undertaking to release and discharge any Encumbrances on the Purchased Assets, including Notice of Lease registered as NK138266, (other than any Permitted Encumbrances or Encumbrances extinguished by the Approval and Vesting Order, if applicable) or, in the alternative, discharges of the Encumbrances, if applicable; and
- (e) the Trustee's Certificate, as set out in Section 3.5, which shall be delivered and held in escrow until all other conditions set out in Article 4 have been satisfied or waived and the Trustee confirms same in writing to the Purchaser.

3.4 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver to the Trustee the following, each in form and substance satisfactory to the Trustee and the Purchaser, acting reasonably:

- (a) the Cash Purchase Price (less the Deposit) and all payments in respect of the amounts referred to in Article 2;

- (b) the elections and HST Declaration and Indemnity referred to in Section 2.6 (as applicable); and
- (c) a bring down certificate dated as of the Closing Date, confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct as of the Closing Date, with the same effect as though made on and as of the Closing Date.

3.5 Delivery of the Trustee's Certificate

When the conditions set out in Article 4 below have been satisfied or waived, the Trustee will deliver an executed copy of the Trustee's Certificate to the Purchaser. Upon such delivery, the Closing will be deemed to have occurred. The Trustee will thereafter promptly file a copy of the Trustee's Certificate with the Court.

ARTICLE 4 **CONDITIONS PRECEDENT**

4.1 Mutual Condition re: Approval and Vesting Order

The Trustee shall obtain an Approval and Vesting Order from the Court approving this Agreement and the transactions contemplated hereby and vesting, upon the delivery of the Trustee's Certificate to the Purchaser, all right, title and interest of the Trustee, if any, to the Purchased Assets in the Purchaser, free and clear of all Claims and Encumbrances pursuant to the terms and conditions of this Agreement, other than any Permitted Encumbrances (the "Approval and Vesting Order"). The Approval and Vesting Order shall be substantially in the form of the model order approved by the "Ontario Commercial List Users Committee", including a provision requiring the Trustee to deliver a certificate confirming the Closing of the transactions contemplated hereby and to file a copy of same with the Court (the "**Trustee's Certificate**").

The obligations of the Trustee and the Purchaser hereunder are subject to the satisfaction of, or the express written waiver of the Parties, at or prior to the Closing Time, the mutual conditions that, if applicable, the Approval and Vesting Order shall have been granted by the Court in form and substance acceptable to the Trustee, acting reasonably, failing which this Agreement shall be null and void and the Deposit returned to the Purchaser without interest.

4.2 Conditions Precedent of the Purchaser

The Purchaser shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing, by the Purchaser at any time; and the Trustee agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable

control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Trustee in Section 5.1 shall be true and correct at the Closing Time;
- (b) *Mutual Condition:* The condition set forth in Section 4.1 have been completed, if applicable; and
- (c) *Trustee's Compliance.* The Trustee shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Closing Time and shall have executed and delivered to the Purchaser at the Closing Time all the deliveries contemplated in Section 3.3.

4.3 Conditions Precedent of the Trustee

The Trustee shall not be obliged to complete the transactions contemplated by this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Trustee, and may be waived, in whole or in part, in writing by the Trustee at any time; and the Purchaser agrees with the Trustee to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (a) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.2 shall be true and correct at the Closing Time;
- (b) *Mutual Condition:* The condition set forth in Section 4.1 have been completed, if applicable; and
- (c) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered to the Trustee at the Closing Time all the deliveries contemplated in Section 3.4 in this Agreement

4.4 Non-Satisfaction of Conditions

If any condition precedent set out in Section 4.2 or 4.3 is not satisfied or performed prior to the time specified therefor (if any), the Party for whose benefit the condition precedent is inserted may:

- (a) waive compliance with the condition, in whole or in part, in its sole discretion by written notice to the other Party (but may not claim for any matter waived) and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or

- (b) elect on written notice to the other Party to terminate this Agreement, in which event each Party shall be released from all obligations under this Agreement provided that the Deposit shall be dealt with in accordance with the terms of Section 2.3 hereof.

ARTICLE 5 **REPRESENTATIONS AND WARRANTIES**

5.1 Representations and Warranties of the Trustee

As a material inducement to the Purchaser entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Trustee set out in this Section 5.1, the Trustee hereby represents and warrants to the Purchaser as follows:

- (a) *Due Authorization.* Subject to the granting of the Approval and Vesting Order, if applicable, the Trustee has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (b) *No Other Purchase Agreement.* The Trustee has not entered into any other agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment for the purchase or other acquisition from the Trustee of the Purchased Assets;
- (c) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, if applicable, this Agreement constitutes a valid and binding obligation of the Trustee, enforceable against the Trustee, in accordance with its terms;
- (d) *HST.* Company is a registrant under Part IX of the Excise Tax Act (Canada), and shall provide its HST registration number to the Purchaser prior to Closing; and
- (e) *Residency.* Company is not a non-resident within the meaning of section 116 of the Income Tax Act (Canada).

5.2 Representations and Warranties of the Purchaser

As a material inducement to the Trustee entering into this Agreement and completing the transactions contemplated by this Agreement and acknowledging that the Trustee is entering into

this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.2, the Purchaser hereby represents and warrants to the Trustee as follows:

- (a) *Incorporation of the Purchaser.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (b) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments;
- (c) *Financial Wherewithal.* The Purchaser has the financial wherewithal to satisfy the Cash Purchase Price on the Closing Date and either has the amount of the Cash Purchase Price currently available to it or will obtain financing sufficient to satisfy the Cash Purchase Price prior to the Closing Date.
- (d) *Enforceability of Obligations.* Subject to the granting of the Approval and Vesting Order, if applicable, this Agreement constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser, in accordance with its terms;
- (e) *Approvals and Consents.* Except as otherwise provided herein, no authorization, consent or approval of or filing with or notice to any Governmental Authority or other Person is required in connection with the execution, delivery or performance of this Agreement by the Purchaser or the purchase of any of the Purchased Assets hereunder;
- (f) *HST.* The Purchaser is or shall be at Closing a registrant under Part IX of the Excise Tax Act (Canada), and shall provide its HST registration number to the Trustee prior to Closing; and
- (g) *Residency.* The Purchaser is not a non-resident within the meaning of section 116 of the Income Tax Act (Canada).

5.3 Survival of Representations and Warranties

The representations and warranties of the Purchaser contained in Section 5.2 or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive for six (6) months following Closing.

5.4 Acquisition of Purchased Assets on "As is, Where is" Basis

The Purchaser acknowledges that the Trustee is selling the Purchased Assets on an "as is, where is" basis as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order, as applicable. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Trustee does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or

condition is expressed or can be implied as to any matter, including, without limitation, title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality, latent defects, cost, size, value, state of repair, zoning, permitted uses, permits, compliance with Applicable Laws of Governmental Authorities, compliance with bylaws or regulations, threatened claims, litigation, the existence or non-existence of hazardous materials flowing onto or from the Property or any part thereof, or in the air, surface or ground water flowing through, onto or from the Property, or any part thereof, any non-compliance with Environmental Laws including any adverse matters contained in any reports (the “**Environmental Condition**”), compliance with any or all Environmental Laws, or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Trustee to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations, expressed or implied, pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The Purchaser further acknowledges that all written and oral information obtained by the Purchaser from the Trustee or any of its respective directors, officers, employees, professional consultants or advisors with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser shall retrieve the Purchased Assets in accordance with Section 3.1 hereof, if applicable. The Purchaser shall indemnify and hold harmless the Trustee from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way related to the retrieval of the Purchased Assets by the Purchaser, save and except for any claims, demands, losses, damages, actions and costs incurred or resulting from the gross negligence or wilful misconduct of the Trustee.

In entering into this Agreement, the Purchaser has relied and will rely entirely and solely upon its own inspections and investigations with respect to the Purchased Assets, including the physical condition and the Environmental Condition of the Purchased Assets including compliance with Applicable Laws and has relied solely upon its own judgement resulting from doing so and has not relied and will not rely on any information, written or oral, furnished by the Trustee or any other person or entities on behalf of or at the direction of the Trustee, including with respect to value of the Purchased Assets, adequacy, marketability, quantity, location, condition, quality, fitness or state of repair. The information contained in any data room accessed by the Purchaser in respect of the Purchased Assets and description of the Purchased Assets in any marketing material, listing information, and any like material delivered or made available by the Trustee and/or its agents or any other party on its behalf to the Purchaser or its representatives are believed to be correct, but if any misstatement, error, inaccuracy or omission (collectively the “**Inaccuracies**”) is found in them, the Purchaser shall not be entitled to any abatement, damages, reimbursement, costs or termination of this Agreement as a result of them and the Purchaser releases the Trustee and its respective agents from any Claims the Purchaser had, has or may have as a result of such Inaccuracies. The Purchaser covenants and agrees that it shall accept title to the Purchased Assets

subject to any Work Orders and the Trustee shall not be required to rectify any Work Orders as a condition of closing.

ARTICLE 6 **PERIOD PRIOR TO CLOSING**

6.1 Risk of Loss

The Purchased Assets shall remain at the risk of the Trustee, to the extent of its interest, until the Closing is completed and after Closing, the Purchased Assets shall be at the risk of the Purchaser.

ARTICLE 7 **TERMINATION**

7.1 Termination by the Parties

This Agreement may be terminated:

- (a) upon the mutual written agreement of the Trustee and the Purchaser;
- (b) pursuant to Section 2.8 (f), if applicable; and
- (c) pursuant to Section 4.4(b) by either Party, if applicable.

ARTICLE 8 **GENERAL CONTRACT PROVISIONS**

8.1 Headings and Sections

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

8.2 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa, and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

8.3 Currency

Except as otherwise expressly provided in this Agreement, all dollar amounts referred to in this Agreement are stated in Canadian dollars.

8.4 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

8.5 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

8.6 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party, including, without limitation, the doctrine of *contra proferentum*.

8.7 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties relating to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement.

8.8 Expenses

Except as otherwise explicitly stated herein, each Party shall pay their respective legal, accounting, and other professional advisory fees, costs and expenses incurred in connection with the

transactions contemplated in this Agreement, and the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant to this Agreement.

8.9 Notices

Any notice, consent or approval required or permitted to be given in connection with this Agreement shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by email as follows

- (a) in the case of notice to the Trustee at:

Richter Inc.

181 Bay Street, Suite 3510
Toronto, ON, M5J 2T3

Attention: Adam Sherman
Email: asherman@richter.ca

with a copy to:

Thornton Grout Finnigan LLP

100 Wellington St. West, Suite 3200
Toronto, ON M5K 1K7

Attention: Mitch Grossell
Email: mgrossell@tgf.ca

- (b) in the case of a notice to the Purchaser at:

FEI PAN, in trust for a corporation to be incorporated

Attention: Fei Pan
Email: CasperPan68@gmail.com

with a copy to:

EME Professional Corporation

2 Old English Lane
Markham, ON, L3T 2T8

Attention: Peter Doyun Kim
Email: peter@emecorp.ca

Any notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a

Business Day then the notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving notice to the other Party in accordance with the provisions of this Section.

8.10 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns. Neither Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Party

8.11 Third Party Beneficiaries

Unless where provided to the contrary by the specific terms hereof, this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

8.12 Time of the Essence

Time shall be of the essence in respect of the obligations of the Parties arising prior to Closing under this Agreement.

8.13 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

8.14 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing Date, provided that the reasonable costs and expenses of any actions taken after the Closing Date at the request of a Party shall be the responsibility of the requesting Party.

8.15 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be

severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8.16 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Ontario. The Parties consent to the jurisdiction and venue of the Court for the resolution of any disputes under this Agreement.

8.17 Non-Merger

Subject to Section 5.3, the representations, warranties and covenants of each Party contained in this Agreement will not merge on and will survive the closing of the transaction and will continue in full force and effect, notwithstanding the closing of the transaction or any investigation or knowledge acquired by or on behalf of the other Party.

8.18 Independent Legal Advice

The Purchaser warrants that it has received independent legal advice in connection with this Agreement.

8.19 Confidentiality

The Parties agree that the terms and conditions of this Agreement are confidential and shall not be disclosed to any Person, except (a) to such Parties' solicitors, advisors, agents or representatives acting in connection herewith and, then, only on the basis that such Persons are also required to keep such information confidential as aforesaid; and (b) to the Court in furtherance of obtaining the Approval and Vesting Order.

Notwithstanding the foregoing, the obligation to maintain the confidentiality of such information will not apply to the extent that disclosure of such information is required by the Court, by law or otherwise in connection with governmental or other applicable filings relating to the transactions hereunder, provided that, in such case, unless the Purchaser otherwise agrees, the Trustee may if possible in its sole discretion, request confidentiality in respect of such legal proceedings or governmental or other filings.

8.20 Execution and Delivery

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed and delivered either in original or faxed form or by

electronic delivery in portable document format (PDF) and the parties adopt any signatures received by a receiving fax machine as original signatures of the parties.

8.21 Irrevocability of Offer

This offer shall remain irrevocable and open for acceptance by the Purchaser until 5:00 PM on September 17th, 2024. The Trustee agrees that this offer cannot be withdrawn, modified, or revoked before this specified date and time. Any acceptance of this offer by the Purchaser before the irrevocability period expires shall constitute a binding agreement between the Purchaser and Trustee on the terms and conditions set forth herein.

A square stamp containing the handwritten initials "FP".

AS

IN WITNESS OF WHICH the Parties have executed this Agreement.

RICHTER INC., in its capacity as Court appointed trustee-in-bankruptcy of Ayanda Cannabis Corporation et. al., and not in its personal or corporate capacity

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

I have the authority to bind the corporation

FEI PAN, in trust for a corporation to be incorporated

Per: Fei Pan
Name: Fei Pan
Title: Director

I have the authority to bind the corporation

SCHEDULE "A" **PERMITTED ENCUMBRANCES**

Any of the following encumbrances:

1. Minor Encroachments: Minor encroachments from the real property over neighbouring lands and/or permitted under agreements with neighbouring landowners and any fences or concrete curbs and minor encroachments over the real property from neighbouring land and/or permitted under agreements with neighbouring landowners and any fences and concrete curbs.
2. Crown Grant: Any subsisting restrictions, exceptions, reservations, limitation, provisos and conditions (including, with limitation, royalties, reservation of mines, mineral rights and timber rights, access to navigable waters and similar rights) expressed in any original grants from the Crown of the lands comprising the real property and any statutory limitations, exceptions, reservations and qualifications.
3. Restrictions, Zoning, etc.: Zoning, land use and building restrictions, by-laws, regulations and ordinances of any Governmental Authority, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations in favour of or imposed or reserved by any Governmental Authority.
4. Work Order: Any and all Works Orders issued by any Governmental Authority.
5. Easements Any unregistered or registered easements required for the supply of domestic utility services to the real property.
6. Survey matters: Encroachments, deficiencies or other matters disclosed by any plan of survey in respect of the real property or any part thereof.
7. Taxes/Utilities: Encumbrances or prior claims for real property taxes (which term includes charges, rates and assessments) or charges or levies for electricity, power, gas, water and other services and utilities in connection with the real property that have accrued but are not yet due and owing or, if due and owing, are adjusted for on Closing.
8. Restrictive Covenants: Restrictive covenants, private deed restrictions, rights-of-way, facility cost sharing agreements, servicing agreements, crane swing/tie back agreements, reciprocal use agreements or other similar land use control agreements or rights in land (including, without limitation, restrictions, rights-of-way and servitudes for sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to other persons or property, or reserved by other persons or the benefit of other property.
9. Applicable Laws: The provisions of all Applicable Laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning at the real property.

10. Land Titles Act: The exceptions and qualifications contained in Section 44 of the Land Titles Act (Ontario), save and except paragraph 5 thereof relating to the Family Law Act paragraph 11 thereof respecting the Planning Act (Ontario) and escheats/forfeiture to the Crown.
11. Registered Agreements: Registered agreements with any Governmental Authorities or public utilities, including subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements
12. Additional Specific Permitted Encumbrances: Those instruments more particularly registered against [PIN 50175-0222 (LT)] save and except the following

 - (a) **[NTD: to be inserted]**

SCHEDULE "B"
Real Property Description

Facility Land:

AS

Municipal Address: 324 Burford-Delhi TL, Windham Centre, Ontario.

FP

PIN: 50175-0222; LRO #37 Norfolk

Legal Description: PT LT 20 CON 1 WINDHAM PT 1 37R11713; NORFOLK COUNTY

SCHEDULE "C"
List of Purchased Equipment

1. Any equipment owned by the Company and located on the Facility Land that is not rented or leased to a third party, including, but not limited to:
 - (a) 2 Trane Chillers;
 - (b) 2 natural gas generators;
 - (c) 8 rolling tables;
 - (d) Approximately 140 LED lights;
 - (e) HVAC system;
 - (f) RO system;
 - (g) Monitoring system; and
 - (h) Skyjack SJIII 3219.

Note: For greater certainty, the list of purchased equipment shall exclude any property that is finally determined by the Trustee or the Court to be property that is subject to a valid property claim under section 81 of the BIA.

SCHEDULE "D"
HST DECLARATION AND INDEMNITY

TO: Richter Inc., in its capacity as trustee-in-bankruptcy of Ayanda Cannabis Corporation and not in its personal or corporate capacity (the "**Trustee**")

RE: An agreement between the Trustee and **[PURCHASER]** (the "**Purchaser**") dated **[DATE]** (the "**Agreement**") in respect of the sale of the Purchased Assets (as defined therein)

The Purchaser hereby certifies and agrees that:

1. The Purchaser is registered under Subdivision d of Division V of Part IX of *the Exercise Tax Act* (Canada) ("**ETA**") for the collection and remittance of the goods and services tax and/or the harmonized sales tax ("**HST**") and its registration number is **[NUMBER]** and such registration is in good standing and has not been varied or revoked;
2. The Purchaser will remit directly to the Receiver General of Canada the HST payable pursuant to Section 228(4) of the ETA in connection with the sale and conveyance of the Purchased Assets (as such term is defined in the Agreement);
3. The Purchased Assets transferred pursuant to the Agreement are being purchased by the Purchaser as principal for its own account and is not being purchased by the Purchaser as an agent, trustee, or otherwise on behalf of or for another Person (as such term is defined in the Agreement).
4. The Purchaser shall indemnify and save harmless the Trustee from any HST, penalty, interest or other amounts which may be payable by or assessed against the Trustee under the ETA as a result of, or in connection with, the Trustee's failure to collect and remit any HST applicable on the sale and conveyance of the Purchased Assets to the Purchaser by the Trustee.
5. The aforesaid shall survive the Closing Date (as such term is defined in the Agreement).

Dated this _____ day of _____, 2024.

[PURCHASER]

Per: _____
Name:
Title:

Confirmation of Co-operation and Representation Buyer/Seller

BUYER: Fei Pan, in trust for a corporation to be incorporated

SELLER: Richter Inc., As The Trustee-In-Bankruptcy Of*

For the transaction on the property known as: 324 Burford-Delhi Tl Rd Norfolk ON N0J 1P0

DEFINITIONS AND INTERPRETATIONS: For the purposes of this Confirmation of Co-operation and Representation: "Seller" includes a vendor, landlord, lessor or a prospective seller, vendor, landlord or lessor and "Buyer" includes a purchaser, tenant, lessee or a prospective buyer, purchaser, tenant or lessee and "sale" includes a lease, and "Agreement of Purchase and Sale" includes an Agreement to Lease. Commission shall be deemed to include other remuneration.

The following information is confirmed by the undersigned salesperson/broker representatives of the Brokerage(s). If a Co-operating Brokerage is involved in the transaction, the brokerages agree to co-operate, in consideration of, and on the terms and conditions as set out below.

DECLARATION OF INSURANCE: The undersigned salesperson/broker representative(s) of the Brokerage(s) hereby declare that he/she is insured as required by the Trust in Real Estate Services Act, 2002 (TRESA).

1. LISTING BROKERAGE (Single Representation)

- a) The Listing Brokerage or a Designated Representative of the Listing Brokerage represents the interests of the Seller in this transaction. It is further understood and agreed that:
 - 1) Neither the Listing Brokerage nor a Designated Representative of the Listing Brokerage is representing the Buyer and has not entered into a representation agreement with the Buyer.
 - 2) The Listing Brokerage or a Designated Representative of the Listing Brokerage is providing assistance to the Buyer and the Buyer is a self-represented party.
 - 3) The Seller client and Buyer client are each separately represented by different designated representatives of the same brokerage and there is no multiple representation.

2. LISTING BROKERAGE (Multiple Representation)

- a) The Listing Brokerage has entered into Representation Agreement with the Buyer and there is Multiple Representation.
- b) The Designated Representative who represents the Seller also represents the Buyer and there is Multiple Representation.

Additional comments and/or disclosures by Listing Brokerage: (e.g., The Listing Brokerage represents more than one Buyer offering on this property.)

3. PROPERTY SOLD BY BUYER BROKERAGE

- a) The Brokerage or a Designated Representative of the Brokerage represents the Buyer and the Brokerage will be paid by the Buyer directly.

4. CO-OPERATING BROKERAGE

a) **CO-OPERATING BROKERAGE – REPRESENTATION:**

- 1) The Co-operating Brokerage or a Designated Representative of the Co-operating Brokerage represents the interest of the Buyer in this transaction.

b) **CO-OPERATING BROKERAGE – COMMISSION:**

- 1) The Listing Brokerage will pay the Co-operating Brokerage the commission as indicated in the MLS® information for the property in the amount of 2.5% + HST to be paid from the amount paid by the Seller to the Listing Brokerage. (Commission As Indicated In MLS® Information)
- 2) The Co-operating Brokerage will be paid as follows:

Additional comments and/or disclosures by Co-operating Brokerage: (e.g., The Co-operating Brokerage represents more than one Buyer offering on this property.)


INITIALS OF BUYER(S)/SELLER(S)/BROKERAGE REPRESENTATIVE(S) (Where applicable)


BUYER


CO-OPERATING/BUYER BROKERAGE


SELLER


LISTING BROKERAGE

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APPENDIX “U”

THIS WAIVER AND AMENDMENT TO THE ASSET PURCHASE AGREEMENT dated the 8th day of October 2024 (this “**Agreement**”).

B E T W E E N:

**RICHTER INC., in its capacity as trustee-in-bankruptcy of
Ayanda Cannabis Corporation and not in its personal or
corporate capacity**

(the “Trustee”)

- and -

FEI PAN, in trust for a corporation to be incorporated

(the “Purchaser”)

WHEREAS the Trustee and Purchaser entered into an asset purchase agreement on or about 17th day of September 2024 (the “**Purchase Agreement**”);

AND WHEREAS the Purchase Agreement included purchaser’s conditions in favour of the Purchaser at section 2.8;

AND WHEREAS the Purchaser has obtained a Phase One Environmental Site Assessment report and is satisfied that there are no material issues;

AND WHEREAS the Purchaser wishes to waive the Due Diligence Condition;

AND WHEREAS the Purchaser has incorporated a corporation, 1001010496 ONTARIO INC., to complete the transaction as the Purchaser;

NOW THEREFORE IN CONSIDERATION of the payment of the sum of TWO DOLLARS (\$2.00) and good and valuable consideration (the receipt and sufficiency of which is hereby mutually acknowledged), the parties agree as follows:

1. The foregoing recitals are true and accurate.
2. The Purchaser hereby waives the Due Diligence Condition in favour of the Purchaser contained in Subsection 2.8 (a) of the Purchase Agreement.
3. The Purchase Agreement is hereby amended as follows:
 - (a) The Purchaser shall be amended to “1001010496 ONTARIO INC.” from “FEI PAN, in trust for a corporation to be incorporated”.
4. This Agreement shall be read together with the Purchase Agreement and any subsequent amendments thereto, and the parties confirm that, except as modified herein, all of the terms and conditions in the Purchase Agreement and any amendments thereto, remain

AS

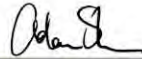
FP

unchanged, unmodified and in full force and effect and time shall be and remain of the essence.

- 5. The parties agree, from time to time, to do or cause to be done all such things, and shall execute and deliver all such documents, agreements and instruments reasonably requested by the other party, as may be necessary or desirable to complete the amendments contemplated by this Agreement and to carry out its provisions and intention.
- 6. This Agreement shall enure to the benefit of and be binding upon the parties and their successors and permitted assigns, as the case may be.
- 7. This Agreement may be executed in one or more counterparts all of which shall be considered one and the same document, and may be executed and delivered by facsimile, electronic mail (PDF) or other electronic transmission.

IN WITNESS WHEREOF the parties have executed this Agreement as of the 8th day of October 2024.

RICHTER INC., in its capacity as Court-appointed trustee-in-bankruptcy of Ayanda Cannabis Corporation et. al., and not in its personal or corporate capacity

 Per: , ASO
 Name: Adam Sherman
 Title: Senior Vice President
I have authority to bind the Corporation

Authentisign

FEI PAN, in trust for a corporation to be incorporated

1001010496 ONTARIO INC.

Authentisign
 Per: , ASO
 Name: FEI PAN
 Title: DIRECTOR
I/We have authority to bind the Corporation

APPENDIX “V”

Sherman, Adam

From: Sherman, Adam
Sent: Monday, September 16, 2024 12:32 PM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Ayanda - Important Inspector Meeting

All,

Please be advised that we will be convening an inspectors' meeting tomorrow at 11am to discuss an offer for the Ayanda facility and underlying lands that was received earlier today with an irrevocable date of tomorrow at 5pm.

We will circulate an invite for the meeting, which will be held virtually.

Thanks,

Adam

Sherman, Adam

From: Collin Yarmie <c_yarmie@hotmail.com>
Sent: Monday, September 16, 2024 2:38 PM
To: Sherman, Adam; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Re: Ayanda - Important Inspector Meeting

Attention! Courriel externe | External Email

Hey Adam,

Glad to hear an offer has been made. Could we see the offer prior to our meeting so we have sometime to digest it before the meeting.

Thanks
Collin

Sherman, Adam

From: Patricia Hanson <nphfarms@hotmail.com>
Sent: Monday, September 16, 2024 3:53 PM
To: Sherman, Adam
Subject: Fw: Ayanda - Important Inspector Meeting

Attention! Courriel externe | External Email

From: Patricia Hanson <nphfarms@hotmail.com>
Sent: September 16, 2024 3:52 PM
To: Collin Yarmie <c_yarmie@hotmail.com>
Subject: Re: Ayanda - Important Inspector Meeting

Hi Adam, I agree, can you please give us as much information as you can, short time for us to review during this busy time of the year

Thank you,
Patricia

Sherman, Adam

From: Natalie Cain <nataliecain0@gmail.com>
Sent: Monday, September 16, 2024 6:19 PM
To: Sherman, Adam
Cc: Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com; Mitch Grossell; Collin Yarmie
Subject: Re: Ayanda - Important Inspector Meeting

Attention! Courriel externe | External Email

Hello Adam,

Please forward the offer information to me as well, I'd like to review this evening prior to the meeting tomorrow. Thanks,

Natalie

Sherman, Adam

From: Sherman, Adam
Sent: Monday, September 16, 2024 9:10 PM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Ayanda - Inspector Meeting Info
Attachments: Ayanda - Interim R&D (9 16 2024).pdf

All,

In anticipation of tomorrow's inspector meeting, attached is an interim statement of receipts and disbursements as at today's date. As noted in the attached, after taking into consideration unpaid disbursements (excluding professional accounts), the trustee is currently holding approximately \$55,000. As the monthly burn is approximately \$15,000 (excluding professional accounts), Ayanda's bankrupt estate has funds to pay approximately 3 further months of required expenses.

With respect to the offer for the Ayanda facility/underlying lands, it is a fairly standard real estate transaction with only 1 purchaser condition. The offeror has requested a 15 business-day diligence period to obtain a phase 1 environmental assessment report on the facility land to satisfy itself that there are no "material" issues with the land. Such a condition is not unusual in real estate transactions. There is no exclusivity granted to the offeror during the diligence period.

We will discuss value on our call. In the trustee's view, the offer takes into consideration, among other things, the significant amount of time the property has been on the market, the well documented struggles in the cannabis sector as well as the slump in real estate/other transactions due to the higher interest rate environment. The proposed purchase price will result in a shortfall to Ayanda's secured creditor (which shortfall would be shared by the trustee and its counsel) and not produce any realizations for general unsecured creditors or other interested parties.

We look forward to speaking with you tomorrow.

Adam

APPENDIX “W”

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

MINUTES OF THE TENTH MEETING OF INSPECTORS

Minutes of the Tenth meeting of Inspectors in the bankruptcy of Ayanda Cannabis Corporation (“**Ayanda**” or the “**Company**”) held on September 17, 2024 at 11:00 a.m., via videoconference.

Attendance

On behalf of the Trustee:
Adam Sherman, Richter Inc.
Mitch Grossell, Thornton Grout Finnigan LLP

Inspectors:
John Couwenberg
Shanil Ramdhany
Nadine Dmetriuc
Natalie Cain
Collin Yarmie

Observers:
Patricia Hanson
Yogan Appalsamy

Call to Order

The inspectors being present, the trustee (the “**Trustee**”) called the meeting (the “**Tenth Inspectors’ Meeting**”) to order at approximately 11:00 a.m. Adam Sherman acted as Chairperson and Secretary for the Tenth Inspectors’ Meeting.

The Trustee advised the inspectors that the Tenth Inspectors’ Meeting was urgently required to provide an update on the following matters and discuss next steps:

- the current financial position of Ayanda’s bankrupt estate, including the Trustee’s interim statement of receipts and disbursements for the period ending September 16, 2024 (the “**Interim R&D**”); and
- the proposed sale of substantially all of the assets of Ayanda, including the real property on which the Ayanda facility resides, including an offer presented for same on September 16, 2024 with an irrevocable date of September 17, 2024 (the “**Offer**”).

THE INTERIM R&D

The Trustee and Inspectors discussed the Interim R&D, a copy of which had been provided to the Inspectors prior to the Tenth Inspectors' Meeting. A copy of the Interim R&D is attached hereto as **Appendix "A"**.

As reported in the Interim R&D, after taking into consideration unpaid and outstanding expenses (excluding professional accounts associated with the failed proposal and bankruptcy proceedings), as at September 16, 2024, the Trustee was holding approximately \$55,000 in estate funds. The Trustee further noted that Ayanda's monthly expenses are approximately \$15,000 (\$12,000 of which is monthly insurance premiums), excluding professional costs. Given the cash-on-hand, Ayanda's bankrupt estate has funds to pay a further approximately 3 months of expenses.

In the circumstances, the Trustee and Inspectors discussed the need to sell the Ayanda facility quickly – prior to the limited funds running out.

The Trustee further commented on the significant amounts owing and continuing to accrue to the Trustee and its counsel. In this regard, the Trustee informed the Inspectors that for the period ending August 30, 2024, the Trustee and its counsel were owed approximately \$605,000 (Richter - \$385,000 and TGF - \$220,000) of which approximately \$260,000 was owing from Ayanda's previous NOI proceeding. The Trustee also reminded the Inspectors that neither the Trustee nor its counsel have been paid in over two years, and that the Trustee and its counsel were effectively funding Ayanda's bankruptcy administration.

THE AYANDA FACILITY

At the outset, the Trustee reminded the Inspectors of their obligations as Inspectors of Ayanda's bankrupt estate, and, in particular, their obligation to keep the information discussed with respect to the sales process confidential and to not disclose such information to anyone who is not an Inspector or observer.

The Trustee informed the Inspectors that subsequent to the failed transaction with First Class Extracts Corporation in late December 2023, which had previously been addressed by the Trustee/Inspectors at a prior Inspectors' Meeting, there was limited interest in the Ayanda facility. A few interested parties had attended at the facility, but no workable offers were presented to the Trustee. In this regard, the Trustee provided a verbal summary of the few offers presented to the Trustee, none of which were for a price that would result in a full recovery for Ayanda's secured creditor, Michael Sioen Farms Ltd. ("**MSFL**"), or provide any recovery to Ayanda's unsecured creditors or other interested parties (i.e. equity holders), and all of which included unacceptable terms and conditions requested by the interested party.

The Trustee and Inspectors also discussed the severance of the 2 acres of real property comprising part of the Ayanda facility from the adjoining lands, which severance was completed on or about July 16, 2024. During this discussion, certain of the Inspectors expressed frustration that they had not be informed earlier that the severance of the Ayanda facility lands had been finalized, as one Inspector suggested that the Inspector may know interested parties willing to purchase the property.

The Trustee and Inspectors discussed the Offer, the non-financial terms of which were shared with the Inspectors prior to the Tenth Inspectors' Meeting. There was extensive discussion regarding the condition to allow a 15-business day diligence period for the potential purchaser to obtain a Phase I environmental site assessment report, which condition can be satisfied or waived if such report suggests no material issues with the real property upon which the Ayanda facility resides. While the Trustee would have preferred an unconditional deal, given the estate's financial circumstances, the condition was acceptable (and not

uncommon in transactions including real property). The Trustee informed the Inspectors of the proposed purchase price of the Offer (██████████) during the Tenth Inspectors' Meeting.

The Trustee further informed the Inspectors that notwithstanding that the Offer would not result in a full recovery for MSFL, given the limited funding remaining in Ayanda's bankrupt estate, MSFL supported the Trustee's acceptance of the Offer.

The Trustee discussed with the Inspectors the projected payments to be made from any sale proceeds, including broker commissions, land acquisition costs, and professional fees. The Trustee and Inspectors also discussed the implications for Ayanda's creditors and other interested parties should the Offer be accepted, approved by the Court, and the transaction closed, including that there would be no recovery for general unsecured creditors. The Trustee acknowledged that former employees may be entitled to a preferred claim up to the amount of \$2,000 pursuant to section 81.3 of the BIA. The Trustee also discussed there would be no recovery for equity holders.

In discussing the Offer, certain of the Inspectors expressed their displeasure that the Trustee did not present to the Inspectors other offers previously made to the Trustee. In response, the Trustee advised that, in the experience of the Trustee, the offers made to the Trustee were unworkable for many reasons. Given the limited funding in Ayanda's bankrupt estate and the uncertain sales process, the Trustee wanted to avoid the estate incurring further costs.

The Inspectors expressed a variety of concerns with the Offer, including that: (i) the Inspectors had only been provided a summary of the Offer's deal terms prior to the Tenth Inspectors' Meeting and not a copy of the agreement, (ii) the realizations from the Offer were insufficient to provide a recovery to all interested parties, and (iii) the Inspectors felt pressured to make a quick decision without adequate time to consider the terms of the Offer.

In response to these concerns, among other things, the Trustee: (i) confirmed that the Inspectors had been provided with all relevant information in connection with the Offer, (ii) reminded the Inspectors that the Ayanda facility and the real property had been marketed for almost 1 year with no reasonable offers being presented and that should a transaction not be completed expeditiously the estate would run out of funds, and (iii) noted that the required time to respond to the Offer, unfortunately, was not in the Trustee's control, as the potential purchaser set the irrevocable date/time.

Certain of the Inspectors requested that the Trustee provide the Inspectors with a copy of the Offer. The Trustee advised that the Inspectors had been provided with all relevant information to consider the Offer, particularly, in light of the estate's dire financial circumstances, but that it would provide a copy of the Offer redacted for certain purchaser contact information. Certain of the Inspectors expressed their view that this was unacceptable and that they would not consider the Offer further unless they were provided with a complete unredacted copy of the Offer. The Trustee responded that such information was not required to consider the Offer.¹

After considerable discussion in connection with all the above, the Trustee advised that, given that Ayanda's bankrupt estate was soon to have no funds to preserve/protect its sole asset (the Ayanda facility), it was too risky to let the Offer lapse and, in the Trustee's view, the Offer should be accepted.

¹ Shortly following the adjournment of the Tenth Inspector Meeting, the Trustee provided the Inspectors with a copy of the Offer redacted for the purchaser's contact information.

One Inspector (Nadine Dmetriuc) agreed that the Offer should be accepted. The remaining Inspectors continued to raise various concerns and objections to the Offer (as summarized above) and certain Inspectors advised that they needed significant additional time (as much as 6 weeks) to determine if the Offer was the best option, which conflicted with the remaining estate funds and the irrevocable date/time stated in the Offer.

The Trustee reminded the Inspectors that, in their role as Inspectors, they act as representatives of all creditors (the majority of Inspectors are not creditors, but equity holders) and have a fiduciary duty to the bankrupt estate. Inspectors must act in the best interests of all creditors, including secured creditors, and must not act for their personal advantage. Ultimately, each of the remaining Inspectors declined or otherwise refused to accept the Offer.²

As it became clear that certain Inspectors would not change their position, the Trustee stated its view that certain Inspectors were allowing their personal feelings of the truly unfortunate situation to influence their decision making, and that the Trustee was concerned certain Inspectors were not acting in the best interests of the bankrupt estate. The Trustee repeated that the estate was very soon to run out of funds to preserve/protect the Ayanda facility and that the Ayanda property had generated limited interest after being marketed for almost 1 year. In the circumstances, the Trustee informed the Inspectors that it considered it too risky to allow the Offer to expire. The Trustee further noted that MSFL was in favour of accepting the Offer even through it was expected to result in a significant shortfall on the MSFL secured indebtedness.

After further discussion/consideration of all the above, the Trustee informed the Inspectors that it would be accepting the Offer with the full consent, support and approval of MSFL.

Adjournment

There being no further business, the Tenth Inspector Meeting was adjourned at approximately 12:30 p.m.



Adam Sherman, Chairperson

² Subsequent to the adjournment of the Tenth Inspector Meeting and following the exchange of communications between the Trustee and its legal counsel and the Inspectors, a second Inspector (Natalie Cain) informed the Trustee via email that she approved acceptance of the Offer.

I hereby approve the Minutes of the Tenth Inspector Meeting

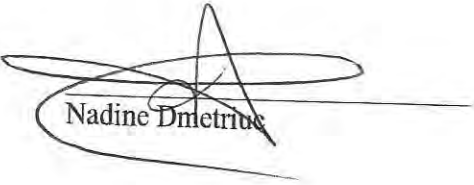
held on Sept 17, 2024 @ 11:00am
via video conference

John Couwenberg

Shanil Ramdhany

Natalie Cain

Collin Yarmie



Nadine Dmetrius

Appendix “A”

IN THE MATTER OF THE BANKRUPTCY OF
Ayanda Cannabis Corporation
of the County of Norfolk
in the Province of Ontario

TRUSTEE'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
(for the period ending September 16, 2024)

RECEIPTS

1. Funds Held by Ayanda Legal Counsel		155,254.25
2. Cash in Bank		5,822.33
3. Refunds		62,101.59
4. Interest		5,647.25

TOTAL RECEIPTS

\$ 228,825.42

DISBURSEMENTS

5. Notice of First Meeting of Creditors			
a) Photocopies	55.25		
b) Newspaper Advertisement	1,244.94		
c) Postage	32.98		
d) HST	173.31		1,506.48
6. Administrative Expenses			
a) Consulting Services (CannaNavigators)	2,250.00		
b) Computer Services (Lanworks)	931.00		
c) Security (Sonitrol)	6,375.00		
d) Telecommunications (Execulink)	4,797.50		
e) Hydro (Hydro One)	10,764.01		
f) Insurance (FCA)	128,363.40		
g) HST	3,231.79		156,712.70
7. Other Expenses			
a) Postage	42.68		
b) Bank Charges	243.83		
c) Miscellaneous	169.70		
d) HST	27.61		483.82

TOTAL DISBURSEMENTS

\$ 158,703.00

ESTATE CASH BALANCE

\$ 70,122.42

UNPAID INVOICES

FCA (Insurance)	11,978.28		
Sonitrol (Security)	1,254.30		
Execulink (Telecommunications)	463.47		
Hydro One	823.13		14,519.18

ESTATE CASH BALANCE AFTER PAYMENT OF OUTSTANDING INVOICES

\$ 55,603.24

UNPAID PROFESSIONAL ACCOUNTS

Richter (for the period ending 8 30 2024)	\$ 385,000.00
Thornton Grout Finnigan (for the period ending 8 30 2024)	\$ 220,000.00

APPENDIX “X”

Sherman, Adam

From: Sherman, Adam
Sent: Tuesday, September 17, 2024 1:22 PM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Ayanda
Attachments: Ayanda - Fei Pan Revised Offer (9 16 2024).pdf

All, further to our call earlier today and as requested, attached is the offer presented to the Trustee yesterday at 12:07 p.m. As stated on our call the contact information for the offeror has been redacted from the attached document. For your reference, the purchase price is in section 2.2 and the purchaser condition we discussed is in section 2.8.

If after reviewing the attached, any of the inspectors wish to change their position on the proposed sale as stated in the inspectors' meeting, please inform the trustee asap.

Sherman, Adam

From: Nadine Dmetriuc <ndmetriuc@gmail.com>
Sent: Tuesday, September 17, 2024 2:15 PM
To: Sherman, Adam
Subject: Re: Ayanda

Attention! Courriel externe | External Email

Without Prejudice

Thank you for your time Adam,

For the record, please advise that I continue to agree with the sale, and request to apply for a court date as of today. Confirmed September 17, 2024 @ 2:14pm

I would also like to reiterate, I speak on behalf of myself as an inspector and not the group and do not wish to be associated with the group as a whole.

Sincerely

Nadine Dmetriuc

Sherman, Adam

From: Collin Yarmie <c_yarmie@hotmail.com>
Sent: Tuesday, September 17, 2024 3:10 PM
To: Sherman, Adam; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Re: Ayanda

Attention! Courriel externe | External Email

So this company is not even the company buying it. It's in trust for a company that's not currently incorporated. Not sure I fully understand that and will need more time to figure that out. This could be a sideways deal like the rest.

Sherman, Adam

From: Natalie Cain <nataliecain0@gmail.com>
Sent: Tuesday, September 17, 2024 3:32 PM
To: Sherman, Adam
Cc: Collin Yarmie; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com; Mitch Grossell
Subject: Re: Ayanda

Attention! Courriel externe | External Email

Hello,

My concerns with this rushed agreement is allowing “purchaser” access to site for 15 business days and not ensuring a non-refundable deposit, which has been suggested before and beneficial for Ayanda financial status.

Also, Any reports resulting from the Due Diligence Condition are deemed “Confidential Information” and “the Trustee shall keep in strict confidence the information in the ESA I report.”

Why are the reports not available in a transparent manner following this due diligence period, considering it may result in the return of the purchaser’s deposit?

Please advise, thanks,
Natalie

Sherman, Adam

From: Mitch Grossell <MGrossell@tgf.ca>
Sent: Tuesday, September 17, 2024 3:59 PM
To: Collin Yarmie; Sherman, Adam; nataliecairn0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Subject: RE: [EXTERNAL]Re: Ayanda [IMAN-CLIENT.FID184144]

Attention! Courriel externe | External Email

Hi Collin,

It is common for a purchaser to have a nominee or assignee corporation that will be the ultimate purchaser, particularly in real estate transactions. From a practical perspective, there is little point from the purchaser's perspective in spending the money and time incorporating a corporation before there is a signed purchase agreement.

The above represents the views of the bankruptcy trustee to inform the Inspectors of the Ayanda estate, and should not be construed as providing independent legal advice to any of the Inspectors.

Mitch



Mitch W. Grossell | | MGrossell@tgf.ca | Direct Line +1 416 304 7978 | | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

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Sherman, Adam

From: Mitch Grossell <MGrossell@tgf.ca>
Sent: Tuesday, September 17, 2024 4:39 PM
To: Natalie Cain; Sherman, Adam
Cc: Collin Yarmie; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Subject: RE: [EXTERNAL]Re: Ayanda [IMAN-CLIENT.FID184144]

Attention! Courriel externe | External Email

Hi Natalie,

As advised during the Inspectors' Meeting, the bankruptcy trustee has until 5:00 p.m. today to accept the purchaser's offer. If the bankruptcy trustee does not accept the offer, there is a significant risk that the purchaser loses interest, and the estate has lost on the only transaction available after approximately one year of marketing efforts. That is not in the best interests of bankruptcy estate.

In the trustee's view, the 15-business day diligence period to allow the potential purchaser to conduct an environmental assessment is acceptable in the circumstances as the only potential transaction. With respect to the deposit, the deposit is only non-refundable if the purchaser fails to close the transaction due to the fault of a purchaser. That is common practice. If, for example, the transaction fails to close for a reason other than the purchaser, a sophisticated purchaser will require the deposit to be refunded. In this case where this is a 15-day environmental condition, the deposit is refundable if the environmental condition is not satisfied.

Mitch



Mitch W. Grossell | | MGrossell@tgf.ca | Direct Line +1 416 304 7978 | | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | www.tgf.ca

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Sherman, Adam

From: Natalie Cain <nataliecain0@gmail.com>
Sent: Tuesday, September 17, 2024 5:00 PM
To: Mitch Grossell; Sherman, Adam
Cc: Collin Yarmie; Shaun Ramdhany; Patricia Hanson; john couwenberg;
ndmetriuc@gmail.com; yogan.a@gmail.com
Subject: Re: [EXTERNAL]Re: Ayanda [IMAN-CLIENT.FID184144]

Attention! Courriel externe | External Email

Mitch and Adam,

I wish this process didn't feel so rushed and I feel pressured to make a decision.

I approve this agreement, however any offers during the due diligence period should be considered and any reports should be transparent.

Thanks,
Natalie

Sherman, Adam

From: Sherman, Adam
Sent: Tuesday, September 17, 2024 8:34 PM
To: Natalie Cain; Mitch Grossell
Cc: Collin Yarmie; Shaun Ramdhany; Patricia Hanson; john couwenberg;
ndmetriuc@gmail.com; yogan.a@gmail.com
Subject: RE: [EXTERNAL]Re: Ayanda [IMAN-CLIENT.FID184144]

Natalie, thank you for your note and we share your feelings of being rushed/pressured. Unfortunately, timing in this instance was driven by the purchaser (and a lack of estate funds).

In connection with the above, we confirm that the Trustee, with the support, approval and consent of Ayanda's secured creditor has accepted the Fei Pan offer starting the clock on the 15-day assessment period. We have also requested payment of the deposit.

Thanks,

Adam

Sherman, Adam

From: Sherman, Adam
Sent: Friday, September 20, 2024 12:59 PM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: Ayanda - Inspector Meeting Minutes
Attachments: Ayanda - Minutes - Tenth Meeting of Inspectors - September 17 2024.pdf

All,

Further to our meeting on Tuesday, attached are minutes from that meeting. Please review the attached and, if you are in agreement, we ask that you approve/sign the minutes and return the signed copy to the trustee.

Should you have any questions or comments, please let us know.

Thanks,

Adam

APPENDIX “Y”

Sherman, Adam

From: Sherman, Adam
Sent: Tuesday, October 8, 2024 10:42 PM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell; Andrew Nesbitt
Subject: Ayanda - Update on Fei Pan Deal
Attachments: Ayanda - Fei Pan Waiver (10 8 2024).pdf

All, we confirm that earlier this evening we received the attached Waiver and Amendment from the purchaser that, among other things, waived the purchaser's due diligence condition (the Phase 1 Environmental Site Assessment confirmed no material issues) and noted that the purchaser had incorporated a new entity to complete the transaction.

We further advise that we have secured Court time on November 4, 2024 to hear the Trustee's motion for approval of the transaction.

Regards,

Adam

APPENDIX “Z”

Sherman, Adam

From: Sherman, Adam
Sent: Monday, October 14, 2024 11:06 AM
To: Collin Yarmie; nataliecain0@gmail.com; Shaun Ramdhany; Patricia Hanson; john couwenberg; ndmetriuc@gmail.com; yogan.a@gmail.com
Cc: Mitch Grossell
Subject: RE: Ayanda - Inspector Meeting Minutes
Attachments: Ayanda - Minutes - Tenth Meeting of Inspectors - September 17 2024.pdf; Ayanda - 7 8 2024 Trustee Email.pdf

All,

I hope that you had an enjoyable Thanksgiving.

We are writing to follow up on the trustee's email from September 20, 2024 attaching minutes from the 10th meeting of inspectors held on September 17, 2024. It has been over three weeks since the email was sent along with draft minutes for your review/consideration. To date, we have not received a reply from anyone to either confirm their agreement with the minutes (and return a signed copy to the trustee) or otherwise suggest amendments to the minutes, as drafted.

In the trustee's view, the minutes present a transparent record of the discussions/decisions made during the meeting. The trustee requests that you review the minutes (which have been attached to this email for convenience) and, if you are in agreement, we ask that you approve/sign the minutes and return the signed copy to the trustee. Should you have any comments/questions, please let us know.

In addition to the above, we wanted to address the frustration expressed by certain inspectors during the meeting regarding the apparent timing of the inspectors being advised of the severance of the 2 acres of land comprising part of the Ayanda facility, as several inspectors indicated that the 10th meeting of inspectors was the first time they had been informed that the severance had been completed and that had they been informed earlier they may have known interested parties willing to purchase the property. Although not referenced during the 10th meeting of inspectors, we direct you to the trustee's email dated July 8, 2024 that was sent to all inspectors (a copy of which has been attached to this email for your information/reference) wherein the trustee both advised that the severance had been completed and requested that should any of the inspectors or anyone they know have an interest in the Ayanda facility to let us know. The email also advised of the estate's dire financial circumstances (and attached an interim statement of receipts and disbursements as at the date of the email), including that the estate had funding to pay a further approximately 4 months of expenses (subject to receipt of an expected \$40k refund from CRA).

As you are aware, the trustee has secured Court time on November 4, 2024 to seek approval of the transaction addressed during the 10th meeting of inspectors and we need to put a complete record before the Court. As such, we again request that you either indicate your agreement with the attached minutes and return a signed copy to the trustee or provide any comments/suggested revisions for consideration.

Let us know if you have any questions/comments in connection with above or the attached documents.

Thanks,

Adam

APPENDIX “AA”

RUN NUMBER : 289
RUN DATE : 2024/10/15
ID : 20241015180047.20

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(2386)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : AYANDA CANNABIS CORPORATION

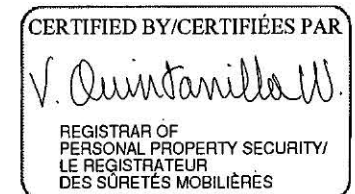
FILE CURRENCY : 14OCT 2024

ENQUIRY NUMBER 20241015180047.20 CONTAINS 3 PAGE(S), 1 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP - ONCORP - THORNTON GROUT
FINNIGAN LLP
3200-100 WELLINGTON STREET WEST
TORONTO ON M5K 1K7

CONTINUED... 2



(crij6 05/2022)

Ontario 

RUN NUMBER : 289
RUN DATE : 2024/10/15
ID : 20241015180047.20

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(2387)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : AYANDA CANNABIS CORPORATION
FILE CURRENCY : 14OCT 2024

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
777253887

CAUTION FILING	PAGE NO.	TOTAL OF PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER	REGISTRATION PERIOD
	001	1		20211013 0830 1590 9409	P PPSA	5

02 DEBTOR NAME
03 BUSINESS NAME
04 ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
	AYANDA CANNABIS CORPORATION		

ONTARIO CORPORATION NO.
ON NOJ 1P0

05 DEBTOR NAME
06 BUSINESS NAME
07 ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME

ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT
09 ADDRESS

DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
	MICHAEL SIOEN FARMS LTD.		

ON NOJ 1P0

10 COLLATERAL CLASSIFICATION

CONSUMER GOODS	INVENTORY	EQUIPMENT	ACCOUNTS OTHER	MOTOR VEHICLE INCLUDED	AMOUNT	DATE OF MATURITY OR	NO FIXED MATURITY DATE
X	X	X	X	X			

11 MOTOR VEHICLE
12 YEAR MAKE
13 MODEL
14 V.I.N.

13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT
17 ADDRESS

MILLER THOMSON LLP (TORONTO)			
5800-40 KING ST W	TORONTO	ON	M5H 3S1

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fv 05/2022)

Ontario 

RUN NUMBER : 289
RUN DATE : 2024/10/15
ID : 20241015180047.20

PROVINCE OF ONTARIO
MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(2388)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : AYANDA CANNABIS CORPORATION
FILE CURRENCY : 14OCT 2024

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
777253887	20211013 0830 1590 9409			

1 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR
V. Quintanilla W.
REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj6 05/2022)

APPENDIX “BB”

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 BANKRUPTCY OF
AYANDA CANNABIS CORPORATION
OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF ADAM SHERMAN
(sworn October 24, 2024)

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

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

6. Pursuant to the Proposal Approval Order, the Court approved the fees and disbursements of the Proposal Trustee **and its counsel, Thornton Grout Finnigan LLP (“TGF”)**, for the period from February 1, 2022 to May 20, 2022.
7. Performance of the Proposal was contingent upon the completion of the transaction contemplated by the Share Purchase Agreement dated February 22, 2022 (the **“SPA”**) between Ayanda and 12830343 Canada Inc. (the **“Initial Purchaser”**). The SPA was initially expected to close by June 30, 2022. Unfortunately, the Initial Purchaser failed to close the transaction despite multiple extensions, increased deposits and repeated amendments to the SPA. Ayanda ultimately terminated the SPA due to **the Initial Purchaser’s inability to close** the transaction.
8. On July 18, 2023, the Proposal Trustee filed a material adverse change report detailing, among other things, the **failure of the Initial Purchaser to close the transaction and Ayanda’s inability to remarket its assets as a going concern**.
9. **On August 25, 2023 (the “Date of Bankruptcy”), the Court issued an Order (the “Proposal Annulment Order”)** that, among other things, annulled the Proposal, deemed Ayanda bankrupt and appointed Richter as trustee (the **“Bankruptcy Trustee”**) **of Ayanda’s bankrupt estate, subject to affirmation by creditors at the first meeting of creditors**.
10. Pursuant to the Proposal Annulment Order, the Court approved the fees and disbursements of the Proposal Trustee and TGF for the period from May 21, 2022 to July 31, 2023.
11. **Subsequent to the Date of Bankruptcy, the Bankruptcy Trustee’s primary focus has been the marketing and selling of Ayanda’s remaining assets, which primarily consist of the building and equipment used for its cannabis operations.**
12. **In October 2023, the Bankruptcy Trustee conducted a sale process for Ayanda’s assets that resulted in two offers** being presented. Following negotiations with the offerors, the Bankruptcy Trustee selected the best offer and an agreement was signed with a target closing date of January 19, 2024 (the **“Initial Bankruptcy Transaction”**). The Bankruptcy Trustee scheduled Court time on December 19, 2023 for a motion that, among other things, sought approval of the Initial Bankruptcy Transaction (the **“Initial Bankruptcy Transaction Motion”**). Ultimately, this purchaser failed to provide the required deposit and the Bankruptcy Trustee decided to adjourn the Initial Bankruptcy Transaction Motion.

13. As part of the Initial Bankruptcy Transaction Motion, the Bankruptcy Trustee sought approval of: (i) the Proposal Trustee fees and disbursements for the period from August 1, 2023 to August 25, 2023 (the “**Proposal Fee Period**”) in connection with the performance of its **duties during Ayanda’s NOI/Proposal proceeding**, and (ii) the Bankruptcy Trustee fees and disbursements for the period from August 25, 2023 to November 30, 2023 (the “**Initial Bankruptcy Fee Period**”) in connection with the performance of its **duties during Ayanda’s** bankruptcy proceedings.
14. The total fees of the Proposal Trustee during the Proposal Fee Period amount to \$42,965.00 (excluding applicable sales taxes), and the total fees, net of discounts, of the Bankruptcy Trustee during the Initial Bankruptcy Fee Period amount to \$96,221.50 (excluding applicable sales taxes) (collectively, “**Previously Submitted Proposal Trustee/Bankruptcy Trustee Fees**”). The time spent by the Proposal Trustee’s and Bankruptcy Trustee’s personnel during the above time periods is more particularly described in the affidavit of Adam Sherman, sworn December 12, 2023 (the “**December 2023 Sherman Affidavit**”), attached as Appendix “I” to the Bankruptcy First Report (as hereinafter defined) and attached hereto as **Exhibit “A”** for ease of reference. The December 2023 Sherman Affidavit includes a summary of the personnel, hours, and hourly rates charged by the Proposal Trustee and Bankruptcy Trustee during the time period in question. The average hourly rate billed by the Proposal Trustee/Bankruptcy Trustee during the Proposal Fee Period and the Initial Bankruptcy Fee Period is \$545.50.
15. As part of the Bankruptcy Trustee’s motion returnable November 4, 2024, the Bankruptcy Trustee is seeking approval of its fees for the period December 1, 2023 to September 30, 2024 (the “**Current Bankruptcy Fee Period**”).
16. The total fees, net of discounts, of the Bankruptcy Trustee during the Current Bankruptcy Fee Period amount to \$107,968.50 (excluding applicable sales tax). Attached hereto and marked as **Exhibit “B”** to this Affidavit is a summary of the invoices rendered by the Bankruptcy Trustee during the Current Bankruptcy Fee Period (the “**Current Bankruptcy Accounts**”).
17. True copies of the Current Bankruptcy Accounts, which include a fair and accurate description of the services provided, along with the hours and applicable rates claimed by the Bankruptcy Trustee, are attached as Exhibit “C” to my Affidavit.
18. Richter, in its capacity as Proposal Trustee, filed three reports and one supplementary report with the Court with respect to **Ayanda’s NOI/Proposal** proceedings, as well as **a report on the Company’s financial circumstances** and the Proposal, pursuant to section 50(10)(b) of the BIA. In addition, the Proposal Trustee filed its supplement to the third report dated August 23, 2023 (the “**Supplementary Third Report**”) to support the Proposal Trustee’s motion seeking the Proposal Annulment Order. Details of the activities undertaken, and services provided by the

Proposal Trustee, as applicable, during the Proposal Fee Period are described in the Supplementary Third Report and incorporated herein by reference.

19. Richter, in its capacity as Bankruptcy Trustee, prepared a report to the first meeting of the Company's creditors on preliminary administration that was addressed at the first meeting of creditors, and filed its first report to Court dated December 12, 2023 (the "**Bankruptcy First Report**") to support the Initial Bankruptcy Transaction Motion. Details of the activities undertaken, and services provided by the Bankruptcy Trustee, as applicable, during the Initial Bankruptcy Fee Period are described in the Bankruptcy First Report and incorporated herein by reference. Contemporaneous with the filing of this Affidavit, the Bankruptcy Trustee filed its second report to the Court with respect to **Ayanda's** bankruptcy proceedings (the "**Bankruptcy Second Report**"). Details of the activities undertaken, and services provided by the Bankruptcy Trustee, as applicable, during the Current Bankruptcy Fee Period are described in the Bankruptcy Second Report and incorporated herein by reference.
20. In the course of performing its duties as Bankruptcy Trustee, Richter staff expended a total of 171.6 professional hours during the Current Bankruptcy Fee Period. Attached as **Exhibit "D"** to my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the Ayanda bankruptcy proceedings and the hours and applicable rates claimed by the Bankruptcy Trustee for the Current Bankruptcy Fee Period. The average hourly rate billed by the Bankruptcy Trustee during the Current Bankruptcy Fee Period is \$629.19.
21. The Bankruptcy Trustee requests the Court approve the **Bankruptcy Trustee's fees for the** Proposal Fee Period, Initial Bankruptcy Fee Period and the Current Bankruptcy Fee Period in the total amount of \$247,155.00 (excluding applicable sales taxes) for services rendered and recorded during the Proposal Fee Period, Initial Bankruptcy Fee Period and Current Bankruptcy Fee Period.
22. TGF, as counsel to the Proposal Trustee and Bankruptcy Trustee, has provided legal services to the Proposal Trustee and Bankruptcy Trustee throughout the **Company's** Proposal/bankruptcy proceedings in a manner consistent with the instructions of the Proposal Trustee/Bankruptcy Trustee. TGF has prepared an affidavit with respect to its fees and disbursements charged in connection with services rendered during the Proposal Fee Period, Initial Bankruptcy Fee Period and Current Bankruptcy Fee Period. The Bankruptcy Trustee has reviewed the invoices rendered by TGF during the Proposal Fee Period, Initial Bankruptcy Fee Period and Current Bankruptcy Fee Period and believes the services performed are consistent with the instructions given by the Proposal Trustee and Bankruptcy Trustee, as applicable.
23. 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.

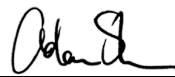
24. I verily believe that the fees and disbursements incurred by the Proposal Trustee/Bankruptcy Trustee and TGF are fair and reasonable in the circumstances.
25. This Affidavit is sworn in connection with a motion for an Order of the Court to, among other things, approve the fees and disbursements of the Proposal Trustee/Bankruptcy Trustee and those of its legal counsel and for no other or improper purpose.

SWORN BEFORE ME over videoconference on this 24th day of October, 2024. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the City of Toronto, in the Province of Ontario.



Commissioner for taking affidavits
in the Province of Ontario

Mitchell Grossell
LSO # 699931



Adam Sherman

This is Exhibit "A" referred to in the Affidavit of
Adam Sherman, sworn on October 24, 2024

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

Commissioner for Taking Affidavits, etc.

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 BANKRUPTCY OF
AYANDA CANNABIS CORPORATION
OF THE COUNTY OF NORFOLK, IN THE PROVINCE OF ONTARIO

AFFIDAVIT OF ADAM SHERMAN
(sworn December 12, 2023)

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

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

6. Pursuant to the Proposal Approval Order, the Court approved the fees and disbursements of the Proposal Trustee and its counsel, Thornton Grout Finnigan LLP (“TGF”), for the period from February 1, 2022 to May 20, 2022.
7. **On August 25, 2023 (the “Date of Bankruptcy”), the Court issued an Order (the “Proposal Annulment Order”)** that, among other things, annulled the Proposal, deemed Ayanda bankrupt and appointed Richter as trustee (the “Bankruptcy Trustee”) of Ayanda’s bankrupt estate, subject to affirmation by creditors at the first meeting of creditors.
8. Pursuant to the Proposal Annulment Order, the Court approved the fees and disbursements of the Proposal Trustee and TGF for the period from May 21, 2022 to July 31, 2023.
9. During the period from August 1, 2023 to August 25, 2023 (the “Proposal Fee Period”), the Proposal Trustee rendered one (1) invoice on this matter. During the Proposal Fee Period, the Proposal Trustee provided services in the amount of \$42,965.00, plus Harmonized Sales Tax of \$5,585.45, for a total amount of \$48,550.45. The **Proposal Trustee’s invoice includes** work undertaken by the Proposal Trustee to, among other things, support its motion seeking the Proposal Approval Order and otherwise fulfill its obligations as Proposal Trustee in the **administration of the Company’s** Proposal proceedings.
10. **During the period from August 25, 2023 to November 30, 2023 (the “Bankruptcy Fee Period” and collectively with the Proposal Fee Period, the “Total Fee Period”), the Bankruptcy Trustee rendered one (1) invoice on this** matter. During the Bankruptcy Fee Period, the Bankruptcy Trustee provided services (net of discounts) in the amount of \$96,221.50, plus Harmonized Sales Tax of \$12,508.80, for a total amount of \$108,730.30. The **Bankruptcy Trustee’s invoice includes** work undertaken by the Bankruptcy Trustee to, among other things, secure and preserve Ayanda’s property while it carries out a process to solicit third-party interest in acquiring Ayanda’s remaining realizable assets, support **the Bankruptcy Trustee’s motion seeking the Court’s approval of a** transaction for those assets and otherwise fulfill its obligations as Bankruptcy Trustee in the administration of the **Company’s** bankruptcy proceedings.
11. Attached hereto and marked as **Exhibit “A”** to this Affidavit is a summary of the invoices rendered by the Proposal Trustee and Bankruptcy Trustee during the Total Fee Period (the **“Accounts”**).
12. 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 and Bankruptcy Trustee, are attached as Exhibit **“B”** to my Affidavit.

13. Richter, in its capacity as Proposal Trustee, filed three reports and one supplementary report with the Court with respect to **Ayanda's NOI/Proposal** proceedings, as well as **a report on the Company's financial circumstances** and the Proposal, pursuant to section 50(10)(b) of the BIA. In addition, the Proposal Trustee filed its supplement **to the third report dated August 23, 2023 (the "Supplementary Third Report") to support the Proposal Trustee's** motion seeking the Proposal Annulment Order. Details of the activities undertaken, and services provided by the Proposal Trustee, as applicable, during the Proposal Fee Period are described in the Supplementary Third Report and incorporated herein by reference.
14. Richter, in its capacity as Bankruptcy Trustee, **filed a report to the first meeting of the Company's creditors on** preliminary administration. Contemporaneous with the filing of this Affidavit, the Bankruptcy Trustee files its first report to the Court with respect to **Ayanda's** bankruptcy proceedings (the **"Bankruptcy Trustee's First Report"**). Details of the activities undertaken, and services provided by the Bankruptcy Trustee, as applicable, during the Bankruptcy Fee Period are described in the **Bankruptcy Trustee's First Report** and incorporated herein by reference.
15. In the course of performing its duties as Proposal Trustee and Bankruptcy Trustee, Richter staff expended a total of 255.20 professional hours during the Total Fee 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 Proposal/bankruptcy proceedings and the hours and applicable rates claimed by the Proposal Trustee and Bankruptcy Trustee for the Total Fee Period. The average hourly rate billed by the Proposal Trustee and Bankruptcy Trustee during the Total Fee Period, net of discounts, is \$545.40.
16. The Bankruptcy Trustee requests the Court approve the Accounts for the Total Fee Period, in the total amount of \$139,186.50 (excluding HST) for services rendered and recorded during the Total Fee Period.
17. TGF, as counsel to the Proposal Trustee and Bankruptcy Trustee, has provided legal services to the Proposal Trustee and Bankruptcy Trustee throughout the **Company's** Proposal/bankruptcy proceedings in a manner consistent with the instructions of the Proposal Trustee/Bankruptcy Trustee. TGF has prepared an affidavit with respect to its fees and disbursements charged in connection with services rendered during the Total Fee Period. The Bankruptcy Trustee has reviewed the invoices rendered by TGF during the Total Fee Period and believes the services performed are consistent with the instructions given by the Proposal Trustee and Bankruptcy Trustee, as applicable.
18. 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.

19. I verily believe that the fees and disbursements incurred by the Proposal Trustee/Bankruptcy Trustee and TGF are fair and reasonable in the circumstances.

20. This Affidavit is sworn in connection with a motion for an Order of the Court to, among other things, approve the fees and disbursements of the Proposal Trustee/Bankruptcy Trustee and those of its legal counsel and for no improper purpose.

SWORN BEFORE ME over videoconference on this 12th day of December, 2023. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the City of Toronto, in the Province of Ontario.



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 December 12, 2023

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

Commissioner for Taking Affidavits, etc.

Richter Inc.
 In its capacity as Bankruptcy Trustee of
 Ayanda Cannabis Corporation
 And not in its personal or corporate capacity
 Statement of Accounts

Exhibit A

Proceeding	Invoice #	Period	Fees	Discount	Net Fees	Disbursements	Sub total	HST	Total
Proposal	20409143	August 1, 2023 to August 25, 2023	\$ 42,965.00	\$ -	\$ 42,965.00	\$ -	\$ 42,965.00	\$ 5,585.45	\$ 48,550.45
Bankruptcy	20409381	August 25, 2023 to November 30, 2023	\$ 106,221.50	\$ (10,000.00)	\$ 96,221.50	\$ -	\$ 96,221.50	\$ 12,508.80	\$ 108,730.30
Total			\$ 149,186.50	\$ (10,000.00)	\$ 139,186.50	\$ -	\$ 139,186.50	\$ 18,094.25	\$ 157,280.75

This is Exhibit "B" referred to in the Affidavit of
Adam Sherman, sworn on December 12, 2023

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

Commissioner for Taking Affidavits, etc.

RICHTER

BUSINESS | FAMILY OFFICE

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

Date: 10/24/2023
Invoice No.: 20409143
Engagement No.: 2022585
Payment Terms: Due on Receipt

Re Proposal of Ayanda Cannabis Corporation

Professional services rendered to August 25, 2023 \$ 42,965.00

Sub-Total		<hr/>	42,965.00
GST/HST #885435842 RT0001			5,585.45
Total Due	CAD	<hr/>	\$ 48,550.45

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.: 20409143
Date: 10/24/2023

Fees

Name	Hours	Rate	Amount
Adam Sherman	21.00	\$ 795.00	\$ 16,695.00
Adam Zeldin	47.00	550.00	25,850.00
Carol O'Donnell	1.40	300.00	420.00
	69.40		\$ 42,965.00

Invoice No.: 20409143
Date: 10/24/2023

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
8/1/2023	Adam Sherman Review/revise/update 3rd report/inspector minutes. Emails with TGF re 3rd report/inspector minutes, draft order, . Emails/discussions with Richter team.	2.50	\$ 795.00	\$ 1,987.50
8/1/2023	Adam Zeldin Call with MT re transaction matters. Review comments on Third Report, update same. Calls/emails with TGF re Third Report. Review/comment on draft order. Call/emails with V. Ringelberg/L. Sioen re post-filing bank activity. Draft 2nd Insp. meeting minutes.	3.90	550.00	2,145.00
8/2/2023	Adam Sherman Review/provide comments on updated 3rd report. Finalize/sign inspector minutes. Email from Inspector attaching signed minutes. Emails with TGF, A&B, L. Sioen re updated 3rd report. Emails/discussions with Richter team. Call with L. Sioen.	1.50	795.00	1,192.50
8/2/2023	Adam Zeldin Review of counsel comments re Third Report, update same. Several emails/calls with TGF/Richter Team/Company re Third Report, draft Order, related matters. Review/update fee affidavit and exhibits. Review/update post-filing R&Ds.	4.30	550.00	2,365.00
8/3/2023	Adam Zeldin Review of Company counsel comments on Report, discussions with TGF/A. Sherman re same. Review/update Third Report, compile appendices, incl. updates to fee affidavit. Emails/call with V. Ringelberg.	2.50	550.00	1,375.00
8/4/2023	Adam Sherman Update/finalize/swear fee affidavit. Finalize/sign 3rd report. Emails with TGF. Emails/discussions with Richter team.	1.20	795.00	954.00
8/4/2023	Adam Zeldin Review/update/finalize Third Report, emails/calls with TGF re same and other motion materials. Discussions with A. Sherman.	2.50	550.00	1,375.00
8/8/2023	Carol O'Donnell Post documents to website and E-file to OSB.	0.40	300.00	120.00
8/8/2023	Adam Zeldin Arrange for posting/filing of Third Report, motion materials.	0.10	550.00	55.00
8/9/2023	Adam Zeldin	1.30	550.00	715.00

Invoice No.: 20409143
Date: 10/24/2023

Date	Name and Description	Hours	Rate	Amount
8/10/2023	Carol O'Donnell Calls with realtors re RFP. Call with FCA re insurance matters, review/update questionnaires re same. Emails with L. Sioen re insurance matters, post-filing expenses. Post document to website.	0.20	300.00	60.00
8/10/2023	Adam Sherman Review/provide comments on draft factum. Emails with TGF. Emails/discussions with Richter team.	0.50	795.00	397.50
8/10/2023	Adam Zeldin Call with L. Sioen re insurance matters. Emails to FCA re insurance questionnaire, review/update/complete same. Emails/calls with realtors re lease. Review of appraisal. Review/comment on Factum, emails/calls with A. Sherman/TGF re same.	2.60	550.00	1,430.00
8/11/2023	Adam Sherman Call/emails with C. Yarmie. Emails with A. Zeldin upcoming motion. Emails with TGF re communications with interested parties.	0.50	795.00	397.50
8/11/2023	Adam Zeldin Calls/emails with A. Sherman/M. Grosell re motion materials, access to caselines, stakeholder enquiries. Review email from TGF to J. Couwenberg.	0.50	550.00	275.00
8/14/2023	Carol O'Donnell Post documents to website and file with OSB	0.30	300.00	90.00
8/14/2023	Adam Sherman Emails/calls with TGF, A&B and L. Sioen re upcoming hearing. Attendance at motion, including subsequent discussions with TGF/Richter team/L. Sioen. Email from Court registrar attaching Endorsement of Justice Conway.	2.00	795.00	1,590.00
8/14/2023	Adam Zeldin Calls/emails with TGF/Aird/Richter team/Company re motion and related matters. Attend hearing re Proposal Annulment Motion. Emails with insurance broker. Draft letter to BMO. Review Endorsement, arrange for posting/filing. Emails with realtor.	2.60	550.00	1,430.00
8/15/2023	Adam Sherman Email from N. Cain. Email from M. Sioen attaching Health Canada correspondence re cannabis licences. Emails with TGF. Emails/discussions with A. Zeldin.	0.50	795.00	397.50
8/15/2023	Adam Zeldin	0.60	550.00	330.00

Invoice No.: 20409143
Date: 10/24/2023

Date	Name and Description	Hours	Rate	Amount
8/16/2023	Review of email from N. Cain re request for information. Emails with TGF/L. Sioen re same. Discussions with A. Sherman re next steps. Adam Zeldin Emails to N. Cain. Call with TGF re N. Cain info request, response to same. Emails with Ayanda/Cannavigators re status of mandate. Review HC letter re licenses. Discussions with Richter team. Calls/emails with realtor.	1.80	550.00	990.00
8/17/2023	Adam Sherman Emails from P. Hansen (shareholder). Email from N. Cain. Emails with TGF. Emails/discussions with A. Zeldin. Review/provide comments to responses to stakeholders. Calls/emails with M. Sioen. Review/provide comments on consent agreement re lease lands.	2.50	795.00	1,987.50
8/17/2023	Adam Zeldin Review email from N. Cain re add. info request, draft response re same. Discussions with A. Sherman/TGF re same, related matters. Review of SH enquiry, TGF response re same. Emails with D. Hyde/CannaNav. re Cain request. Review of Consent/CTLS/other docs.	4.30	550.00	2,365.00
8/18/2023	Adam Sherman Emails/calls with M. Sioen re requested info/docs. Review revised consent re lease lands. Email from N. Cain. Review/provide comments on draft email responses to N. Cain. Emails with TGF. Emails/discussions with A. Zeldin.	2.00	795.00	1,590.00
8/18/2023	Adam Zeldin Draft Supp. Third Report. Emails/calls with TGF re Consent. Call with CannaNavigators, review of requested docs. Draft emails to N. Cain re requests, emails to Ayanda/AB re same. Compile PLs/CTLS reports. Email from N. Cain. Discussions with TGF/Richter.	4.20	550.00	2,310.00
8/19/2023	Adam Sherman Calls/email with L. Sioen. Emails with TGF. Emails/discussions with A. Zeldin.	0.50	795.00	397.50
8/19/2023	Adam Zeldin Emails to N. Cain re various requests. Emails with CannaNavigators. Review/update Supp. Third Report.	3.90	550.00	2,145.00
8/21/2023	Adam Sherman	1.20	795.00	954.00

Invoice No.: 20409143
Date: 10/24/2023

Date	Name and Description	Hours	Rate	Amount
8/21/2023	Review/revise/update Supplemental 3rd Report. Emails/discussions with Richter team. Emails with M/L Sioen re signed consent re lease lands. Adam Zeldin	1.80	550.00	990.00
8/22/2023	Review comments on Supp. Third Report, discussions/emails with Richter team/TGF re same. Call to CRA re licenses. Emails with CannaNavigators. Email to N. Cain re info request. Emails/call with V. Ringelberg re CTLS reports. Adam Sherman	0.60	795.00	477.00
8/22/2023	Emails from M. Sioen providing additional requested info/docs. Emails/discussions with Richter team. Emails with TGF re Supplementary 3rd Report. Emails with A&B. Adam Zeldin	1.70	550.00	935.00
8/23/2023	Call to CRA re licenses. Review of CTLS reports, email to N. Cain re same. Emails with V. Ringelberg. Review counsel comments re Supp. Third Report, emails with TGF and updates re same. Email to A&B/Ayanda re report. Discussions with A. Sherman. Adam Sherman	1.00	795.00	795.00
8/23/2023	Emails with TGF/A&B. Finalize/sign Supplementary 3rd Report. Emails/discussions with Richter team. Adam Zeldin	2.30	550.00	1,265.00
8/24/2023	Review/finalize/sign Supp. Third Report, compile appendices re same. Discussions with Richter team re posting/filing of report. Emails with Richter team/TGF re Supp. Third Report. Review service list/supp. service list. Email to N. Cain re info request. Adam Sherman	2.00	795.00	1,590.00
8/24/2023	Email from N. Cain, including review/updates to proposed response. Emails with TGF/A&B/L. Sioen. Emails/discussions with A. Zeldin. Adam Zeldin	3.60	550.00	1,980.00
8/25/2023	Emails with FCA re insurance matters. Discussions with A. Sherman re same. Calls/emails with TGF re stakeholder enquiries. Review email from N. Cain, draft response re same. Discussions with Richter team. Carol O'Donnell	0.50	300.00	150.00
8/25/2023	Post documents to website and file with OSB. Prepare website for bankruptcy. Adam Sherman	2.50	795.00	1,987.50

Invoice No.: 20409143
Date: 10/24/2023

Date	Name and Description	Hours	Rate	Amount
8/25/2023	Adam Zeldin Emails with shareholders. Emails with M. Sioen providing photos/video of cannabis destruction. Emails/calls with TGF/A&B/Richter team re Court motion, related matters. Attendance in Court re motion. Email from Court registrar re Endorsement. Call with TGF/A&B re motion matters. Response email to N. Cain, emails with TGF/A. Sherman re same. Attend hearing re Proposal Annul. Motion. Review of endorsement, emails with TGF re same. Discussions with Richter team.	2.50	550.00	1,375.00
Fees Total		<hr/> 69.40		<hr/> \$ 42,965.00

Invoice No.: 20409143
Date: 10/24/2023

Remittance Form

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

Invoice Summary

Sub-Total		\$ 42,965.00
GST/HST #885435842 RT0001		5,585.45
Total Due	CAD	\$ 48,550.45

Payment Options

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

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

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

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

TORONTO

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

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER

BUSINESS | FAMILY OFFICE

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Date: 12/08/2023
Invoice No.: 20409381
Engagement No.: 2023361
Payment Terms: Due on Receipt

Professional services rendered to November 30, 2023	\$ 106,221.50
Less: Courtesy discount	-10,000.00

Sub-Total	96,221.50
GST/HST #885435842 RT0001	12,508.80
Total Due	CAD \$ 108,730.30

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.: 20409381
Date: 12/08/2023

Fees

Name	Hours	Rate	Amount
Adam Sherman	32.70	\$ 795.00	\$ 25,996.50
Adam Zeldin	137.10	550.00	75,405.00
Carol O'Donnell	15.00	300.00	4,500.00
Pascale Lareau	1.00	320.00	320.00
	185.80		\$ 106,221.50

Invoice No.: 20409381
Date: 12/08/2023

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
08/25/2023	Adam Sherman Emails/discussions with Richter team re deemed bankruptcy, next steps.	0.50	\$ 795.00	\$ 397.50
08/25/2023	Adam Zeldin Emails/discussions with Richter team re next steps for bankruptcy	0.50	550.00	275.00
08/28/2023	Carol O'Donnell Open new file in Ascend. Update information and prepare EIS. Prepare draft Notice to Creditors. Prepare statements of affairs. Update supplementary mailing list.	2.70	300.00	810.00
08/28/2023	Adam Sherman Emails with TGF. Emails with Richter team re various bankruptcy matters. Review/update/sign EIS. Emails from OSB re certificate.	1.00	795.00	795.00
08/28/2023	Adam Zeldin Draft letter to BMO re banking matters, transfer of cash. Email to A&B re transfer of funds in trust. Discussions with Richter team re FMOC, statutory reporting, other. Emails with FCA, review of invoice, policy terms.	1.30	550.00	715.00
08/29/2023	Carol O'Donnell Prepare form 43.1 and efile with OSB. Prepare statement of affairs.	0.90	300.00	270.00
08/29/2023	Adam Sherman Emails with A&B. Review/update creditor notice, notice of deemed bankruptcy, SOA. Emails/calls with L/M Sioen re SOA. Emails/discussions with Richter team. Emails from OSB.	2.50	795.00	1,987.50
08/29/2023	Adam Zeldin Review of emails re various creditor mailing/notice matters. Review/comment on notice to creditors. Review of draft SOA, newspaper ad.	0.70	550.00	385.00
08/30/2023	Carol O'Donnell Follow up with OSB regarding Certificate of Assignment. Post certificate to website. Finalize newspaper ad with Niwri Media. Prepare documents to open up new bank account with BMO. Prepare notice to Officer.	0.60	300.00	180.00
08/30/2023	Adam Sherman Review/approve ad re FMOC. Emails/call with M. Sioen re SOA. Emails with TGF. Emails with A&B. Emails/discussions with Richter team. Email from FCA re insurance.	1.00	795.00	795.00
08/30/2023	Adam Zeldin	1.00	550.00	550.00

Invoice No.: 20409381
Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
	Calls with A. Sherman re creditor mailing matters. Review of company records re creditor contact information, email to A. Sherman re same. Emails with C. O'Donnell re estate banking matters. Review of emails re creditor mailing/SOA/related matters.			
08/31/2023	Carol O'Donnell Prepare mailing. Emails to creditors, Post documents to website. Obtain approval for newspaper ad and forward to Niwri.	2.40	300.00	720.00
08/31/2023	Adam Sherman Emails re finalized/signed SOA. Review/approve creditor notice. Emails/discussions with Richter team.	0.50	795.00	397.50
09/01/2023	Adam Sherman Emails with L. Sioen re Sonitrol. Emails with Richter team.	0.30	795.00	238.50
09/05/2023	Carol O'Donnell Create bank account in Ascend. Verify bank for incoming wire transfer, update deposit.	0.50	300.00	150.00
09/05/2023	Adam Sherman Emails/discussions with Richter team re Microsoft licenses, Company records and related matters. Emails with A&B re trust funds. Email from Hyde Advisory. Call with L. Sioen.	0.50	795.00	397.50
09/05/2023	Adam Zeldin Emails/calls with realtors re RFPs. Emails with Hyde Advisory. Email with BMO re funds transfer. Emails/calls with Lanworks re records. Review/update Trustee's Prelim. Report. Discussions with Richter team.	3.40	550.00	1,870.00
09/06/2023	Carol O'Donnell Review and file copy of tearsheet of newspaper ad. Verify bank for incoming wire transfer, update deposit.	0.40	300.00	120.00
09/06/2023	Adam Sherman Emails/call with CBRE. Emails with Lanworks. re Company data. Emails/discussions with A. Zeldin.	0.50	795.00	397.50
09/06/2023	Adam Zeldin Review/update Prelim. Report. Calls with realtors. Call with Hyde Advisory. Emails/call with Lanworks re pre-filing arrears/data backup. Emails with BMO re funds transfer. Call with liquidator. Discussions with Richter team.	3.20	550.00	1,760.00
09/07/2023	Carol O'Donnell Prepare mail affidavit.	0.70	300.00	210.00
09/07/2023	Adam Zeldin	0.90	550.00	495.00

Invoice No.: 20409381
Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
09/08/2023	Call with Lanworks re data backup, pre-filing amounts owing. Discussions with Richter team. Calls with realtors. Adam Sherman Emails/calls with L. Sioen. Emails with R. Fuller.	0.50	795.00	397.50
09/08/2023	Adam Zeldin Review of Lanworks invoices. Prepare Pre-payment letter re data backup services. Emails with Lanworks re same. Discussions with Richter team. Emails/calls with realtors.	0.90	550.00	495.00
09/11/2023	Adam Sherman Emails/call with R. Fuller, legal counsel for L/M Sioen. Review, revise, update Trustee's preliminary report. Emails/discussions with Richter team.	2.00	795.00	1,590.00
09/11/2023	Adam Zeldin Review/update Trustee's Prelim. Report. Emails with A. Sherman/TGF re same. Emails with TGF re creditors meeting. Review/finalize letter to Lanworks. Discussions with Richter team.	2.60	550.00	1,430.00
09/12/2023	Carol O'Donnell Prepare transfer from general trust account to Ayanda, update transfer and deposit. Prepare cheque.	0.60	300.00	180.00
09/12/2023	Adam Sherman Emails/call with A. Zeldin re Trustee report/other matters. Email/call with L. Sioen re landlord claim. Review Avison Young/Cushman Wakefield proposals. Email from TGF re comments on Trustee report.	1.30	795.00	1,033.50
09/12/2023	Adam Zeldin Review of counsel comments on Trustee's Prelim. Report, update same and emails with TGF re same. Review of realtor proposals. Emails with Lanworks re data backup. Prepare wire requisition re payment to Lanworks. Discussions with Richter team.	2.40	550.00	1,320.00
09/13/2023	Carol O'Donnell Enter proof of claims from proposal to bankruptcy. Email to A. Sherman regarding no POC's filed for meeting. Prepare list of attendees and send e-mail with details for FMOC.	0.70	300.00	210.00
09/13/2023	Adam Sherman Emails/calls with Richter team re Trustee report, realtor proposals, other matters in prep for FMOC. Email from TGF re communications with C. Yarmie. Email from N. Dmetriuc re FMOC. Email from/call with M. Sioen re landlord claim.	1.20	795.00	954.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
09/13/2023	Adam Zeldin Calls with realtors. Review realtor proposals, update comp. analysis re same. Respond to shareholder enquiries re FMOC. Discussions with Richter team re realtor proposals/FMOC. Call with L. Sioen re security system.	3.30	550.00	1,815.00
09/14/2023	Carol O'Donnell Verify and update proofs of claim and registration forms. Prepare claims register. Send out additional emails for FMOC. Email trustee report for FMOC. Attend Creditors meeting. Prepare attendance register. Post document to website and e-file to OSB.	2.90	300.00	870.00
09/14/2023	Carol O'Donnell Prepare wire transfer, update estate GL.	0.40	300.00	120.00
09/14/2023	Adam Sherman Finalize/sign Trustee report. Emails/discussions with Richter team re FMOC. Attend FMOC and subsequent Inspector meeting. Discussions with Richter team/TGF re next steps. Emails/calls with M/L Sioen. Review/approve wires.	3.00	795.00	2,385.00
09/14/2023	Adam Zeldin Prepare for/chair first meeting of creditors. Chair first inspector meeting. Draft minutes re first inspector meeting. Emails/calls with TGF/A. Sherman re FMOC, inspector meeting, other matters. Emails with Lanworks. Emails with FCA.	4.40	550.00	2,420.00
09/15/2023	Adam Zeldin Calls with AY. Call with shareholder. Review/update First Inspectors Meeting minutes. Draft FMOC minutes. Discussions with Richter team.	2.20	550.00	1,210.00
09/18/2023	Adam Sherman Emails with A. Zeldin re draft inspector email. Emails with TGF. Discussions with A. Zeldin.	0.50	795.00	397.50
09/18/2023	Adam Zeldin Draft/finalize email to Inspectors re proposed listing agent terms, calls/emails with TGF re same. Review/update FMOC minutes. Call/emails to FCA re insurance matters. Discussions with Richter team. Call with Lanworks.	2.50	550.00	1,375.00
09/19/2023	Adam Sherman Review/provide comments on draft inspector minutes. Emails/discussions with A. Zeldin. Emails with TGF. Emails with Y. Appalsamy, a significant investor.	1.40	795.00	1,113.00
09/19/2023	Adam Zeldin	2.30	550.00	1,265.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
	Emails/calls with inspectors. Emails/calls with Sonitrol. Review counsel comments re inspector meeting minutes, update and send same to inspectors. Email to Hyde Advisory. Discussions with Richter team. Review emails re SH enquiry.			
09/20/2023	Adam Sherman Emails/call with M. Sioen re property claim. Emails/discussions with A. Zeldin.	0.60	795.00	477.00
09/20/2023	Adam Zeldin Chair Second Insp. Meeting, draft minutes, emails/calls with TGF re same. Discussions w/ Richter team. Emails/calls with AY re deal terms. Emails with inspectors. Review of draft Hyde agreement. Call/emails with Sonitrol. Review property claim support.	4.20	550.00	2,310.00
09/21/2023	Adam Sherman Emails with A. Zeldin/M. Grossell re Hyde agreement. Discussions with A. Zeldin.	0.30	795.00	238.50
09/21/2023	Adam Zeldin Review counsel comments re Hyde Advisory success fee agreement, update same, emails with TGF re same. Call with AY re deal terms.	1.50	550.00	825.00
09/22/2023	Adam Sherman Emails from TGF re Hyde agreement. Emails/discussions with A. Zeldin.	0.40	795.00	318.00
09/22/2023	Adam Zeldin Review/update second insp. meeting minutes. Review counsel comments re Hyde agreement, update same and calls/emails with TGF/Hyde re same. Emails/calls with AY re deal terms. Preliminary review of listing agreement.	3.10	550.00	1,705.00
09/25/2023	Adam Zeldin Review/comment on Listing Agreement, emails/call with AY re same. Emails with Hyde re Hyde agreement. Emails/calls with TGF re Listing Agreement/Hyde agreement, review TGF updates to same.	2.20	550.00	1,210.00
09/26/2023	Adam Zeldin Emails/calls with AY re Listing Agreement, other sale process matters. Call with Hyde Advisory/TGF re sale process. Discussions with Richter team. Review of estate GL. Call with Hydro One. Call with Sonitrol.	1.60	550.00	880.00
09/27/2023	Adam Sherman Emails/discussions with A. Zeldin re listing agreement, other matters.	0.50	795.00	397.50
09/27/2023	Adam Zeldin	0.60	550.00	330.00

Invoice No.: 20409381
Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
09/28/2023	Adam Sherman Emails/calls with AY re Listing Agreement. Review final updates to same. Emails/call with Richter team.	0.40	795.00	318.00
09/28/2023	Adam Zeldin Emails/discussions with A. Zeldin re listing agreement, related matters.	1.30	550.00	715.00
09/29/2023	Adam Zeldin Review/finalize/sign Listing Agreement. Review/finalize/sign Hyde Success Fee agreement. Emails/calls with AY/Hyde re sale process matters. Emails with inspector re update, attendance at facility. Call with AY re site visit. Discussions with Richter team.	0.50	795.00	397.50
10/02/2023	Adam Sherman Emails/call with M. Sioen re property claim. Emails from Hyde. Emails/discussions with Richter team.	1.00	795.00	795.00
10/02/2023	Adam Sherman Email from Hyde Advisory re sale matters. Emails/calls with M/L Sioen re property claim. Email from TGF. Emails/discussions with A. Zeldin.	2.20	550.00	1,210.00
10/03/2023	Adam Zeldin Emails with Y. Appalsamy re update. Calls/emails with AY. Review/comment on Hyde web summary, emails/calls with TGF/Hyde re same. Emails with inspectors/L. Sioen/AY re site tour. Review property proof of claim.	0.30	795.00	238.50
10/03/2023	Adam Sherman Email from A&B re Sioen property claim. Emails/discussions with Richter team.	2.30	550.00	1,265.00
10/03/2023	Adam Zeldin Attend at Ayanda facility for site tour with Listing Agent/Inspectors. Emails with Listing Agent re MLS listing. Emails with Hyde re published listing. Review/provide equipment listings to Hyde. Emails with inspectors.	0.50	795.00	397.50
10/04/2023	Adam Sherman Emails from creditors. Email from J. Davidson, counsel to P. Sharma. Emails/discussion with A. Zeldin.	1.80	550.00	990.00
10/05/2023	Adam Zeldin Emails with inspectors/TGF re meeting. Respond to creditor/interested party enquiries. Review email from former purchaser counsel re sale process. Review AY info request, emails with L. Sioen re same. Review/comment on AY teaser/mock signage.	0.40	320.00	128.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
10/05/2023	Prepare bank reconciliation, pdf, update bank reconciliation file. Adam Sherman Call with J. Davidson, including follow up email. Emails/call with A. Zeldin. Email from TGF.	1.00	795.00	795.00
10/05/2023	Adam Zeldin Review of AY NDA, emails with TGF re same and teaser. Review of email from P. Hanson. Emails/calls with L. Sioen/Richter team re books and records. Email to inspectors re property PoC, emails with TGF re same. Respond to creditor enquiry.	2.20	550.00	1,210.00
10/06/2023	Adam Zeldin Chair 3rd inspector meeting, emails/calls with TGF re same. Discussions with Richter team. Emails with Hyde re info request. Review/upload virtual B&R, emails/calls with Lanworks re same.	2.00	550.00	1,100.00
10/10/2023	Adam Sherman Emails/discussion with A. Zeldin re property claim. Email from TGF.	0.20	795.00	159.00
10/10/2023	Adam Zeldin Emails/calls with TGF/L. Sioen/Richter team re Property PoC. Emails/calls with HydroOne re service/arrears. Emails with AY/Hyde re sale process. Email to inspectors re Property PoC. Respond to inspector enquiries. Review of Ayanda B&R.	3.60	550.00	1,980.00
10/11/2023	Adam Zeldin Review emails from N. Cain re Property PoC, other matters. Draft response email re same and emails/calls with TGF. Chair 4th Inspector meeting. Review Hyde marketing post, emails with Hyde re same. Respond to AY re info request.	3.10	550.00	1,705.00
10/12/2023	Adam Sherman Emails/discussions with A. Zeldin re inspector communications. Emails from TGF.	0.20	795.00	159.00
10/12/2023	Adam Zeldin Emails/calls with N. Dmetriuc re attendance at site to oversee ES Farming property removal. Draft minutes of 3rd/4th inspector meeting. Discussions with Richter team.	1.80	550.00	990.00
10/13/2023	Adam Zeldin Email to inspectors re removal of property re: ES Farming PoC. Emails with Hyde re sale process status update. Review of template APA re AY sale process.	1.80	550.00	990.00
10/16/2023	Adam Sherman	0.20	795.00	159.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
10/17/2023	Review/approve bank rec for September 2023. Adam Sherman Emails from/to P. Sharma. Emails with TGF. Emails/discussion with A. Zeldin.	1.00	795.00	795.00
10/18/2023	Adam Zeldin Emails/calls with FCA re insurance matters. Review email from AY re severance matters, emails with A. Sherman re same. Emails with Richter team re Enbridge refund, arrange for deposit of same.	0.50	550.00	275.00
10/19/2023	Carol O'Donnell Prepare deposit. Prepare GL's.	0.20	300.00	60.00
10/19/2023	Adam Zeldin Calls/emails with Sonitrol//Execulink re security/internet matters, post-filing expenses. Calls w/ M. Sioen/L. Sioen re security matters. Email to inspectors re security update. Emails w/ C. Yarmie re sale process. Discussions w/ Richter team/TGF.	2.40	550.00	1,320.00
10/20/2023	Adam Zeldin Emails/calls with Sonitrol/M. Sioen re security system matters. Update email to inspectors re same. Discussions with Richter team.	0.70	550.00	385.00
10/23/2023	Adam Sherman Discussion with A. Zeldin re various matters.	0.20	795.00	159.00
10/23/2023	Adam Zeldin Calls/emails with Hyde/A&Y re sales process update, other sale process matters. Emails with L. Sioen/M. Sioen re site tour for prospective buyers. Review of estate GL and prepare Interim R&D.	2.30	550.00	1,265.00
10/24/2023	Adam Zeldin Call with Hyde re sale process update. Review emails from AY re sale process, prospective buyer enquiry.	0.80	550.00	440.00
10/25/2023	Adam Sherman Emails/discussion with A. Zeldin. Email from M. Grossell.	0.30	795.00	238.50
10/25/2023	Adam Zeldin Review/update email to inspectors re sale process/post-filing exp./Interim R&D, emails with TGF/Richter team re same. Emails with Execulink re post-filing exp. Emails with Hyde re site visit. Emails with FCA.	1.60	550.00	880.00
10/26/2023	Carol O'Donnell Prepare wire transfers and cheque. Verify POC and enter into Ascend.	0.80	300.00	240.00
10/26/2023	Adam Zeldin	2.30	550.00	1,265.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
	Review/respond to inspector enquiries. Calls with L. Sioen re site visit, CRA matters. Emails with Hyde re data room, review same. Prepare cheque/wire req. re post-filing expenses, emails with Sonitrol/Execulink/FCA re same. Review HydroOne PoC.			
10/27/2023	Adam Sherman Review/approve expenses. Emails/discussions with Richter team.	0.30	795.00	238.50
10/27/2023	Adam Zeldin Review email/due diligence documents from M. Sioen, email to Hyde re same. Emails/calls with L. Sioen/CRA re return of deposit, information request, CannaNavigators engagement. Emails with AY re sale process matters. Call with HydroOne re post-filing exp.	1.80	550.00	990.00
10/30/2023	Carol O'Donnell Transfer funds from general trust account to Ayanda's bank account, update estate GL. Update wire transfers. File copy of cheque.	0.70	300.00	210.00
10/30/2023	Adam Zeldin Emails with Richter team re estate banking matters. Draft/finalize email to inspectors re retention of CannaNavigators, emails/calls with TGF/CannaNavigators/L. Sioen/M. Sioen re same. Emails with Sonitrol re post-filing exp.	2.20	550.00	1,210.00
10/31/2023	Adam Zeldin Calls/emails with inspectors re retention of CannaNavigators, inspector resolution re same. Emails with Sonitrol/L. Sioen re security matters. Call with prospective buyer. Call with AY re sale process. Emails with Lanworks re records.	1.20	550.00	660.00
11/01/2023	Adam Zeldin Emails/calls with L. Sioen/CannaNavigators re info request and response to CRA. Emails with Inspectors re resolution to retain CannaNavigators. Emails/calls with AY/Hyde re sale process.	1.50	550.00	825.00
11/02/2023	Adam Zeldin Call with prospective buyer. Emails/calls with Hyde/AY re sale process matters. Emails/calls with CannaNavigators re engagement, prepare wire req re same. Discussions with Richter team.	2.00	550.00	1,100.00
11/03/2023	Adam Sherman Review/approve wires. Emails with Richter team.	0.20	795.00	159.00
11/03/2023	Adam Zeldin	1.80	550.00	990.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
11/06/2023	Adam Zeldin Calls with Hyde/AY/M. Sioen/prospective buyer re sale process matters. Emails with CannaNavigators. Call with CRA re status of review, return of security deposit. Review of estate GL. Discussions with Richter team.	1.50	550.00	825.00
11/07/2023	Adam Zeldin Calls/emails with A. Sherman/TGF re lease matters. Call with Hyde re sale process matters. Calls/emails with AY/M. Sioen/L. Sioen re sale process, site visit. Emails with CannaNavigators re status update.	0.90	550.00	495.00
11/08/2023	Adam Zeldin Review/finalize template APA, emails with AY re same. Calls with AY re sale process. Call with prospective buyer.	1.00	550.00	550.00
11/09/2023	Adam Zeldin Call with AY re prospective buyers, other sale process matters. Emails/calls with M. Sioen/CRA re CRA regulatory review. Discussions with Richter team.	1.00	550.00	550.00
11/10/2023	Adam Sherman Email from P. Sharma/12830353 Ontario attached property claims, including responding email. Emails/discussions with A. Zeldin. Emails with TGF.	0.60	795.00	477.00
11/10/2023	Adam Zeldin Review of P. Sharma property claims, calls/emails with Richter team/TGF/M. Sioen/Inspectors re same. Emails/call with P. Sharma re property claim. Calls/emails with Hyde/AY re sale process. Call with prospective purchaser, arrange site visit.	3.10	550.00	1,705.00
11/11/2023	Adam Zeldin Review of Peter Sharma statement of claim, emails with TGF re same.	0.50	550.00	275.00
11/13/2023	Adam Sherman Emails with M. Sioen re Sharma statement of claim. Preliminary review of offers. Emails/discussions with A. Zeldin re various matters, including property claim, offers, etc.	1.00	795.00	795.00
11/13/2023	Adam Zeldin Review of email/pics from M. Sioen re Sharma property claims, draft email to P. Sharma re same and emails/calls with Richter team/TGF re same. Call w Hyde re sale process. Draft stay letter re Sharma St. of Claim.	4.30	550.00	2,365.00

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Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
11/14/2023	Adam Sherman Emails/discussions with A. Zeldin re offers, property claim, related matters. Emails from TGF.	0.80	795.00	636.00
11/14/2023	Adam Zeldin Review of offers. Email to P. Sharma re property claims, email to inspectors. Call with L. Sioen re sale process matters, Sharma St. of Claim. Review books/records. Emails/calls with Richter team/TGF/Hyde/AY.	3.10	550.00	1,705.00
11/15/2023	Adam Zeldin Arrange site tour for prospective purchaser. Respond to creditor enquiry. Calls with AY re bid.	0.60	550.00	330.00
11/16/2023	Carol O'Donnell Prepare registered mail for stay of proceedings notice.	0.40	300.00	120.00
11/16/2023	Adam Sherman Call with L. Sioen. Emails/discussions with A. Zeldin re offers/next steps. Emails with TGF re stay notice for statement of claim.	0.80	795.00	636.00
11/16/2023	Adam Zeldin Call with TGF re bids, next steps. Call with L. Sioen re bids, CRA review, other. Review comments on stay notice, finalize/arrange delivery re of same. Discussion with A. Sherman. Email to inspectors re next day insp. meeting. Emails with Hyde/AY.	2.20	550.00	1,210.00
11/17/2023	Adam Sherman Discussions with A. Zeldin re inspector meeting/related matters.	0.50	795.00	397.50
11/17/2023	Adam Zeldin Prepare for and chair fifth meeting of inspectors. Follow up calls with Richter team/TGF. Emails/calls with Hyde re offer. Call with prospective purchaser re offer. Emails/calls with M. Sioen/L. Sioen re sale process matters, offers received, next steps.	2.40	550.00	1,320.00
11/20/2023	Adam Sherman Emails with A. Zeldin/M. Grossell, including discussions with A. Zeldin re offers/APA.	0.30	795.00	238.50
11/20/2023	Adam Zeldin Calls/emails with Hyde/S. Hedmann re funding commitment. Review letter from CRA re regulatory review results, email/call with TGF re same. Email to P. Sharma re property claim. Email to inspectors re property claim, offers, meeting.	2.80	550.00	1,540.00
11/21/2023	Adam Sherman	0.20	795.00	159.00

Invoice No.: 20409381
Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
11/21/2023	Discussion with A. Zeldin re offers, property claim, next steps. Adam Zeldin Calls/emails with Hyde/S. Hedmann re funding commitment. Review letter from CRA re regulatory review results, email/call with TGF re same. Email to P. Sharma re property claim. Email to inspectors re property claim, offers, meeting.	2.50	550.00	1,375.00
11/22/2023	Adam Sherman Emails/discussions with A. Zeldin, including comments on draft waterfall.	0.30	795.00	238.50
11/22/2023	Adam Zeldin Emails/calls with inspectors. Prepare estimated distribution analysis. Chair 6th inspector meeting. Emails with Hyde. Emails with S. Hedmann re funding commitment, offer attributes. Emails/discussions with Richter team/TGF. Call with L. Sioen.	2.70	550.00	1,485.00
11/23/2023	Adam Zeldin Review/revise distribution analysis. Emails to inspectors re meeting. Emails/calls with S. Hedman/Hyde re funding commitment. Review of claims register, estate GL. Richter team discussion re inspector meeting, CRA assessment, dist. analysis.	3.80	550.00	2,090.00
11/24/2023	Adam Sherman Review funding commitment letter, including email from TGF on same. Attend inspector meeting re sale/related matters. Discussion with A. Zeldin/M. Grossell. Call with L. Sioen. Emails with A. Zeldin re disallowance. Email from P. Sharma.	2.00	795.00	1,590.00
11/24/2023	Adam Zeldin Chair 7th insp. meeting. Prepare resolution re transaction/motion to Court. Emails/calls with A. Sherman/TGF. Emails/calls with S. Hedman/Hyde re funding commit., review same. Respond to inspector enquiries. Finalize/issue Sharma disallowances.	4.20	550.00	2,310.00
11/25/2023	Adam Zeldin Review email from P. Sharma re property claim. Review email from TGF in response to same.	0.50	550.00	275.00
11/26/2023	Adam Zeldin Review email from M. Sioen re Sharma property claim. Emails with TGF re response to Sharma re property claim. Email to P. Sharma re disallowance of property claim.	0.70	550.00	385.00
11/27/2023	Adam Sherman	0.50	795.00	397.50

Invoice No.: 20409381
Date: 12/08/2023

Date	Name and Description	Hours	Rate	Amount
11/27/2023	Adam Zeldin Emails/discussions with A. Zeldin. Email from C. Yarmie, estate inspector. Emails from M. Grossell re draft email on property claim, inspector matters. Calls/emails with inspectors re transaction matters. Emails with Hyde. Call with TGF re transaction matters. Discussions with Richter team. Draft minutes of sixth inspector meeting.	1.80	550.00	990.00
11/28/2023	Adam Sherman Call with A. Zeldin/M. Grossell re next steps. Emails from M. Grossell re ground lease, proposed agenda for inspector meeting.	0.70	795.00	556.50
11/28/2023	Adam Zeldin Nov 27 - Review email from Inspector, emails with TGF re same. Call with TGF re next steps. Emails with inspectors re next steps in pursuing transaction. Update Interim R&D, review estate GL. Begin drafting First Report. Emails with Richter team re HST.	3.10	550.00	1,705.00
11/29/2023	Pascale Lareau Working on authorization documents for CRA re HST matters.	0.60	320.00	192.00
11/29/2023	Carol O'Donnell Follow up for HST numbers.	0.10	300.00	30.00
11/29/2023	Adam Zeldin Continue drafting First Report. Calls/emails with S. Hedman. Respond to creditor enquiry. Emails with Hyde/AY re sale process metrics. Emails/calls with TGF re transaction matters.	2.90	550.00	1,595.00
11/30/2023	Adam Sherman Review/approve bank rec for October 2023.	0.20	795.00	159.00
11/30/2023	Adam Zeldin Review/update First Report. Review of email from TGF re revised APA, review of same and email to S. Hedman re same. Review email from Hyde re SP metrics. Update meeting agenda and send to Inspectors. Email/call to Health Canada.	3.50	550.00	1,925.00
Fees Total		185.80		\$ 106,221.50

Invoice No.: 20409381
Date: 12/08/2023

Remittance Form

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 96,221.50
GST/HST #885435842 RT0001		12,508.80
Total Due	CAD	\$ 108,730.30

Payment Options

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

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

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

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

TORONTO

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

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

This is Exhibit "C" referred to in the Affidavit of
Adam Sherman, sworn on December 12, 2023

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

Commissioner for Taking Affidavits, etc.

Richter Inc.
 In its capacity as Bankruptcy Trustee of
 Ayanda Cannabis Corporation
 And not in its personal or corporate capacity
 Statement of Accounts

Exhibit C

Staff member	Proposal			Bankruptcy			Total		
	Number of hours	Hourly rate	Amount	Number of hours	Hourly rate	Amount	Number of hours	Hourly rate	Amount
Senior Vice President									
A.Sherman	21.00	\$ 795.00	\$ 16,695.00	32.70	\$ 795.00	\$ 25,996.50	53.70	\$ 795.00	\$ 42,691.50
Vice President									
A.Zeldin	47.00	\$ 550.00	\$ 25,850.00	137.10	\$ 550.00	\$ 75,405.00	184.10	\$ 550.00	\$ 101,255.00
Administration									
C.O'Donnell	1.40	\$ 300.00	\$ 420.00	15.00	\$ 300.00	\$ 4,500.00	16.40	\$ 300.00	\$ 4,920.00
P.Lareau	-	\$ 320.00	\$ -	1.00	\$ 320.00	\$ 320.00	1.00	\$ 320.00	\$ 320.00
Total	69.40		\$ 42,965.00	185.80		\$ 106,221.50	255.20		\$ 149,186.50
Courtesy discount			\$ -			\$ (10,000.00)			\$ (10,000.00)
Total, net of dicount			\$ 42,965.00			\$ 96,221.50			\$ 139,186.50

Blended average hourly rate:

545.40

This is Exhibit "B" referred to in the Affidavit of
Adam Sherman, sworn on October 24, 2024

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 Trustee *in re* the Bankruptcy of
Ayanda Cannabis Corporation

Statement of Accounts

Invoice #	Date	Professional Fees	Accrual/Discount	Fees Charged	HST on Fees	Sub Total	Disbursements	HST on Disbursements	Invoice Total
20409751	March 19, 2023	\$ 63,691.50	\$ (6,000.00)	\$ 57,691.50	\$ 7,499.90	\$ 65,191.40	\$ -	\$ -	\$ 65,191.40
20410549	October 17, 2024	\$ 50,277.00	\$ -	\$ 50,277.00	\$ 6,536.01	\$ 56,813.01	\$ -	\$ -	\$ 56,813.01
		\$ 113,968.50	\$ (6,000.00)	\$ 107,968.50	\$ 14,035.91	\$ 122,004.41	\$ -	\$ -	\$ 122,004.41

This is Exhibit "C" referred to in the Affidavit of
Adam Sherman, sworn on October 24, 2024

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

Commissioner for Taking Affidavits, etc.

RICHTER

BUSINESS | FAMILY OFFICE

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Date: 19.03.2024
Invoice No.: 20409751
Engagement No.: 2023361
Payment Terms: Due on Receipt

Professional services rendered to January 31, 2024			\$ 63,691.50
Less: Courtesy discount			-6,000.00
			<hr/>
Sub-Total			57,691.50
GST/HST #885435842 RT0001			7,499.90
			<hr/>
Total Due		CAD	\$ 65,191.40

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.: 20409751
Date: 19.03.2024

Fees

Name	Hours	Rate	Amount
Adam Sherman	34.30	\$ 795.00	\$ 27,268.50
Adam Zeldin	63.10	550.00	34,705.00
Carol O'Donnell	3.70	300.00	1,110.00
Pascale Lareau	1.90	320.00	608.00
	103.00		\$ 63,691.50

Invoice No.: 20409751
Date: 19.03.2024

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
01.12.2023	Adam Sherman Emails/discussions with A. Zeldin/M. Grossell. Attendance at Inspector meeting. Email from N. Cain.	2.00	\$ 795.00	\$ 1,590.00
01.12.2023	Adam Zeldin Chair Inspector meeting, debrief with TGF. Review of post-filing invoices, emails with Sonitrol/FCA re same. Emails with Inspectors re Sharma Statement of Claim, CRA Regulatory Review. Discussions with Richter team. Review/update First Report.	2.80	550.00	1,540.00
04.12.2023	Adam Zeldin Review email from S. Ramdhany re CRA assessment. Email to Inspectors re Court hearing, Inspector resolution re transaction, emails with TGF re same. Prepare resolution. Emails with Execulink. Review/update First Report.	3.40	550.00	1,870.00
05.12.2023	Adam Sherman Review/revise/update Court report. Emails/discussions with A. Zeldin.	2.00	795.00	1,590.00
05.12.2023	Adam Zeldin Emails/calls with Inspectors re resolution. Call with S. Ramdhany re CRA proposed assessment. Emails with TGF/A. Sherman re First Report, motion materials etc. Call with S. Hedman re APA matters.	2.50	550.00	1,375.00
06.12.2023	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
06.12.2023	Carol O'Donnell Transfer balance of funds (interest) from general trust account to Ayanda's trust account.	0.20	300.00	60.00
06.12.2023	Adam Sherman Review/revise/update Court report. Emails/discussions with A. Zeldin. Emails from M. Grossell.	2.00	795.00	1,590.00
06.12.2023	Adam Zeldin Emails with Inspectors re resolution, update to TGF re same. Call with purchaser re APA, emails with TGF re same. Review of updated APA. Emails with Health Canada. Review of updates to First Report, update same and email to TGF.	3.20	550.00	1,760.00
07.12.2023	Adam Sherman Emails from TGF re comments on Court report, MSFL security review, purchaser updates to APA, other related matters. Emails/discussions with A. Zeldin.	1.00	795.00	795.00

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
07.12.2023	Adam Zeldin Review of purchaser comments on APA, emails with TGF/purchaser re same. Prepare Sherman fee affidavit. Review TGF comments on First Report, email from TGF re same. Emails/calls with TGF re security review, email docs to TGF re same.	2.30	550.00	1,265.00
08.12.2023	Adam Sherman Emails from TGF re updated APA, updated AVO, MSFL security matters. Emails/discussions with A. Zeldin re draft fee affidavit, updated APA and other related matters. Emails/call with M. Sioen re APA.	1.20	795.00	954.00
08.12.2023	Adam Zeldin Several emails/calls with TGF/purchaser/Richter team re updates to APA. Call with M. Sioen re same. Review of AVO, provide comments re same. Review/update First Report. Compile appendices for same. Update email to Inspectors. Emails with Execulink.	2.40	550.00	1,320.00
11.12.2023	Adam Zeldin Review/update First Report. Emails with A. Sherman. Draft fee affidavit/schedules. Compile appendices for First Report. Emails with Richter IT re records. Correspond with purchaser re APA/deposit.	2.80	550.00	1,540.00
12.12.2023	Pascale Lareau Preparation of HST reconciliation for September 2023.	0.40	320.00	128.00
12.12.2023	Adam Sherman Review/finalize/swear fee affidavit. Emails from the purchaser/MSFL re APA. Emails/call with M. Grossell. Emails/discussions with A. Zeldin. Review revisions to APA. Sign APA. Finalize/sign Court report.	2.00	795.00	1,590.00
12.12.2023	Adam Zeldin Review/update APA, several emails/calls with purchaser/TGF/M. and L. Sioen re same. Review/finalize First Report. Emails/discussions with Richter team/TGF. Review of SH enquiry.	4.40	550.00	2,420.00
13.12.2023	Carol O'Donnell Post documents to the Richter website and file same with the OSB.	0.30	300.00	90.00
13.12.2023	Adam Zeldin Emails/calls with purchaser re deposit. Emails with Inspectors re First Report/sale approval motion matters. Respond to creditor/SH enquiries.	1.80	550.00	990.00
14.12.2023	Adam Sherman	0.70	795.00	556.50

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
14.12.2023	Adam Zeldin Emails from purchaser re deposit. Emails/discussions with A. Zeldin. Call with L. Sioen. Call with CRA re extension to response deadline, including letter to CRA on same. Emails with Execulink. Emails/calls with HAI/purchaser/TGF re deposit.	1.90	550.00	1,045.00
15.12.2023	Carol O'Donnell Prepare wire transfers.	0.80	300.00	240.00
15.12.2023	Adam Sherman Emails/discussions with A. Zeldin. Review/approve bank rec for November 2023.	0.50	795.00	397.50
15.12.2023	Adam Zeldin Email to Inspectors re disbursements, incl. resolution on same. Corresp. with purchaser/HAI re deposit, email to Inspectors on same. Prepare chq rec. Disc. w. Richter team/TGF. Emails w. CannaNavigators/L. Sioen re SOPs. Respond to Inspector enquiries.	3.60	550.00	1,980.00
18.12.2023	Carol O'Donnell Update wire transfer and prepare cheques. Post document to website and file with OSB.	1.30	300.00	390.00
18.12.2023	Adam Sherman Review/approve wires. Emails with TGF re unpaid deposit/adjournment of Court hearing, related matters. Emails/discussions with A. Zeldin. Call with L. Sioen.	1.00	795.00	795.00
18.12.2023	Adam Zeldin Call with V. Ringelberg re SOPs, review of same. Correspond with purchaser (and counsel) re deposit. Emails/calls with TGF/Richter team/HAI re deposit, adjournment. Email update to Inspectors.	2.10	550.00	1,155.00
19.12.2023	Carol O'Donnell Prepare wire transfer and update.	0.30	300.00	90.00
19.12.2023	Adam Sherman Emails with TGF re communications with purchaser counsel. Emails/discussions with A. Zeldin. Emails/calls with L. Sioen. Email from TGF attaching Court endorsement re adjournment.	1.50	795.00	1,192.50
19.12.2023	Adam Zeldin Draft/send letter to CRA re further extension, call with CRA re same. Emails/calls with Purchaser/HAI re deposit, Court adjournment. Attend adjournment hearing. Emails/calls with TGF re same. Call with mortgage broker. Emails with Execulink.	1.80	550.00	990.00

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
20.12.2023	Adam Zeldin Correspond with purchaser re deposit, next steps. Respond to SH enquiries.	0.80	550.00	440.00
21.12.2023	Adam Zeldin Emails with HAI re transaction status. Calls with purchaser re deposit.	0.40	550.00	220.00
02.01.2024	Carol O'Donnell Post document to website and file with OSB.	0.30	300.00	90.00
02.01.2024	Adam Sherman Emails/call with A. Zeldin.	0.50	795.00	397.50
02.01.2024	Adam Zeldin Draft letter to CRA re proposed assessment. Correspond with purchaser re deposit. Call with D. Hyde. Call with J. Caldwell. Review of Destruction SOPs. Emails/call with A. Sherman.	3.10	550.00	1,705.00
03.01.2024	Adam Sherman Emails/calls with A. Zeldin. Review/revise/update draft letter to CRA re proposed duties.	1.50	795.00	1,192.50
03.01.2024	Adam Zeldin Emails with V. Ringelberg re CRA assessment response matters. Review of destruction SOPs, call with L/M Sioen re same. Review/update letter to CRA re same. Call with TGF re CRA response letter. Emails/call with A. Sherman.	2.80	550.00	1,540.00
04.01.2024	Pascale Lareau Prepare HST reconciliation for December 2023.	0.40	320.00	128.00
04.01.2024	Adam Sherman Emails from M. Sioen, S. Ramdhany re draft CRA letter/related matters. Emails with TGF. Emails/calls with A. Zeldin. Review/comment on draft responses to S. Ramdhany.	1.50	795.00	1,192.50
04.01.2024	Adam Zeldin Review/update draft CRA response letter, emails/calls with TGF/Inspectors/M. and L. Sioen/Richter team re same. Respond to Inspector enquiries re same. Discussions with Richter team/TGF.	3.40	550.00	1,870.00
05.01.2024	Adam Sherman Email from N. Cain re CRA letter/video surveillance. Emails/call with TGF. Emails/calls with A. Zeldin. Review draft communications to Inspectors/final CRA letter.	2.00	795.00	1,590.00
05.01.2024	Adam Zeldin	3.20	550.00	1,760.00

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
	Review counsel comments re response letter to CRA, finalize/deliver same. Emails/calls with TGF/M. and L. Sioen/Inspectors/Richter team re same. Emails/calls with purchaser re deposit. Respond to enquiries from Inspectors. Call with CRA.			
07.01.2024	Adam Zeldin Draft response email to N. Cain re CRA proposed assessment enquiry, related matters.	1.00	550.00	550.00
08.01.2024	Adam Sherman Review/revise/update email response to N. Cain. Emails/calls with A. Zeldin.	1.00	795.00	795.00
08.01.2024	Adam Zeldin Review/update response email to N. Cain, emails with TGF re same. Call with HAI. Calls with purchaser re deposit. Discussions with Richter team. Calls/emails to CRA re Jan 5 response letter.	1.40	550.00	770.00
09.01.2024	Adam Sherman Emails with TGF. Emails/calls with A. Zeldin.	0.50	795.00	397.50
09.01.2024	Adam Zeldin Review of post-filing expenses. Finalize/send response email to N. Cain. Correspond with purchaser.	0.80	550.00	440.00
10.01.2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
10.01.2024	Adam Sherman Attend Inspector meeting, including discussions with A. Zeldin/M. Grossell.	0.70	795.00	556.50
10.01.2024	Adam Zeldin Chair Ninth Inspector meeting. Calls with TGF re transaction status, potential next steps. Correspond with purchaser re deposit/other transaction matters. Emails with Execulink. Discussions with A. Sherman.	1.80	550.00	990.00
11.01.2024	Adam Zeldin Correspond with purchaser. Review/update Inspector meeting minutes.	1.20	550.00	660.00
12.01.2024	Adam Zeldin Call with FCA. Discussions with Richter team. Review of estate GL. Review of post-filing invoices. Correspond with purchaser.	1.30	550.00	715.00
15.01.2024	Adam Sherman Emails/discussions with A. Zeldin. Calls with M. Sioen.	0.60	795.00	477.00
15.01.2024	Adam Zeldin	1.60	550.00	880.00

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
16.01.2024	Carol O'Donnell Prepare wire transfer	0.40	300.00	120.00
16.01.2024	Adam Sherman Emails/calls with A. Zeldin. Calls with M. Sioen.	0.40	795.00	318.00
16.01.2024	Adam Zeldin Emails with Execulink/Inspectors re payment of post-filing accounts. Prepare cheque requisition re same. Emails/calls with purchaser. Emails/calls with Richter team/TGF re transaction. Emails with Inspectors re update. Emails with FCA re insurance.	1.50	550.00	825.00
17.01.2024	Carol O'Donnell Update wire transfer.	0.10	300.00	30.00
17.01.2024	Adam Sherman Email from TGF to P. Okpala, solicitor for the purchaser, in response to his letter of same date. Emails/call with M. Grossell. Meeting with Avison Young. Review/approve wires. Emails/discussions with Richter team. Call with M. Sioen.	2.00	795.00	1,590.00
17.01.2024	Adam Zeldin Richter team discussion. Calls/emails with purchaser. Call with Inspector. Review/update Inspector meeting minutes. Review letter from the purchaser's lawyer, emails with TGF re same.	1.80	550.00	990.00
18.01.2024	Adam Sherman Calls with the purchaser. Calls with M. Sioen. Emails with M. Samways of Hyde Advisory. Emails with L. Sioen re pre-bankruptcy insurance balance due. Emails with TGF. Emails/call with A. Zeldin.	1.50	795.00	1,192.50
18.01.2024	Adam Zeldin Draft prior Inspector meeting minutes. Correspond with purchaser.	2.00	550.00	1,100.00
19.01.2024	Adam Sherman Call with purchaser. Calls with M. Sioen. Discussions with A. Zeldin. Review/approve bank rec for December 2023.	0.50	795.00	397.50
22.01.2024	Adam Sherman Calls with M. Sioen. Emails/call with M. Grossell. Emails with Avison Young. Email from M. Samways.	1.00	795.00	795.00
23.01.2024	Pascale Lareau	0.30	320.00	96.00

Invoice No.: 20409751
Date: 19.03.2024

Date	Name and Description	Hours	Rate	Amount
23.01.2024	Prepare post-bankruptcy HST declarations for the period prior to December 2023. Adam Sherman Emails with M. Grossell re draft letter to purchaser and update email to Inspectors.	1.00	795.00	795.00
24.01.2024	Adam Sherman Emails with M. Grossell re Inspector email/shareholder list. Update email to Inspectors. Call with/email to M. Vanvelzen. Call with M. Sioen. Calls with Avison Young/Hyde Advisory.	2.00	795.00	1,590.00
25.01.2024	Adam Sherman Emails with M. Grossell re draft shareholder email. Update email to shareholders. Call with M. Sioen. Emails with Avison Young re site visit.	1.00	795.00	795.00
26.01.2024	Adam Sherman Email from L. Sioen re Health Canada. Calls with Avison Young/Hyde Advisory.	0.50	795.00	397.50
30.01.2024	Adam Sherman Emails from/to C. Yarmie. Emails from/to N. Cain. Emails from/to P. Hanson. Emails with M. Grossell. Draft email to Inspectors, including email to M. Grossell.	1.20	795.00	954.00
31.01.2024	Adam Sherman Email from P. Hanson. Email from M. Grossell re Inspector email. Finalize Inspector email.	1.00	795.00	795.00
Fees Total		103.00		\$ 63,691.50

Invoice No.: 20409751
Date: 19.03.2024

Remittance Form

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 57,691.50
GST/HST #885435842 RT0001		7,499.90
Total Due	CAD	\$ 65,191.40

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.
Interest on overdue accounts accrues at 12% per annum starting 30 days following the date of our invoice.

TORONTO

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

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

RICHTER

BUSINESS | FAMILY OFFICE

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Date: 10/17/2024
Invoice No.: 20410549
Engagement No.: 2023361
Payment Terms: Due on Receipt

Professional services rendered to September 30, 2024 \$ 50,277.00

Sub-Total		<hr/>	50,277.00
GST/HST #885435842 RT0001			6,536.01
Total Due	CAD	<hr/>	\$ 56,813.01

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.: 20410549
Date: 10/17/2024

Fees

Name	Hours	Rate	Amount
Adam Sherman	59.80	\$ 795.00	\$ 47,541.00
Carol O'Donnell	4.00	300.00	1,200.00
Pascale Lareau	4.80	320.00	1,536.00
	68.60		\$ 50,277.00

Invoice No.: 20410549
Date: 10/17/2024

Fee and Disbursement Details

Date	Name and Description	Hours	Rate	Amount
02/01/2024	Adam Sherman Email from M. Dmetriuc. Call with L. Sioen.	0.30	\$ 795.00	\$ 238.50
02/06/2024	Adam Sherman Discussion with tax team re outstanding filings/related matters. Call with creditor re update.	0.40	795.00	318.00
02/07/2024	Adam Sherman Emails/call with M. Brouwer re interested party.	0.20	795.00	159.00
02/09/2024	Adam Sherman Emails with M. Samways re interested party. Call with M. Sioen.	0.30	795.00	238.50
02/13/2024	Adam Sherman Emails/call with J. Suchecki re First Class Extracts deal. Emails with M. Samways. Emails with inspectors.	0.50	795.00	397.50
02/16/2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
02/16/2024	Adam Sherman Emails with M. Brouwer re update on interested party.	0.20	795.00	159.00
02/21/2024	Adam Sherman Call with Hydro One. Discussion with Richter team.	0.40	795.00	318.00
02/23/2024	Adam Sherman Emails/call with M. Brouwer re interested party follow up questions/related matters.	0.40	795.00	318.00
02/26/2024	Adam Sherman Emails from/to J. Suchecki re First Class Extracts deal. Lengthy calls with/email to Execulink re suspension of service/related matters. Review/approve Execulink payment. Emails with Richter team. Email with M. Brouwer.	2.30	795.00	1,828.50
02/27/2024	Pascale Lareau Wire transfer to Execulink and related matters.	0.90	320.00	288.00
02/27/2024	Carol O'Donnell Communications with Hydro One. Prepare payment request.	0.50	300.00	150.00
02/27/2024	Adam Sherman Calls with Hydro One. Review/approve Hydro One payment. Emails/discussions with Richter team.	0.50	795.00	397.50
02/28/2024	Adam Sherman Emails from/to M. Vanvelzen re update. Call with Execulink re service/account details.	0.80	795.00	636.00

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
03/04/2024	Adam Sherman Call with/letter from CRA re proposed fine. Email to Inspectors re CRA update. Emails/call with L/M Sioen. Emails with M. Grossell.	0.70	795.00	556.50
03/05/2024	Adam Sherman Emails with Avison Young.	0.20	795.00	159.00
03/06/2024	Adam Sherman Call with Avison Young. Emails with FCA re insurance.	0.30	795.00	238.50
03/08/2024	Carol O'Donnell Prepare wire transfer and update.	0.40	300.00	120.00
03/08/2024	Adam Sherman Emails/letter to Execulink re account. Emails with Richter team re disbursements. Review/approve wires.	0.50	795.00	397.50
03/09/2024	Adam Sherman Emails with Avison Young re potential interested party questions.	0.30	795.00	238.50
03/11/2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
03/13/2024	Adam Sherman Calls/emails with M. Sioen re secured creditor expenses.	0.30	795.00	238.50
03/14/2024	Adam Sherman Emails/call with Execulink re account matters. Emails with L/M Sioen re secured creditor expenses. Emails/call with M. Sioen re caution registration.	1.00	795.00	795.00
03/15/2024	Adam Sherman Emails/call with Avison Young re request for equipment listing/related matters. Call with M. Sioen re equipment list.	0.60	795.00	477.00
03/18/2024	Adam Sherman Emails with Avison Young. Emails with K. Corbin, legal counsel for S. Hedmann re First Class Extracts purchase. Call with M. Sioen.	0.50	795.00	397.50
03/19/2024	Adam Sherman Emails with Avison Young. Call with M. Sioen re equipment list.	0.30	795.00	238.50
03/20/2024	Adam Sherman Email from M. Sioen attaching equipment list. Emails/call with Avison Young re equipment list, property viewing, related matters.	0.50	795.00	397.50
03/21/2024	Carol O'Donnell Prepare wire transfer and update.	0.30	300.00	90.00
03/21/2024	Adam Sherman	0.70	795.00	556.50

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
03/22/2024	Review/approve wires. Emails with Richter team. Emails with Avison Young re showing. Emails/call with M. Grossell. Adam Sherman Emails/call with Avison Young re showing, extension of listing agreement, related matters.	0.50	795.00	397.50
03/25/2024	Adam Sherman Emails with Avison Young re extension to listing agreement, related matters. Emails with FCA re insurance. Email from TGF re First Class matters.	0.50	795.00	397.50
03/27/2024	Adam Sherman Emails/call with Avison Young re offer, related matters. Review offer. Emails with Inspectors re update. Call with M. Sioen.	1.50	795.00	1,192.50
03/28/2024	Adam Sherman Review/approve bank rec for February 2024. Emails with Inspectors.	0.30	795.00	238.50
04/01/2024	Adam Sherman Emails/call with Avison Young. Call with L. Sioen. Emails with M. Grossell.	0.40	795.00	318.00
04/02/2024	Adam Sherman Emails from/to M. Bottos. Draft interim R&D.	0.50	795.00	397.50
04/03/2024	Adam Sherman Email from M. Grossell re Wildeboer email on caution registered against leased property. Call with L. Sioen.	0.50	795.00	397.50
04/04/2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
04/05/2024	Adam Sherman Emails/call with Avison Young. Call with M. Grossell. Call with L. Sioen.	0.40	795.00	318.00
04/08/2024	Adam Sherman Email from Avison Young. Emails with M. Grossell re offer.	0.20	795.00	159.00
04/10/2024	Pascale Lareau Preparation of HST reconciliation for March 2024.	0.40	320.00	128.00
04/10/2024	Adam Sherman Emails with Hyde Advisory re site visit for interested party, including call with M. Sioen re same. Emails with M. Grossell re offer.	0.40	795.00	318.00
04/11/2024	Adam Sherman Call with M. Grossell re various matters.	0.40	795.00	318.00
04/12/2024	Adam Sherman	0.70	795.00	556.50

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
04/15/2024	Carol O'Donnell Emails with Hyde Advisory re site visit. Call with M. Sioen. Email from TGF re offer. Verify HST reconciliation for January 1 - March 31, 2024. Email to A. Sherman.	0.10	300.00	30.00
04/15/2024	Adam Sherman Emails with TGF re comments on offer. Call with Avison Young. Review/approve HST reconciliation for Jan 1 - Mar 31. Emails with Richter team.	0.70	795.00	556.50
04/16/2024	Pascale Lareau Finalize HST declaration for the period January to March 2024	0.40	320.00	128.00
04/16/2024	Adam Sherman Review/approve bank rec for March 2024. Consider offer re [REDACTED]. Emails/call with Avison Young.	0.50	795.00	397.50
04/18/2024	Adam Sherman Emails/call with Avison Young.	0.30	795.00	238.50
04/22/2024	Adam Sherman Emails from/to M. Vanvelzen.	0.10	795.00	79.50
04/23/2024	Adam Sherman Emails with Avison Young re monthly burn. Call with L. Sioen.	0.40	795.00	318.00
04/29/2024	Carol O'Donnell Prepare wire transfer.	0.20	300.00	60.00
04/29/2024	Adam Sherman Emails with N. Kolomaya/L. Sioen re severance matters. Emails with Avison Young re listing extension, including execution of same.	0.60	795.00	477.00
04/30/2024	Carol O'Donnell Update wire transfer.	0.10	300.00	30.00
04/30/2024	Adam Sherman Review/approve wires. Emails with Richter team.	0.20	795.00	159.00
05/01/2024	Adam Sherman Emails with M. Grossell.	0.20	795.00	159.00
05/02/2024	Carol O'Donnell Verify HydroOne payments and invoices. Prepare cheque.	0.30	300.00	90.00
05/02/2024	Adam Sherman Emails with C. O'Donnell re Hydro One. Call with M. Grossell.	0.40	795.00	318.00
05/03/2024	Adam Sherman Email/call with L. Sioen re severance matters. Emails/calls with Execulink. Emails/call with TGF.	0.50	795.00	397.50

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
05/06/2024	Carol O'Donnell Prepare wire transfer, update. Communications with Execulink regarding monthly invoice.	0.50	300.00	150.00
05/06/2024	Adam Sherman Review/approve expenses. Emails/discussions with Richter team. Calls/emails with Avison Young. Call with M. Sioen.	0.50	795.00	397.50
05/07/2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
05/07/2024	Adam Sherman Call with M. Sioen. Emails with Avison Young.	0.30	795.00	238.50
05/22/2024	Adam Sherman Email/call with Avison Young re potential new offer.	0.30	795.00	238.50
05/27/2024	Carol O'Donnell Email communication with Sonitrol.	0.10	300.00	30.00
05/28/2024	Adam Sherman Emails/call with Avison Young re Fei Pan conditional offer, including preliminary review of same. Emails/call with M/L Sioen re conditional offer.	1.00	795.00	795.00
05/29/2024	Adam Sherman Emails/call with Avison Young re Fei Pan conditional offer. Calls with M/L Sioen re Fei Pan conditional offer.	0.70	795.00	556.50
05/30/2024	Adam Sherman Review/approve bank rec for April 2024. Email/call with Avison Young re Fei Pan conditional offer. Sign listing extension, including email to Avison Young.	1.00	795.00	795.00
06/07/2024	Adam Sherman Review/approve bank rec for May 2024.	0.20	795.00	159.00
06/10/2024	Adam Sherman Emails with Avison Young re site visit, including calls with M. Sioen. Emails/calls with [REDACTED] re interest in facility. Emails from Execulink Telecom. Emails with M. Grossell.	0.70	795.00	556.50
06/13/2024	Adam Sherman Emails with Avison Young re site visit, including calls with M. Sioen. Email from M. Sioen re property transfer docs.	0.40	795.00	318.00
06/14/2024	Adam Sherman Emails with Avison Young, including calls with M. Sioen.	0.20	795.00	159.00

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
06/17/2024	Carol O'Donnell Prepare wire transfer and update.	0.40	300.00	120.00
06/17/2024	Adam Sherman Emails with Avison Young, including calls with M. Sioen. Call/emails with Sonitrol. Emails/discussions with Richter team. Review/approve wires/other payments.	0.80	795.00	636.00
06/18/2024	Adam Sherman Emails from M. Sioen/Avison Young re electrical drawings.	0.30	795.00	238.50
06/25/2024	Adam Sherman Emails with Avison Young, including calls with M. Sioen.	0.30	795.00	238.50
07/02/2024	Adam Sherman Email from Sonitrol. Emails with Avison Young. Call with M. Sioen re site visit.	0.30	795.00	238.50
07/04/2024	Adam Sherman Email from Avison Young re today's site visit. Call with M Sioen.	0.30	795.00	238.50
07/08/2024	Adam Sherman Email from N. Cain, including responding email to Inspector group re update. Emails with Richter team. Update interim R&D.	0.80	795.00	636.00
07/09/2024	Adam Sherman Calls with Hydro One re cost estimate to increase amperage to facility for interested party.	0.50	795.00	397.50
07/11/2024	Adam Sherman Emails from/to C. Yarmie (and other Inspectors) re scheduling of Inspector meeting. Emails from N. Dmetriuc and S. Ramdhany.	0.20	795.00	159.00
07/15/2024	Adam Sherman Email to Inspectors re no meeting, as only 2 inspectors responded. Emails with Avison Young re property appraisal/other matters.	0.30	795.00	238.50
07/16/2024	Pascale Lareau Preparation of HST reconciliation for June 2024.	0.40	320.00	128.00
07/22/2024	Adam Sherman Review/approve June 2024 HST reconciliation. Emails with Richter team.	0.20	795.00	159.00
07/23/2024	Pascale Lareau Finalize HST declaration for June 2024.	0.30	320.00	96.00
07/23/2024	Carol O'Donnell Prepare wire transfers and update. Prepare cheques.	0.40	300.00	120.00
07/23/2024	Adam Sherman	0.30	795.00	238.50

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
07/24/2024	Adam Sherman Emails with Richter team. Review/approve expenses. Call with Avison Young.	0.50	795.00	397.50
07/26/2024	Adam Sherman Emails with Avison Young re severance. Emails/calls with M. Sioen re severance.	0.20	795.00	159.00
07/29/2024	Adam Sherman Review/approve bank rec for June 2024. Emails with Richter team.	0.40	795.00	318.00
07/30/2024	Adam Sherman Emails from/to M. Grossell re update. Emails/call with M. Sioen.	0.20	795.00	159.00
08/06/2024	Adam Sherman Emails/call with Avison Young. Emails with FCA Insurance re update.	0.30	795.00	238.50
08/12/2024	Adam Sherman Emails/call with Avison Young. CRA letter re refund.	0.30	795.00	238.50
08/13/2024	Adam Sherman Calls/email with Avison Young. Call with M Sioen.	0.50	795.00	397.50
08/14/2024	Carol O'Donnell Prepare cheques.	0.20	300.00	60.00
08/15/2024	Adam Sherman Emails with Avison Young re Fei Pan offer. Emails/call with M/L Sioen.	1.20	795.00	954.00
08/16/2024	Adam Sherman Call with Avison Young re Fei Pan offer. Calls with M/L Sioen.	1.00	795.00	795.00
08/19/2024	Adam Sherman Emails with Avison Young re Fei Pan offer. Emails/call with M/L. Sioen re revised offer. Call/email with M. Hedmann.	1.20	795.00	954.00
08/20/2024	Adam Sherman Call and emails with M. Grossell re Fei Pan offer. Call with Avison Young. Call with M/L Sioen.	1.00	795.00	795.00
08/21/2024	Adam Sherman Emails/calls with M. Grossell re Fei Pan offer, including comments on same. Call with Avison Young. Call with M/L. Sioen.	1.00	795.00	795.00
08/22/2024	Adam Sherman Emails with M. Grossell re Fei Pan offer, including emails/call with Avison Young. Call with M/L Sioen.	1.20	795.00	954.00
08/26/2024	Adam Sherman	0.70	795.00	556.50

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
08/27/2024	Review/approve bank rec for July 2024. Calls with Avison Young. Call with Avison Young. Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
08/29/2024	Adam Sherman Emails/call with Avison Young. Calls with M/L Sioen.	0.70	795.00	556.50
09/03/2024	Adam Sherman Emails/call with AY re FeiPan offer. Emails with M. Grossell. Call with M/L Sioen.	1.20	795.00	954.00
09/04/2024	Adam Sherman Emails/call with AY re FeiPan offer. Emails with M. Grossell re FeiPan offer, including estimated waterfall. Emails/call with M/L Sioen.	1.50	795.00	1,192.50
09/05/2024	Pascale Lareau Prepare bank reconciliation, pdf, update bank reconciliation file.	0.40	320.00	128.00
09/09/2024	Adam Sherman Emails with FCA re insurance. Email from Execulink. Emails/call with AY re FeiPan offer. Emails/call with M/L Sioen.	1.30	795.00	1,033.50
09/10/2024	Adam Sherman Emails/call with M. Grossell.	0.30	795.00	238.50
09/13/2024	Adam Sherman Calls with M. Sioen. Review/approve bank rec for August 2024. Email from FCA re insurance.	0.50	795.00	397.50
09/16/2024	Adam Sherman Emails/call with AY re FeiPan offer / [REDACTED] offer. Emails from Sonitrol re monitoring. Emails with M. Grossell. Emails/call with M/L Sioen. Draft interim R&D and waterfall. Emails with Inspectors. Emails with D. Cooper (shareholder).	3.50	795.00	2,782.50
09/17/2024	Adam Sherman Emails/call with M. Grossell. Chair Inspector meeting re FeiPan offer and related matters. Emails with Inspectors. Emails/call with M/L Sioen. Execute FeiPan offer, including emails/call with AY.	4.00	795.00	3,180.00
09/18/2024	Carol O'Donnell Verify bank for incoming wire transfer and update deposit.	0.20	300.00	60.00
09/18/2024	Adam Sherman Emails with AY re FeiPan agreement. Emails with Richter team. Email to Inspectors confirming receipt of FeiPan deposit. Call with M/L Sioen. Draft Inspector minutes.	2.00	795.00	1,590.00

Invoice No.: 20410549
Date: 10/17/2024

Date	Name and Description	Hours	Rate	Amount
09/19/2024	Carol O'Donnell Prepare cheques.	0.30	300.00	90.00
09/19/2024	Adam Sherman Review/approve expenses. Emails/call with AY re site access for Phase 1 assessment/other matters. Calls with M/L Sioen. Draft deposit receipt. Finalize Inspector meeting minutes, including emails with M. Grossell re same.	2.50	795.00	1,987.50
09/20/2024	Adam Sherman Emails with M. Grossell. Email to Inspectors attaching Inspector meeting minutes.	0.40	795.00	318.00
09/23/2024	Adam Sherman Emails with P. Hanson (Inspector).	0.20	795.00	159.00
Fees Total		<hr/> 68.60		<hr/> \$ 50,277.00

Invoice No.: 20410549
Date: 10/17/2024

Remittance Form

Richter Inc., Trustee re: Ayanda Cannabis Corporation
181 Bay Street, Suite 3510
Toronto, ON M5J 2T3

Invoice Summary

Sub-Total		\$ 50,277.00
GST/HST #885435842 RT0001		6,536.01
Total Due	CAD	\$ 56,813.01

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.
Interest on overdue accounts accrues at 12% per annum starting 30 days following the date of our invoice.

TORONTO

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

MONTRÉAL

1981 McGill College
Montréal QC H3A 0G6
514.934.3400

CHICAGO

200 South Wacker, #3100
Chicago IL 60606
312.828.0800

This is Exhibit "D" referred to in the Affidavit of
Adam Sherman, sworn on October 24, 2024

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 Trustee *in re* the Bankruptcy of
Ayanda Cannabis Corporation**

Statement of Accounts

Staff Member	Number of Hours	Hourly Rate	Amount
Senior Vice President			
Adam Sherman	94.10	\$ 795.00	\$ 74,809.50
Vice President			
Adam Zeldin	63.10	\$ 550.00	\$ 34,705.00
Administrator			
Carol O'Donnell	7.70	\$ 300.00	\$ 2,310.00
Pascale Lareau	6.70	\$ 320.00	\$ 2,144.00
Total	171.60		\$ 113,968.50
Discount			\$ (6,000.00)
Total Fees Charged			\$ 107,968.50
Blended Average Hourly Rate	\$ 629.19		

APPENDIX “CC”

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 BANKRUPTCY OF
AYANDA CANNABIS CORPORATION OF THE COUNTY
OF NORFOLK, IN THE PROVINCE OF ONTARIO**

AFFIDAVIT OF MITCHELL W. GROSSELL
(Sworn October 24, 2024)

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 I am a partner at Thornton Grout Finnigan LLP (“**TGF**”), counsel to Richter Inc. (formerly, Richter Advisory Group Inc.) in its capacity as Bankruptcy Trustee of Ayanda Cannabis Corporation (the “**Bankruptcy Trustee**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. As part of an adjourned December 2023 motion, TGF previously sought the approval for the fees and disbursements incurred by TGF in connection with the performance of their duties during Ayanda Cannabis Corporation (“**Ayanda**”)’s NOI/Proposal proceeding and

certain portions of these bankruptcy proceedings. Attached hereto as **Exhibit “A”** is a copy of the affidavit of Robert Thornton sworn December 12, 2023, and the exhibits therein, containing copies of the invoices issued by TGF to Richter Inc., in its previous capacity as the proposal trustee of Ayanda and in its capacity as the Bankruptcy Trustee since August 25, 2023, for the period from August 1, 2023, through to November 30, 2023.

3. Attached hereto as **Exhibit “B”** are copies of the invoices issued by TGF to the Bankruptcy Trustee for fees and disbursements incurred by TGF through the course of these proceedings for the period from December 1, 2023, through to September 30, 2024.

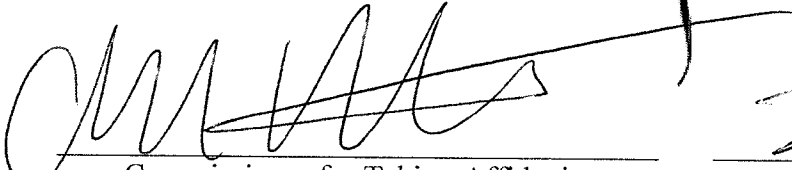
4. Attached hereto as **Exhibit “C”** is a schedule summarizing each invoice in **Exhibit “B”**, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

5. Attached hereto as **Exhibit “D”** is a schedule summarizing the respective years of call, where applicable, and billing rates of each of the TGF professionals who acted for the Bankruptcy Trustee.

6. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe the total hours, fees, and disbursements incurred by TGF in this matter are reasonable and appropriate in the circumstances.

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

SWORN before me
at the City of Toronto
in the Province of Ontario,
This 24th day of October, 2024.

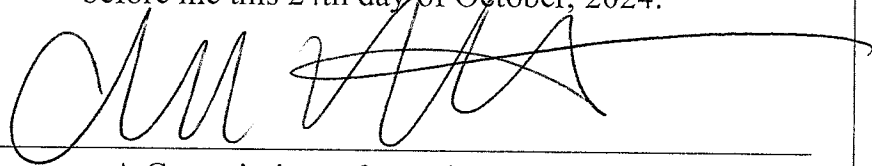


Commissioner for Taking Affidavits
(or as may be)



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 this 24th day of October, 2024.

A handwritten signature in black ink, consisting of stylized initials and a surname, written over a horizontal line.

A Commissioner for taking affidavits

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 BANKRUPTCY OF
AYANDA CANNABIS CORPORATION OF THE COUNTY
OF NORFOLK, IN THE PROVINCE OF ONTARIO**

AFFIDAVIT OF ROBERT I. THORNTON
(Sworn December 12, 2023)

I, **ROBERT I. THORNTON**, of the City of Toronto, in the Province of Ontario,

MAKE OATH AND SAY AS FOLLOWS:

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and I am a partner at Thornton Grout Finnigan LLP (“**TGF**”), counsel to Richter Inc. (formerly, Richter Advisory Group Inc.) in its capacity as Bankruptcy Trustee of Ayanda Cannabis Corporation (the “**Bankruptcy Trustee**”) and, as such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. Attached hereto as **Exhibit “A”** are copies of the invoices issued by TGF to the Bankruptcy Trustee for fees and disbursements incurred by TGF through the course of these proceedings for the period from August 1, 2023 through to November 30, 2023.

3. Attached hereto as **Exhibit “B”** is a schedule summarizing each invoice in **Exhibit “A”**, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

4. Attached hereto as **Exhibit “C”** is a schedule summarizing the respective years of call, where applicable, and billing rates of each of the TGF professionals who acted for the Bankruptcy Trustee.

5. To the best of my knowledge, the rates charged by TGF throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe the total hours, fees, and disbursements incurred by TGF in this matter are reasonable and appropriate in the circumstances.

6. I make this affidavit in support of a motion by the Bankruptcy Trustee for, *inter alia*, approval of the fees and disbursements of the Bankruptcy Trustee’s counsel.

SWORN before me
at the City of Toronto
in the Province of Ontario,
this 12th day of December, 2023.



Commissioner for Taking Affidavits
(or as may be)

**MITCHELL W. GROSSELL
(LSO# 69993I)**

ROBERT I. THORNTON

This is Exhibit "A" referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 12th day of December, 2023.



A Commissioner for taking affidavits *(or as may be)*

MITCHELL W. GROSSELL
(LSO# 699931)

EXHIBIT "A"



Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

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

September 13, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.: 39851
File No.: 2170-001

RE: NOI of Ayanda Cannabis

**TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING
for the period ending: August 31, 2023**

FEES

- Aug-01-23 Telephone call with A. Zeldin regarding Third Report; review of Third Report and provide comments on same; drafting Order; review of Inspectors' Meeting Minutes and provide comments on same;
- Aug-02-23 Review of draft Third Report and review and respond to emails regarding same;
- Telephone call with A. Zeldin to discuss the draft Order and Third Report; review of Services Agreement; further telephone call with A. Zeldin; drafting Notice of Motion; telephone call with A. Zeldin; review of revised Third Report and further revisions to same; revisions to draft Order;
- Aug-03-23 Telephone call with A. Zeldin; review of fee affidavit and revisions to same; review of draft order and revisions to same; revisions to Notice of Motion;
- Aug-04-23 Review of fee affidavit of A. Sherman; commission affidavit; review of Third Report; review of fee affidavit of R. Thornton; commission affidavit; email correspondence and coordination of appendices and compilation of the Motion Record;
- Review of email from M. Grossell regarding fee affidavit and respond to same; email and call with assistant; approve motion record for service; prepare draft email;
- Aug-08-23 Commence drafting Factum in support of annulment of the Proposal and bankruptcy of Ayanda Cannabis Corporation;
- Email to assistant to prepare affidavit of service; review of CaseLines to see if bundle has been established; fully hyperlinking motion record, which including report and affidavits; emails with assistant regarding affidavit of service; review of email from M. Grossell; review of draft affidavit of service;
- Aug-09-23 Continue drafting factum; revisions to same;
- Review of CaseLines; email to M. Grossell regarding CaseLines; email to Commercial List Office; review of email from Court; uploading motion record to Caselines; review

of CaseLines to ensure that all TGF parties have access to bundle; subsequent emails with M. Grossell;

- Aug-10-23 Review of draft Factum; review and respond to emails regarding same;
- Emails regarding uploading Motion Record to CaseLines and dealing with same; email from A. Zeldin regarding link and respond to same; revisions to the Factum; review of revisions from A. Zeldin in respect of the Factum; review of revised draft of the Factum and further revisions to same;
- Draft email to counsel regarding Participant Information Form and send same; emails with M. Grossell; review of emails regarding motion record and instructions to N. Longmore; review of undeliverable message and emails with M. Grossell; updating service list and circulating to M. Grossell; emails with student regarding factum; review of email from M. Grossell regarding service list; review of email from Richter; subsequent emails with student regarding footnotes and review and respond to same;
- Revisions to Factum for motion; hyperlinked relevant statutes and jurisprudence; drafted Schedule A and Schedule B;
- Aug-11-23 Review of revised Factum and further revisions to same; email to B. Brinkman regarding finalized Factum; email correspondence with A. Zeldin regarding access to CaseLines; email correspondence with S. Mackenzie; review of revised Order; review of Participant Information Form; further correspondence regarding attendance of N. Cain; telephone call with shareholder regarding motion;
- Review of email from M. Grossell regarding Factum; review of Factum and finalize to arrange for service; email to Service List; hyperlinking Factum to CaseLines and testing links; uploading Factum to CaseLines; updating affidavit of service, compiling same and swearing; email to N. Longmore; review of emails from M. Grossell; review of CaseLines; email to Court; email to client; further emails with N. Longmore; updating draft Order for Court attendance and circulating to M. Grossell; review of email from counsel and respond to same; review of email from counsel to the Applicant and provide CaseLines access to A&B; email to A&B; prepare Participant Information and sent to M. Grossell; review of email from M. Grossell and upload revised Order to CaseLines; revising Participant Information Form as per M. Grossell and circulating same;
- Aug-14-23 Preparation of submissions in respect of Ayanda hearing; telephone call with A. Sherman and A. Zeldin; telephone call with counsel to the Company regarding preparation for the hearing; attend Court hearing, debrief calls with R. Thornton and Richter regarding hearing; review of endorsement; email to Class B Shareholder;
- Review of email from M. Grossell; updating Participant Information Sheet; email to M. Grossell; review of email from M. Grossell; uploading participant information sheet to CaseLines; review of email from self represented party and respond to same; emails with M. Grossell regarding status of matter;
- Aug-15-23 Review of email from A. Zeldin regarding information request and respond to same;

- Review of email from Commercial List Office and respond to same; email to M. Grossell; email to M. Grossell regarding Endorsement; email from M. Grossell;
- Aug-16-23 Telephone call with A. Zeldin regarding response to N. Cain and Supplemental Report; review of Notice of Intent to Revoke Cannabis Licence;
- Serving Endorsement on Service List;
- Aug-17-23 Review of Notice of Intention regarding cannabis licence; review of email from A. Sherman regarding information request and respond to same; review of draft response to N. Cain regarding information request; drafting consent agreement;
- Aug-18-23 Email from A. Zeldin regarding consent; review of same; telephone call with A. Zeldin regarding information requests; email from A. Zeldin regarding information request;
- Aug-19-23 Review and comment on responses to information requests from N. Cain;
- Aug-21-23 Review of Third Supplemental Report; review and respond to emails regarding same;
- Telephone with A. Zeldin regarding Supplemental Report; review of Supplemental Report and revisions to same; review of comments from R. Thornton; review of Share Purchase Agreement;
- Aug-22-23 Revising Supplement to Third Report; review and respond to emails regarding same;
- Continue review and revision to the Supplemental Report; review of preservation of claims under the BIA; review of the SPA and consideration of recourse to the Purchaser; email to R. Thornton regarding same; email from A. Sherman regarding consent;
- Aug-23-23 Review of draft Supplemental Report;
- Emails from A. Zeldin regarding revised Supplemental Third Report; review of same; final review of Supplemental Report and tend to service of same;
- Aug-24-23 Review and respond to emails regarding objections and submissions; review of draft letter to judge and Service List; telephone call with M. Grossell regarding submissions;
- Telephone call with I. Aversa; consideration of submissions; review of Participant Information Form; email correspondence regarding attendance of Class B Shareholders; review of draft letter to Justice Conway; telephone call with J. Couwenberg regarding motion; telephone call with I. Aversa; telephone call with Richter regarding update;
- Review of email from N. Longmore; review of CaseLines; call with N. Longmore; uploading Motion Record to CaseLines; hyperlinking Factum and uploading same to new adjourned motion bundle;
- Aug-25-23 Telephone call with M. Grossell regarding out one; review of endorsement and review and respond to emails regarding same;

Preparation of submissions for motion to annul proposal and assign Ayanda into bankruptcy; review of draft response to N. Cain and revisions to same; telephone call with Richter and I. Aversa in preparation for hearing; correspondence with counsel to shareholders; correspondence to shareholders; revision to draft order and sending same to Justice Conway; debrief call with R. Thornton;

Aug-28-23 Email from Class B Shareholders regarding destruction of cannabis; email to Richter regarding same;

Aug-31-23 Review of email from S. Mackenzie and respond to same;

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

<u>Lawyer</u>	<u>Hours</u>
Robert I. Thornton	4.30
Mitch Grossell	40.70
Bobbie-Jo Brinkman law cl	7.90
Andrew Nesbitt (student)	4.00
Total Fees	\$41,315.00
HST (@ 13%) on Fees	<u>\$5,370.95</u>
Total Fees and HST	\$46,685.95
<u>DISBURSEMENTS</u>	
3% Administrative Fee	\$1,239.45
Total Taxable Disbursements	\$1,239.45
HST (@ 13%) on Taxable Disbursements	\$161.13
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$1,400.58</u>
TOTAL DUE & OWING	<u>\$48,086.53</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

- 1. Cheque Payable to Thornton Grout Finnigan LLP or*
- 2. EFT or Wire Transfer to:*

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

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

October 13, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.: 39969
File No.: 2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: September 30, 2023

FEES

- Sep-12-23 Review of Trustee Report for the Creditors' Meeting; provide comments on same; email correspondence with A. Zeldin;
- Sep-13-23 Telephone call with A. Zeldin regarding Creditors' Meeting;
- Sep-14-23 Review of provisions of the BIA in respect of first meeting of the creditors and the appointment of inspectors; review of inspector handbook; telephone call with A. Zeldin; preparation for and attend First Meeting of the Creditors; attend Inspectors Meeting; debrief telephone call with A. Sherman and A. Zeldin regarding Meeting of the Creditors and Inspectors' Meeting;
- Sep-18-23 Review of email from A. Zeldin regarding listing agents; telephone calls (x2) with A. Zeldin; review of final email to the inspectors;
- Sep-19-23 Email correspondence regarding Inspectors' Meeting; review of minutes of the Inspectors' Meeting;
- Sep-20-23 Review of emails from A. Zeldin regarding additional observer; email regarding Hyde Advisory consulting agreement; attend Inspectors' Meeting;
- Sep-21-23 Review of Hyde Advisory Agreement; revisions to same;
- Sep-22-23 Review of additional comments from A. Zeldin regarding the Hyde Advisory agreement;
- Sep-24-23 Review of email from D. Hyde and formulate responses to same;

- Sep-25-23 Review of email from A. Zeldin regarding Avison Young listing agreement; review of listing agreement and provide comments on same; telephone call with A. Zeldin;
- Sep-26-23 Attend call with Hyde Advisory regarding listing; telephone call with A. Zeldin regarding Avison Young listing 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	11.20	
Total Fees		\$8,400.00
HST (@ 13%) on Fees		<u>\$1,092.00</u>
Total Fees and HST		\$9,492.00
 <u>DISBURSEMENTS</u>		
3% Administrative Fee		\$252.00
Total Taxable Disbursements		\$252.00
HST (@ 13%) on Taxable Disbursements		\$32.76
Total *Non-Taxable Disbursements		<u>\$0.00</u>
Total Disbursements and HST		<u>\$284.76</u>
 TOTAL DUE & OWING		 <u>\$9,776.76</u>
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:

1. Cheque Payable to Thornton Grout Finnigan LLP or
2. EFT or Wire Transfer to:

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

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

November 15, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No. 40109
File No. 2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: October 31, 2023

FEES

- Oct-02-23 Review of email from Hyde Advisory; respond to same;
- Oct-05-23 Review of Avison Young confidentiality agreement and brochure; email to A. Zeldin regarding same; emails from A. Sherman regarding email from purchaser's new counsel; email from A. Zeldin regarding inspectors' meeting;
- Oct-06-23 Review of email from A. Zeldin regarding Proof of Claim; telephone call with A. Zeldin to prepare for Inspectors' Meeting; attendance at Inspectors' Meeting; debrief call with A. Zeldin;
- Oct-10-23 Telephone call with A. Zeldin regarding property claim; further email correspondence from A. Zeldin regarding property claim and inspectors' meeting;
- Oct-11-23 Review of email from N. Cain regarding follow up questions in respect of ES Farming Proof of Claim; telephone call with A. Zeldin regarding questions from N. Cain; attend inspectors meeting to discuss Proof of Claim from ES Farming; further telephone call with A. Zeldin regarding email from N. Cain; review of draft responding email to inquiries from N. Cain;
- Oct-12-23 Commence drafting Asset Purchase Agreement;
- Oct-13-23 Continue drafting Asset Purchase Agreement; email from A. Zeldin regarding return of property;
- Oct-16-23 Review of email from A. Zeldin regarding update from Hyde Advisory;
- Oct-17-23 Review of email from former Purchaser in respect of information requests and provide comments on same;

Oct-19-23 Review of email in respect of security system and provide comments on same;
 Oct-20-23 Review of email from A. Zeldin regarding update with respect to security system;
 Oct-25-23 Review of email from A. Zeldin with respect to inspector update; respond to same;
 Oct-30-23 Review of email from A. Zeldin regarding written update to the inspectors;

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	7.70
Total Fees	\$5,775.00
HST (@ 13%) on Fees	<u>\$750.75</u>
Total Fees and HST	\$6,525.75
 <u>DISBURSEMENTS</u>	
3% Administrative Fee	\$173.25
Total Taxable Disbursements	\$173.25
HST (@ 13%) on Taxable Disbursements	\$22.52
Total *Non-Taxable Disbursements	<u>\$0.00</u>
 Total Disbursements and HST	 <u>\$195.77</u>
 TOTAL DUE & OWING	 <u>\$6,721.52</u>

Thornton Grout Finnigan LLP



Per: Mitch Grossell

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

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1. *Cheque Payable to Thornton Grout Finnigan LLP or*

2. *EFT or Wire Transfer to:*

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

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

December 11, 2023

Attention: Adam Sherman and Adam Zeldin

Invoice No.: 40171
File No.: 2170-001

RE: NOI of Ayanda Cannabis

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: November 30, 2023

FEES

- Nov-06-23 Telephone call with A. Zeldin regarding potential issues in respect of treatment of leases; research in respect of same; further telephone call with A. Zeldin;
- Nov-08-23 Telephone call with A. Zeldin regarding purchasers;
- Nov-10-23 Review of claim filed by the former purchaser; emails with A. Zeldin regarding same;
- Nov-12-23 Review of Statement of Claim from former purchaser; email to A. Zeldin regarding same;
- Nov-14-23 Review of email from A. Zeldin regarding response to the former purchaser regarding return of property; review of bids received; draft update email to R. Thornton regarding bids; telephone call with A. Zeldin regarding potential bidders; attend conference call with A. Zeldin and D. Hyde to discuss the potential purchaser and bid; further email correspondence with R. Thornton regarding same;

Instructions from M. Grossell and attend to corporate search;
- Nov-16-23 Review of stay letter and provide comments on same; telephone call with A. Zeldin regarding potential purchasers;
- Nov-17-23 Prepare for and attend Inspectors' Meeting;
- Nov-20-23 Review of Asset Purchase Agreement; draft email to A. Zeldin regarding same;
- Nov-21-23 Review of letter from Canada Revenue Agency regarding reassessment; telephone call with A. Zeldin regarding same; email from A. Zeldin regarding update to the Inspectors;
- Nov-22-23 Review of emails from A. Zeldin regarding Inspectors' Meeting and information with respect to sale approval; further email correspondence with A. Zeldin regarding

distribution waterfall; telephone call with A. Sherman and A. Zeldin regarding Inspectors' Meeting; further email regarding purchased assets; review of proposed waterfall;

- Nov-24-23 Review of Notice of Disallowance; review of Proof of Claim in respect of Nugsmasher; telephone call with A. Zeldin regarding Nugsmasher property claim; review of email from A. Zeldin to N. Cain regarding prospective purchaser and value of the land; attend Inspectors' Meeting; review of email from P. Sharma regarding property claim;
- Nov-26-23 Review of email from L. Sioen regarding potential Health Canada rebates; emails from A. Zeldin regarding response to property claimant;
- Nov-27-23 Review of email from A. Zeldin regarding note to the Inspectors; draft response to property claimant; email from Inspector regarding motion to approve the transaction;
- Nov-28-23 Review of Trustee materials; receiving instructions from M. Grossell regarding case strategy and next steps; review of documents shared by M. Grossell in an email exchange;
- Telephone call with A. Sherman and A. Zeldin regarding proposed plan of action with respect to the sale agreement and position of the Inspectors; draft agenda for Inspectors' Meeting; draft email to M. Sioen regarding extension of lease; review of email from observer; email correspondence regarding same; meeting with D. Devi regarding security opinion and Approval and Vesting Order;
- Nov-29-23 Review of draft Asset Purchase Agreement and revisions to same; email correspondence with the Court regarding scheduling;
- Nov-30-23 Telephone call with M. Grossell regarding Inspector's position on proposed sale;
- Prepare and draft security opinion for Trustee with respect to MSFL; review and analysis of security documents, Trustee reports, motion materials, loan agreements, corporate and PPSA searches of MSFL;
- Email correspondence with the Court regarding scheduling hearing; continue review of Asset Purchase Agreement; email to A. Zeldin regarding revised Asset Purchase 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>
Robert I. Thornton	0.20
Mitch Grossell	17.40
Divyansh Dev	6.20
Roxana Manea (Law Clerk)	0.20
Total Fees	\$16,665.00
HST (@ 13%) on Fees	<u>\$2,166.45</u>
Total Fees and HST	\$18,831.45

DISBURSEMENTS

3% Administrative Fee	\$499.95
Total Taxable Disbursements	\$499.95
HST (@ 13%) on Taxable Disbursements	\$64.99
Total *Non-Taxable Disbursements	<u>\$0.00</u>
Total Disbursements and HST	<u>\$564.94</u>
TOTAL DUE & OWING	<u>\$19,396.39</u>

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:

1. Cheque Payable to Thornton Grout Finnigan LLP or

2. EFT or Wire Transfer to:

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca

This is Exhibit "B" referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 12th day of December, 2023.



A Commissioner for taking affidavits *(or as may be)*

MITCHELL W. GROSSELL
(LSO# 69993I)

EXHIBIT "B"

Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period August 1, 2023 to November 30, 2023

Invoice #	Fees	Disbursements	HST	Total Hours	Average Hourly Rate	Total (Fees, Disb., HST)
39851	\$41,315.00	\$1,239.45	\$5,532.08	56.90	\$726.10	\$48,086.53
39969	\$8,400.00	\$252.00	\$1,124.76	11.20	\$750.00	\$9,776.76
40109	\$5,775.00	\$173.25	\$773.27	7.70	\$750.00	\$6,721.52
40171	\$16,665.00	\$499.95	\$2,231.44	24.00	\$694.38	\$19,396.39
TOTALS:	\$72,155.00	\$2,164.65	\$9,661.55	99.80	\$730.12	<u>\$83,981.20</u>

This is Exhibit "C" referred to in the Affidavit of Robert I. Thornton sworn by Robert I. Thornton of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, this 12th day of December, 2023.



A Commissioner for taking affidavits (*or as may be*)

MITCHELL W. GROSSELL
(LSO# 699931)

EXHIBIT “C”

Billing Rates of Thornton Grout Finnigan LLP for the period August 1, 2023 to November 30, 2023

	<u>Position</u>	<u>Rate 2023</u>	<u>Year of Call</u>
Robert Thornton	Partner	\$1,425.00	1984
Mitchell Grossell	Associate	\$750.00	2016
Divyansh Dev	Associate	\$525.00	2023
Andrew Nesbitt	Student	\$425.00	N/A
Bobbie-Jo Brinkman	Law Clerk	\$375.00	N/A
Roxana Manea	Law Clerk	\$375.00	N/A

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

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

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

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

Proceeding commenced at Toronto

AFFIDAVIT OF ROBERT I. THORNTON
Sworn December 12, 2023

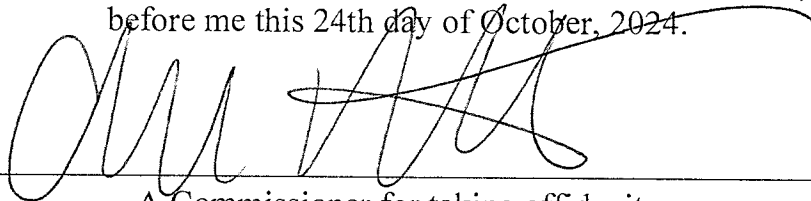
THORNTON GROUT FINNIGAN LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca
Tel: 416 304-0560

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca
Tel: 416 304-1616

Counsel to the Bankruptcy Trustee

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 this 24th day of October, 2024.

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by several loops and a long horizontal stroke that extends to the right.

A Commissioner for taking affidavits



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

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

January 15, 2024

Attention: Adam Sherman

Invoice No. 40324
File No. 2170-001

RE: Bankruptcy of Ayanda Cannabis Corporation

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: December 31, 2023

FEES

- Dec-01-23 Review and analysis of draft asset purchase agreement, precedent of approval and vesting orders, and interim distribution orders; drafting and preparation of approval and vesting order [REDACTED] drafting of trustee's certificate; drafting of interim distribution order; drafting and preparation of schedules to the draft order; [REDACTED]; [REDACTED];
- Preparation for Inspectors' Meeting; attend Inspectors' Meeting; debrief telephone call with A. Zeldin; review and consideration of email from [REDACTED]; telephone call with A. Zeldin [REDACTED];
- Dec-03-23 Review and consideration of revisions from M. Grossell; email exchange with M. Grossell regarding [REDACTED]
- Review of [REDACTED] and [REDACTED]; review of email from [REDACTED] regarding [REDACTED]
- Dec-04-23 Review of revisions from M. Grossell regarding [REDACTED]; email exchange regarding same;
- Review of email from D. Dev regarding [REDACTED]; provide comments on same; review of draft approval and vesting order and interim distribution order; [REDACTED]; email correspondence with the Court regarding motion for Approval and Vesting Order; review of draft resolution and email to the Inspectors; telephone call with A. Zeldin regarding [REDACTED]; review of Service List and consideration of same; telephone call with A. Zeldin regarding [REDACTED];

- Dec-05-23 Review of [REDACTED]; review and analysis of [REDACTED]
[REDACTED]; email exchange with M. Grossell regarding [REDACTED]
- Email correspondence with A. Zeldin regarding [REDACTED]
[REDACTED]; telephone call with [REDACTED]
[REDACTED]; email correspondence regarding [REDACTED]; emails from D. Dev regarding [REDACTED];
- Dec-06-23 Review of [REDACTED]; preparation of [REDACTED]; review of email exchange between [REDACTED]; email exchange with M. Grossell; revision of [REDACTED]; review of [REDACTED]; review of [REDACTED]; review of T [REDACTED];
- Review of email correspondence regarding [REDACTED]; review of email from D. Dev regarding [REDACTED]; consideration of same;
- Dec-07-23 Attending telephone call with M. Grossell and A. Zeldin; discussion with M. Grossell regarding [REDACTED]; review of A. Zeldin [REDACTED];
- Review of revised draft Approval and Vesting Order; review of draft First Report and provide comments on same; review [REDACTED]; email to A. Zeldin regarding [REDACTED]; telephone call with A. Zeldin regarding [REDACTED];
- Dec-08-23 Drafting Notice of Motion; review of court documents and reports of Trustee for preparation of Notice of Motion; email exchange with M. Grossell regarding [REDACTED]; review of latest PPSA search outcome; revisions to First Report along with updated PPSA search outcome for review by A. Zeldin; review of fee exhibits and affidavit of R. Thornton;
- Review of [REDACTED]; revision to the Asset Purchase Agreement; email to D. Dev regarding [REDACTED]; telephone call with [REDACTED]; telephone call with A. Zeldin regarding [REDACTED] revisions to the Asset Purchase Agreement; revisions to the Approval and Vesting Order; further telephone call with A. Zeldin regarding [REDACTED]; review of [REDACTED]; provide comments on same; email regarding PPSA search; review of emails from [REDACTED];
- Instructions from M. Grossell and D. Dev and attend to certified PPSA search;
- Dec-09-23 Review of revisions and edits regarding Notice of Motion as recommended by M. Grossell

Review of Notice of Motion and provide comments on same; drafting [REDACTED];

Dec-10-23 Revision of Notice of Motion and revisions to same; review of Trustee reports and court documents for updating the Notice of Motion; review of [REDACTED]; review of [REDACTED];

Dec-11-23 Finalizing the updated draft of Notice of Motion and sending it for review to M. Grossell; review of updated version First Report of the Trustee against changes made in the latest version;

Telephone call with A. Zeldin regarding [REDACTED]; review of Notice of Motion and provide comments on same; review of [REDACTED]; review of [REDACTED]; review of revised First Report;

Dec-12-23 Review of motion record; revising Notice of Motion; review of [REDACTED]; review of [REDACTED]; review of email correspondence between Richter and [REDACTED]; drafting and editing [REDACTED];

Review of revised draft of the Asset Purchase Agreement from the Purchaser; email correspondence with A. Zeldin; telephone calls with A. Zeldin; revisions to the Asset Purchase Agreement; further email correspondence regarding same;

Dec-13-23 Sending [REDACTED]; review of TGF precedents for drafting of Factum; annotating relevant facts in the motion record in preparation for drafting the Factum; meeting with S. Srikaruna for task connected with precedent factum related to [REDACTED];

Dec-14-23 Drafting [REDACTED]; drafting of [REDACTED];

Dec-15-23 Email exchange with D. Alievsky regarding [REDACTED]; sending the draft Factum for M. Grossell for review; review of revisions by M. Grossell; responding to note to drafts shared by M. Grossell and correspondingly updating the Factum; review of footnotes in the Factum;

Review of Inspectors' Resolution regarding [REDACTED]; email correspondence regarding [REDACTED]; review of Ayanda factum and revisions to same; telephone call with A. Zeldin regarding [REDACTED]; further telephone call with A. Sherman and A. Zeldin regarding [REDACTED];

Revise factum and draft schedules for D. Dev;

Dec-16-23 Revising and updating the Factum with sealing of Confidential Appendices added and expanded as an issue of law; editing and revising list of cases cited in the Factum

Review of revised Factum; further revisions to same;

Dec-17-23 Preparing executed version of the Factum; filing and servicing the finalised Factum on the Service List and coordinating with M. Magni and B. Brinkman for next steps;

Review of revised Factum; provide further comments on same;

Review of emails from M. Grossell; uploading Factum to CaseLines;

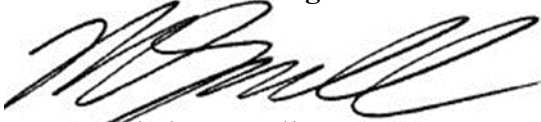
Dec-18-23 Telephone calls (x3) with A. Zeldin regarding [REDACTED] telephone call with [REDACTED] [REDACTED] email correspondence with [REDACTED]; email to the Service List regarding adjournment; email to judge regarding adjournment;

Dec-19-23 Telephone call with A. Zeldin regarding [REDACTED]; review of letter from mortgage broker regarding [REDACTED];

Hyperlinking Factum in CaseLines ahead of motion; updating Order and circulating same to team; emails with M. Grossell; review of email from Court regarding motion record and respond to same; review of email from M. Grossell; serve Endorsement on Service List;

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	26.10	
Divyansh Dev	60.50	
Bobbie-Jo Brinkman (Law Clerk)	0.90	
Roxana Manea (Law Clerk)	0.10	
Daniel Alievsky (Student)	1.00	
Total Fees	\$52,137.50	
HST (@ 13%) on Fees	<u>\$6,777.88</u>	
Total Fees and HST		\$58,915.38
<u>DISBURSEMENTS</u>		
Wildeboer Dellelce Inv. 9871	\$2,246.50	
Wildeboer Dellelce Inv. 9871 Non-taxable Disb*	\$149.00	
3% Administrative Fee	\$1,564.13	
Total Taxable Disbursements	\$3,810.63	
HST (@ 13%) on Taxable Disbursements	\$495.39	
Total *Non-Taxable Disbursements	<u>\$149.00</u>	
Total Disbursements and HST		<u>\$4,455.02</u>

TOTAL DUE & OWING**\$63,370.40****Thornton Grout Finnigan LLP**

Per: Mitch Grossell

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

Terms: Payment due upon receipt. Any disbursements not posted to your account on the date of this statement will be billed later. In accordance with Section 33 of The Solicitor's Act, interest will be charged at the rate of 4.00% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this Statement is delivered.

Payment can be made to us by:

- 1. Cheque Payable to Thornton Grout Finnigan LLP or*
- 2. EFT or Wire Transfer to:*

Account No. 027779-002

Transit No. 10532

Institution No. 016 (HSBC Bank Canada)

Account Name - Thornton Grout Finnigan LLP

Address of Bank - 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank - HSBC Bank Canada

SwiftCode: HKBCCATT

Attention: Credit Services Department

Please send remittance advice to ychiu@tgf.ca



STATEMENT OF ACCOUNT

Thornton Grout Finnigan LLP
Mitch Grossell
Toronto-Dominion Centre, P.O. Box 329
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7

Invoice Date: December 31, 2023
Invoice No.: 9871
Matter No.: 2302287
HST No.: R134403013

Matter: Ayanda Cannabis Corporation

To professional services rendered through December 31, 2023 with respect to the above noted matter; and to all advice, consultations, correspondence and attendances necessary to the foregoing.

	Amount (CAD)
Professional Fees	539.00
Disbursements (Taxable)	1,707.50
Disbursements (Non-Taxable)	149.00
	<hr/> 1,856.50
Net Total	2,395.50
HST	292.05
Amount Payable	<hr/> \$2,687.55

THIS IS OUR ACCOUNT HEREIN

WILDEBOER DELLELCE LLP
Michael Rennie
Partner

E. & O. E.

ACCOUNTS ARE DUE WHEN RENDERED. INTEREST WILL BE CHARGED ON ALL AMOUNTS DUE ONE MONTH AFTER THE DATE OF DELIVERY OF THIS ACCOUNT IN ACCORDANCE WITH THE SOLICITORS ACT.

Client: Thornton Grout Finnigan LLP
Matter: Ayanda Cannabis Corporation

Invoice Date:
Invoice No.:
Matter No.:

December 31, 2023
9871
2302287

Professional Fees: Time Detail

Description

telephone conversation with M. Grossell re [REDACTED]
[REDACTED]

Disbursement Detail (Taxable)

<u>Date</u>	<u>Description</u>	<u>Amount</u>
2023-12-18	Agent Fees - DeFrancesca	1,707.50
Total		\$1,707.50

Disbursement Detail (Non-Taxable)

<u>Date</u>	<u>Description</u>	<u>Amount</u>
2023-12-18	Agent Fees - Search Costs	149.00
Total		\$149.00



Thornton Grout Finnigan LLP
Mitch Grossell
Toronto-Dominion Centre, P.O. Box 329
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7

Invoice Date: December 31, 2023
Invoice No.: 9871
Matter No.: 2302287

REMITTANCE COPY

Ayanda Cannabis Corporation

<u>Invoice Date</u>	<u>Invoice Number</u>	<u>Balance Due</u>
<u>Current Invoice</u>		
2023-12-31	9871	\$2,687.55
Balance Due		<u><u>\$2,687.55</u></u>

For ease of payment, we accept cheques (payable to Wildeboer Dellelce LLP), credit cards, email transfers (email ar@wildlaw.ca), bill payments (under corporate creditor "Wildeboer Dellelce LLP") and wires/EFTs.

Wire Instructions: *Account Name: Wildeboer Dellelce LLP
Address: Suite 800, 365 Bay Street, Toronto, ON M5H 2V1
Bank Name: Royal Bank of Canada
Bank Address: Main Branch Royal Bank Plaza, 200 Bay Street Toronto, ON M5J 2J5
Bank Number: 003; Transit Number: 00002; Account Number: 1346998 (CAD)
SWIFT: ROYCCAT2 (International)
Intermediary bank (for USD; if applicable): JP Morgan ABA Number: 021000021*

(Please Reference Invoice Number)

For payment inquiries or to make a payment by credit card, please email ar@wildlaw.ca.



Thornton Grout Finnigan LLP
RESTRUCTURING + LITIGATION

Toronto-Dominion Centre
100 Wellington Street West
Suite 3200, P.O. Box 329
Toronto, ON Canada M5K 1K7
T 416.304.1616 F 416.304.1313

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

October 11, 2024

Invoice No. 41492
File No. 2170-001

Attention: Adam Sherman

RE: Bankruptcy of Ayanda Cannabis Corporation

TO ALL PROFESSIONAL SERVICES RENDERED HEREIN INCLUDING THE FOLLOWING for the period ending: September 30, 2024

FEES

- 2024-01-03 Review of Canada Revenue Agency notice; call with A. Zeldin; review of response to Canada Revenue Agency notice; revising response to Canada Revenue Agency notice;
- 2024-01-04 Preparation of [REDACTED]; revision of draft response to CRA;
- 2024-01-05 Telephone call with A. Zeldin regarding [REDACTED]; read and respond to emails regarding same;
- 2024-01-05 Email exchange and telephone call with A. Zeldin regarding [REDACTED]; review of draft email and revision to same; revision of draft Canada Revenue Agency response;
- 2024-01-09 Review of email correspondence from A. Zeldin regarding [REDACTED];
- 2024-01-10 Telephone call with A. Zeldin regarding [REDACTED]; preparation for and attend Inspectors' Meeting;
- 2024-01-15 Review of email from A. Zeldin regarding [REDACTED];
- 2024-01-16 Review of update email from A. Zeldin regarding [REDACTED];
- 2024-01-17 Review of letter from the Purchaser's counsel regarding [REDACTED] email to Richter regarding [REDACTED];
- 2024-01-18 Emails from A. Zeldin regarding [REDACTED]; telephone call with A. Zeldin regarding [REDACTED] email from [REDACTED]; email from A. Zeldin [REDACTED];
- 2024-01-19 Email from A. Zeldin regarding [REDACTED];
- 2024-01-22 Telephone call with A. Sherman regarding [REDACTED] drafting letter to the Purchaser regarding [REDACTED];
- 2024-01-23 Draft letter to the Purchaser [REDACTED];
- 2024-01-24 Review of draft email to the Inspectors and provide comments on same; telephone call with A. Sherman regarding [REDACTED];
- 2024-01-25 Review of email from A. Sherman regarding [REDACTED];
- 2024-01-26 Review and revision to [REDACTED]; review of [REDACTED] emails to R. Manea regarding updated [REDACTED];

- 2024-01-26 Instructions from M. Grossell regarding [REDACTED]; attend to [REDACTED]; email to M. Grossell regarding [REDACTED];
- 2024-01-30 Email from [REDACTED]; email from R. Manea; review of PPSA search; [REDACTED]
- 2024-01-31 Review of draft email to the Inspectors and provide comments on same; review of final email to the inspectors;
- 2024-03-04 Review of letter from Canada Revenue Agency regarding revision of assessment; emails with A. Sherman regarding [REDACTED];
- 2024-03-21 Telephone call with A. Sherman regarding [REDACTED];
- 2024-03-25 Email to P [REDACTED]; review of [REDACTED]
- 2024-03-28 Email correspondence with [REDACTED]
- 2024-03-31 Review of email exchange between [REDACTED]; review [REDACTED];
- 2024-04-03 Review of email from [REDACTED]; review of [REDACTED];
- 2024-04-04 Review of email from [REDACTED]; respond to same; email to A. Sherman [REDACTED];
- 2024-04-09 Review of Asset Purchase Agreement from new purchaser;
- 2024-04-10 Review of [REDACTED]; email to A. Sherman regarding [REDACTED]
- 2024-04-10 Review and analysis of [REDACTED]
- 2024-04-11 Preparation for and telephone call with A. Sherman regarding [REDACTED]
- 2024-04-11 Review of APA; revise APA; [REDACTED]
- 2024-04-12 Review of revised draft of the Asset Purchase Agreement and provide further comments regarding same;
- 2024-04-12 Review of transaction structure in new APA; email exchange with M. Grossell with comments; further revisions to APA; [REDACTED];
- 2024-04-15 Review of comments from A. Sherman regarding [REDACTED]
- 2024-04-15 [REDACTED]; send email to M. Grossell for comments on [REDACTED]; incorporate M. Grossell's comments; [REDACTED];
- 2024-05-03 Telephone call with A. Sherman [REDACTED];
- 2024-07-30 Email correspondence with A. Sherman regarding [REDACTED];
- 2024-08-20 Email from A. Sherman regarding [REDACTED];
- 2024-08-21 Review of blackline of APA; revisions to same; telephone call with A. Sherman regarding [REDACTED]
- 2024-08-22 Email correspondence [REDACTED];

- 2024-09-04 Telephone call with A. Sherman regarding [REDACTED]; office conference with A. Nesbitt;
- 2024-09-04 Discussion with M. Grossell regarding file brief and future workflow;
- 2024-09-09 Review file contents to prepare for upcoming sales process;
- 2024-09-10 Telephone call with A. Sherman regarding [REDACTED]
- 2024-09-16 Telephone call with A. Sherman regarding [REDACTED];
- 2024-09-17 Attend Inspectors' Meeting;
- 2024-09-19 Review of draft Inspectors' Meeting minutes; revisions to same;

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

<u>Lawyer</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Robert Thornton	0.40	1,450.00	580.00
Mitch Grossell	23.60	800.00	18,880.00
Divyansh Dev	20.80	525.00	10,920.00
Roxana Manea (Law Clerk)	0.30	375.00	112.50
Andrew Nesbitt	0.70	425.00	297.50

Total FEES	\$30,790.00
GST/HST on Fees	\$4,002.70

DISBURSEMENTS

3% Admin Fee	923.70
Total DISBURSEMENTS	\$923.70
GST/HST on Disbursements	\$120.08

Total Fees & Disbursements	\$31,713.70
HST	\$4,122.78
Total	\$35,836.48

Thornton Grout Finnigan LLP

Per: Mitch Grossell

E. & O. E. 87042 1039 RT0001

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.

Please note that all our accounts are rendered in Canadian Dollars. Payment can be made to us by:

1. *Cheque Payable to Thornton Grout Finnigan LLP or*

2. *Wire Transfer to:*

Account No.: 1000413

Transit No.: 02955

Institution No.: 003

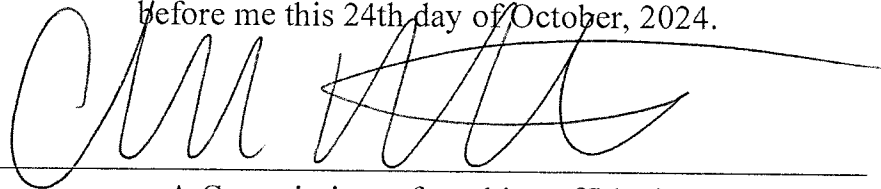
Account Name: Thornton Grout Finnigan LLP

Address of Bank: 111 Yonge Street, Toronto, Ontario M5C 1W4

Name of Bank: Royal Bank of Canada

Swift Code: ROYCCAT2

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 this 24th day of October, 2024.

A handwritten signature in black ink, consisting of stylized cursive letters, is written over a horizontal line. The signature appears to be 'M. W. Grossell'.

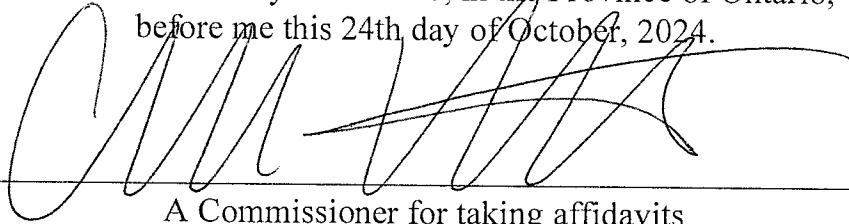
A Commissioner for taking affidavits

EXHIBIT "C"

Calculation of Average Hourly Billing Rates of
Thornton Grout Finnigan LLP
for the period December 1, 2023 to September 30, 2024

Invoice #	Fees	Disbursements	HST	Total Hours	Average Hourly Rate	Total (Fees, Disb., HST)
40324	\$52,137.50	\$3,959.63	\$7,273.27	88.60	\$588.46	\$63,370.40
41492	\$30,790.00	\$923.70	\$4,122.78	45.80	\$672.27	\$35,836.48
TOTAL:	\$82,927.50	\$4,883.33	\$11,396.05	134.40	\$630.37	<u>\$99,206.88</u>

This is Exhibit "D" 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 this 24th day of October, 2024.

A handwritten signature in black ink, consisting of several large, overlapping loops and strokes, positioned above a horizontal line.

A Commissioner for taking affidavits

EXHIBIT “C”

Billing Rates of Thornton Grout Finnigan LLP for the period December 1, 2023 to September 30, 2024

	<u>Position</u>	<u>Rate 2023</u>	<u>Rate 2024</u>	<u>Year of Call</u>
Robert Thornton	Partner	\$1,425.00	\$1,450.00	1984
Mitchell Grossell	Partner	0	\$800.00	2016
Mitchell Grossell	Associate	\$750.00	0	2016
Divyansh Dev	Associate	\$525.00	\$525.00	2023
Andrew Nesbitt	Associate	0	\$425.00	2024
Daniel Alievsky	Student	\$425.00	0	N/A
Bobbie-Jo Brinkman	Law Clerk	\$375.00	0	N/A
Roxana Manea	Law Clerk	\$375.00	\$375.00	N/A

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

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

Court File No. BK-22-02802344-0035

Estate No. BK-22-02802344-0035

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

Proceeding commenced at Toronto

AFFIDAVIT OF MITCHELL W. GROSSELL
Sworn October 24, 2024

THORNTON GROUT FINNIGAN LLP
100 Wellington St. West
Suite 3200
TD West Tower, Toronto-Dominion Centre
Toronto, ON M5K 1K7
Fax: 416-304-1313

Robert I. Thornton (LSO# 24266B)
Email: rthornton@tgf.ca
Tel: 416 304-0560

Mitchell W. Grossell (LSO# 69993I)
Email: mgrossell@tgf.ca
Tel: 416 304-1616

Counsel to the Bankruptcy Trustee

Confidential Appendix “1”

Confidential Appendix “1”
to the Motion Record (returnable November 4, 2024)
of the Bankruptcy Trustee, Richter Advisory Group
Inc.

Offer Summary

*(to be filed with the Court subject to a request for
a Sealing Order)*

Confidential Appendix “2”

Confidential Appendix “2”
to the Motion Record (returnable November 4, 2024)
of the Bankruptcy Trustee, Richter Advisory Group
Inc.

Unredacted version of the 1001
APA

*(to be filed with the Court subject to a request for
a Sealing Order)*

Confidential Appendix “3”

Confidential Appendix “3”
to the Motion Record (returnable November 4, 2024)
of the Bankruptcy Trustee, Richter Advisory Group
Inc.

**Unredacted copy of the Minutes of the Tenth
Inspectors’ Meeting**

*(to be filed with the Court subject to a request for
a Sealing Order)*

TAB 3

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

DEFINITIONS

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

APPROVAL OF THE 1001 TRANSACTION

3. **THIS COURT ORDERS** that the APA and the 1001 Transaction be and are hereby approved and that the execution of the APA by the Bankruptcy Trustee is hereby authorized, with such minor amendments as the Bankruptcy Trustee and the Purchaser may agree upon. The Bankruptcy Trustee is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the 1001 Transaction and for the conveyance of the Purchased Assets to the Purchaser, including entering into an agreement of purchase and sale with the Land Owner for the purchase of the Facility Land.

4. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Bankruptcy Trustee to proceed with the 1001 Transaction and that no further inspector, shareholder or other approval shall be required in connection therewith.

5. **THIS COURT ORDERS** that the Bankruptcy Trustee is authorized and directed to perform its obligations under the APA and any ancillary documents related thereto.

6. **THIS COURT ORDERS** that upon the delivery of Bankruptcy Trustee's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Bankruptcy Trustee's Certificate**"), all of the Bankruptcy Trustee's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of all Claims and Encumbrances as described in the APA including, without limiting the generality of the foregoing: (a) any encumbrances or charges created by any other orders made in this NOI proceeding; (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system,

including those registrations listed on **Schedule “B”** hereto; and (c) all instruments registered on title to the Real Property (as hereinafter defined), including those instruments listed on **Schedule “D”** hereto and for greater certainty, this Court orders that all Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of County of Norfolk (LRO No. 37) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, which the Purchaser is authorized to submit for registration following delivery of the Bankruptcy Trustee’s Certificate, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in **Schedule “C”** hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims (including without limitation all registered instruments on title to the Real Property and those instruments listed on Schedule “D” hereto) save and except the permitted encumbrances, easements and restrictive covenants listed on **Schedule “E”** hereto.

8. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Bankruptcy Trustee’s Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. **THIS COURT ORDERS AND DIRECTS** the Bankruptcy Trustee to file with the Court a copy of the Bankruptcy Trustee’s Certificate, forthwith after delivery thereof to the Purchaser, or to their respective counsel.

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

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of Ayanda Cannabis Corporation (the “**Company**”) and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Company;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Company and shall not be void or voidable by creditors of the Company, nor shall it 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 it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

SEALING

11. **THIS COURT ORDERS** that Confidential Appendix “1” of the Second Report, being the offer summary; Confidential Appendix “2” of the Second Report, being the unredacted copy of the APA; and Confidential Appendix “3” of the Second Report, being an unredacted copy of the minutes of the Tenth Meeting of the Inspectors, shall be sealed, kept confidential, and shall not form part of the public record until the earlier of: (a) the date the Bankruptcy Trustee’s Certificate is filed with the Court, or (b) further order of this Court.

RELEASES

12. **THIS COURT ORDERS** that effective upon filing of the Bankruptcy Trustee’s Certificate, the Bankruptcy 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 filing of the Bankruptcy Trustee's Certificate and that relate in any manner whatsoever to the Company or any of its assets (current or historical), obligations, business or affairs or this proceeding, including any actions undertaken or completed pursuant to the NOI proceeding, the terms of this Order, or arising in connection with or relating to the APA or the completion of the 1001 Transaction (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

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

14. **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. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Bankruptcy Trustee and its agents as may be necessary or desirable to give effect to this Order or to assist the Bankruptcy Trustee and its agents in carrying out the terms of this Order.

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

Proceeding commenced at Toronto

**APPROVAL AND VESTING ORDER
(Returnable November 4, 2024)**

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Toronto, ON M5K 1K7

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Counsel for the Bankruptcy Trustee, Richter Inc.

Schedule "A"

Form of Bankruptcy Trustee's Certificate

Estate/Court File No.: 35-2802344

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

IN THE MATTER OF THE BANKRUPTCY OF **AYANDA CANNABIS CORPORATION**
OF THE TOWN OF NORWICH IN THE PROVINCE OF ONTARIO

RECITALS

1. On February 4, 2022, Ayanda Cannabis Corporation (the "**Company**") 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**").
2. Richter Inc. was appointed as the proposal trustee in the NOI proceedings. On August 25, 2023, the Court issued an order that, among other things, annulled the proposal filed pursuant to Part III of the BIA (the "**Proposal**") and deemed the Company to assign itself into bankruptcy, and appointed Richter Inc. as the trustee-in-bankruptcy of the Company (in such capacity, the "**Bankruptcy Trustee**").
3. Pursuant to the Approval and Vesting Order dated November 4, 2024 (the "**Order**"), the Court approved the transaction (the "**1001 Transaction**") contemplated by the Asset Purchase Agreement dated September 17, 2024 (the "**APA**"), as amended by the Waiver and Amendment to the Asset Purchase Agreement dated October 8, 2024, between the Bankruptcy Trustee and 1001010496 Ontario Inc. (the "**Purchaser**") that provided for the vesting in the Purchaser all of the Bankruptcy Trustee's right, title and interest in and to the Purchased Assets, on which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Bankruptcy Trustee to the Purchaser of this certificate confirming: (a) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (b) that the conditions to Closing as set out in the APA

have been satisfied or waived by the Purchaser, as applicable; and (c) the 1001 Transaction has been completed to the satisfaction of the Bankruptcy Trustee.

4. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

THE BANKRUPTCY TRUSTEE CERTIFIES the following:

1. The conditions to Closing under the APA have been satisfied and/or waived by the Bankruptcy Trustee, the Land Owner and the Purchaser, as applicable.
2. The Purchaser has paid and the Bankruptcy Trustee has received the Purchase Price for the Purchased Assets, subject to applicable adjustments, for the Purchased Assets payable on the Closing Date pursuant to the APA.
3. The 1001 Transaction has been completed to the satisfaction of the Bankruptcy Trustee.
4. This Certificate was delivered by the Bankruptcy Trustee at _____ [TIME] on _____ [DATE].

Richter Inc., in its capacity as Trustee-in-Bankruptcy of the Corporation, and not in its personal capacity.

Per: _____
Name:
Title:

Schedule "B"

Claims to be Deleted or Expunged

Date of Registration	Secured Party	File Number	Collateral Classifications	Expiry Date
October 13, 2021	Michael Sioen Farms Ltd.	777253887	Inventory, Equipment, Accounts, Motor Vehicle, Other	October 13, 2026

Schedule "C"

Real Property

Municipal Address: 324 Burford-Delhi TL, Windham Centre, Ontario.

PIN: 50175-0222; LRO #37 Norfolk

Legal Description: PT LT 20 CON 1 WINDHAM PT 1 37R11713; NORFOLK COUNTY

Schedule "D"

Claims to be deleted and expunged from title to Real Property

Nil.

Schedule "E"

Permitted Encumbrances, Easements and Restrictive Covenants related to the Purchased Assets

(unaffected by the Approval and Vesting Order)

Any of the following encumbrances:

1. **Minor Encroachments:** Minor encroachments from the Real Property over neighbouring lands and/or permitted under agreements with neighbouring landowners and any fences or concrete curbs and minor encroachments over the Real Property from neighbouring land and/or permitted under agreements with neighbouring landowners and any fences and concrete curbs.
2. **Crown Grant:** Any subsisting restrictions, exceptions, reservations, limitation, provisos and conditions (including, with limitation, royalties, reservation of mines, mineral rights and timber rights, access to navigable waters and similar rights) expressed in any original grants from the Crown of the lands comprising the Real Property and any statutory limitations, exceptions, reservations and qualifications.
3. **Restrictions, Zoning, etc.:** Zoning, land use and building restrictions, by-laws, regulations and ordinances of any Governmental Authority, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations in favour of or imposed or reserved by any Governmental Authority.
4. **Work Order:** Any and all Work Orders issued by any Governmental Authority.
5. **Easements:** Any unregistered or registered easements required for the supply of domestic utility services to the Real Property.
6. **Survey matters:** Encroachments, deficiencies or other matters disclosed by any plan of survey in respect of the Real Property or any part thereof.
7. **Taxes/Utilities:** Encumbrances or prior claims for Real Property taxes (which term includes charges, rates and assessments) or charges or levies for electricity, power, gas, water and other services and utilities in connection with the Real Property that have accrued but are not yet due and owing or, if due and owing, are adjusted for on Closing.
8. **Restrictive Covenants:** Restrictive covenants, private deed restrictions, rights-of-way, facility cost sharing agreements, servicing agreements, crane swing/tie back agreements, reciprocal use agreements or other similar land use control agreements or rights in land (including, without limitation, restrictions, rights-of-way and servitudes for sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to other persons or property, or reserved by other persons or the benefit of other property.

9. **Applicable Laws:** The provisions of all Applicable Laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning at the Real Property.
10. **Land Titles Act:** The exceptions and qualifications contained in Section 44 of the Land Titles Act (Ontario), save and except paragraph 5 thereof relating to the Family Law Act, paragraph 11 thereof respecting the Planning Act (Ontario) and escheats/forfeiture to the Crown.
11. **Registered Agreements:** Registered agreements with any Governmental Authorities or public utilities, including subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements.

TAB 4

~~for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] (the "Purchaser") dated [DATE] and appended to the Report of the Receiver dated [DATE] (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.~~

ON READING the ~~Report~~ Notice of Motion of the Bankruptcy Trustee, the First Report of the Bankruptcy Trustee dated December 12, 2023, the Second Report of the Bankruptcy Trustee dated October 24, 2024 (the "Second Report"), and on hearing the submissions of counsel for the ~~Receiver, [NAMES OF OTHER PARTIES APPEARING]~~ Bankruptcy Trustee and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other ~~person on the service list~~ party, although ~~properly~~ duly served as appears from the affidavit of [NAME] ~~sworn [DATE]~~ service of Dannalyn Salita, sworn October 24, 2024, filed¹.

∴

SERVICE

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

DEFINITIONS

2. THIS COURT ORDERS that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Second Report.

APPROVAL OF THE 1001 TRANSACTION

3. ~~1. THIS COURT ORDERS AND DECLARES~~ that the APA and the 1001 Transaction ~~is~~ be and are hereby approved,² and that the execution of the ~~Sale Agreement~~ APA by the

¹ This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

~~Receiver~~³Bankruptcy Trustee is hereby authorized ~~and approved~~, with such minor amendments as the ~~Receiver may deem necessary. The Receiver~~Bankruptcy Trustee and the Purchaser may agree upon. The Bankruptcy Trustee is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the 1001 Transaction and for the conveyance of the Purchased Assets to the Purchaser, including entering into an agreement of purchase and sale with the Land Owner for the purchase of the Facility Land.

4. THIS COURT ORDERS that this Order shall constitute the only authorization required by the Bankruptcy Trustee to proceed with the 1001 Transaction and that no further inspector, shareholder or other approval shall be required in connection therewith.

5. THIS COURT ORDERS that the Bankruptcy Trustee is authorized and directed to perform its obligations under the APA and any ancillary documents related thereto.

6. 2. ~~THIS COURT ORDERS AND DECLARES~~ that upon the delivery of a ~~Receiver's~~Bankruptcy Trustee's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the ~~"Receiver's~~"Bankruptcy Trustee's Certificate"), all of the ~~Debtor's~~Bankruptcy Trustee's right, title and interest in and to the Purchased Assets ~~described in the Sale Agreement [and listed on Schedule B hereto]~~⁴ 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"~~⁵)all Claims and Encumbrances as described in the APA including,

²In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.

³In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.

⁴To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.

⁵The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against

without limiting the generality of the foregoing: ~~(ia)~~ any encumbrances or charges created by ~~the Order of the Honourable Justice [NAME] dated [DATE]~~ any other orders made in this NOI proceeding; ~~(ib)~~ all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; ~~and~~ ~~(iii), including~~ those Claims registrations listed on Schedule “B” hereto; and (c) all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants instruments registered on title to the Real Property (as hereinafter defined), including those instruments listed on Schedule “D” hereto and, for greater certainty, this Court orders that all ~~of the~~ Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

7. ~~3.~~ **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver~~ [Land Titles Division of {LOCATION}] County of Norfolk (LRO No. 37) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*⁶, which the Purchaser is authorized to submit for registration following delivery of the Bankruptcy Trustee’s Certificate, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B “C” hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims ~~listed in Schedule C~~ (including without limitation all registered instruments on title to the Real Property and those instruments listed on Schedule “D” hereto) save and except the permitted encumbrances, easements and restrictive covenants listed on Schedule “E” hereto.

8. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and

~~the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee’s view that a non-specific vesting out of “rights, titles and interests” is vague and therefore undesirable.~~

⁶Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at “net proceeds”.

stead of the Purchased Assets, and that from and after the delivery of the ~~Receiver's~~Bankruptcy Trustee's Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the ~~Receiver~~Bankruptcy Trustee to file with the Court a copy of the ~~Receiver's~~Bankruptcy Trustee's Certificate, forthwith after delivery thereof to the Purchaser, or to their respective counsel.

~~6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "•" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

10. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

~~(a)~~ (a) the pendency of these proceedings;

~~(b)~~ (b) any applications for a bankruptcy order now or hereafter issued pursuant to the ~~Bankruptcy and Insolvency Act (Canada)~~BIA in respect of ~~the Debtor~~Ayanda Cannabis Corporation (the "Company") and any bankruptcy order issued pursuant to any such applications; and

~~(c)~~ (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Company;

⁸~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Company and shall not be void or voidable by creditors of the ~~Debtor~~Company, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the ~~Bankruptcy and Insolvency Act (Canada)~~BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

SEALING

11. THIS COURT ORDERS that Confidential Appendix “1” of the Second Report, being the offer summary; Confidential Appendix “2” of the Second Report, being the unredacted copy of the APA; and Confidential Appendix “3” of the Second Report, being an unredacted copy of the minutes of the Tenth Meeting of the Inspectors, shall be sealed, kept confidential, and shall not form part of the public record until the earlier of: (a) the date the Bankruptcy Trustee’s Certificate is filed with the Court, or (b) further order of this Court.

RELEASES

12. THIS COURT ORDERS that effective upon filing of the Bankruptcy Trustee’s Certificate, the Bankruptcy 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 filing of the Bankruptcy Trustee’s Certificate and that relate in any manner whatsoever to the Company or any of its assets (current or historical), obligations, business or affairs or this proceeding, including any actions undertaken or completed pursuant to the NOI proceeding, the terms of this Order, or arising in connection with or relating to the APA or the

completion of the 1001 Transaction (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

13. ~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the Bulk Sales Act (Ontario)~~that this Order shall have full force and effect in all provinces and territories in Canada.

14. ~~9. 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 the Receiver 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 ~~Receiver, as an officer of this Court,~~Bankruptcy Trustee and its agents as may be necessary or desirable to give effect to this Order or to assist the ~~Receiver~~Bankruptcy Trustee and its agents in carrying out the terms of this Order.

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

Estate/Court File No.: 35-2802344

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

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER
(Returnable November 4, 2024)

THORNTON GROUT FINNIGAN LLP

100 Wellington St. West

Suite 3200

TD West Tower, Toronto-Dominion Centre

Toronto, ON M5K 1K7

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Tel: 416 304-1616

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Counsel for the Bankruptcy Trustee, Richter Inc.

Schedule "A"

Schedule A—Form of ~~Receiver's~~ Bankruptcy Trustee's Certificate

Estate/Court File No. _____: 35-2802344

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

IN THE MATTER OF THE BANKRUPTCY OF AYANDA CANNABIS CORPORATION
OF THE TOWN OF NORWICH IN THE PROVINCE OF ONTARIO

~~BETWEEN:-~~

~~PLAINTIFF~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

~~RECEIVER'S CERTIFICATE~~

RECITALS

1. On February 4, 2022, Ayanda Cannabis Corporation (the "Company") 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").

~~A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "Court") dated [DATE OF ORDER], [NAME OF RECEIVER] was appointed as the receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor").~~

2. Richter Inc. was appointed as the proposal trustee in the NOI proceedings. On August 25, 2023, the Court issued an order that, among other things, annulled the proposal filed pursuant to Part III of the BIA (the "Proposal") and deemed the Company to assign itself into bankruptcy,

and appointed Richter Inc. as the trustee-in-bankruptcy of the Company (in such capacity, the "Bankruptcy Trustee").

3. B. Pursuant to ~~an~~the Approval and Vesting Order of the Court dated ~~[DATE]~~November 4, 2024 (the "Order"), the Court approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Receiver [Debtor] and [NAME OF PURCHASER] (the "transaction (the "1001 Transaction")~~ contemplated by the Asset Purchase Agreement dated September 17, 2024 (the "APA"), as amended by the Waiver and Amendment to the Asset Purchase Agreement dated October 8, 2024, between the Bankruptcy Trustee and 1001010496 Ontario Inc. (the "Purchaser") and that provided for the vesting in the Purchaser all of the Debtor's Bankruptcy Trustee's right, title and interest in and to the Purchased Assets, on which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver Bankruptcy Trustee to the Purchaser of at this certificate confirming: (i)a) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii)b) that the conditions to Closing as set out in section • of the Sale Agreement APA have been satisfied or waived by the Receiver and the Purchaser, as applicable; and (iii)c) the 1001 Transaction has been completed to the satisfaction of the Receiver Bankruptcy Trustee.

4. C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the ~~Sale Agreement~~APA.

THE RECEIVER BANKRUPTCY TRUSTEE CERTIFIES the following:

1. The conditions to Closing under the APA have been satisfied and/or waived by the Bankruptcy Trustee, the Land Owner and the Purchaser, as applicable.

2. 1. The Purchaser has paid and the ~~Receiver~~Bankruptcy Trustee has received the Purchase Price for the Purchased Assets, subject to applicable adjustments, for the Purchased Assets payable on the Closing Date pursuant to the ~~Sale Agreement;~~APA.

~~2. The conditions to Closing as set out in section • of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and~~

3. ~~3.~~ The 1001 Transaction has been completed to the satisfaction of the ~~Receiver~~Bankruptcy Trustee.

4. ~~4.~~ This Certificate was delivered by the ~~Receiver~~Bankruptcy Trustee at _____ [TIME] on _____ [DATE].

~~[NAME OF RECEIVER]~~Richter Inc., in its capacity as ~~Receiver of the undertaking, property and assets of [DEBTOR]~~Trustee-in-Bankruptcy of the Corporation, and not in its personal capacity.

Per: _____
Name:
Title:

~~Per:~~ _____
~~Name:-~~
~~Title:-~~

Revised: January 21, 2014

Schedule ~~"B—Purchased Assets"~~

Claims to be Deleted or Expunged

<u>Date of Registration</u>	<u>Secured Party</u>	<u>File Number</u>	<u>Collateral Classifications</u>	<u>Expiry Date</u>
<u>October 13, 2021</u>	<u>Michael Sioen Farms Ltd.</u>	<u>777253887</u>	<u>Inventory, Equipment, Accounts, Motor Vehicle, Other</u>	<u>October 13, 2026</u>

Schedule "C"

Real Property

~~Schedule C — Claims to be deleted and expunged from title to Real Property~~

Municipal Address: 324 Burford-Delhi TL, Windham Centre, Ontario. PIN: 50175-0222; LRO #37 Norfolk
Legal Description: PT LT 20 CON 1 WINDHAM PT 1 37R11713; NORFOLK COUNTY

Schedule "D"

Claims to be deleted and expunged from title to Real Property

Nil.

Revised: January 21, 2014

Schedule "E"

**Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the ~~Real Property~~ Purchased Assets**

(unaffected by the Approval and Vesting Order)

Any of the following encumbrances:

1. **Minor Encroachments:** Minor encroachments from the Real Property over neighbouring lands and/or permitted under agreements with neighbouring landowners and any fences or concrete curbs and minor encroachments over the Real Property from neighbouring land and/or permitted under agreements with neighbouring landowners and any fences and concrete curbs.
2. **Crown Grant:** Any subsisting restrictions, exceptions, reservations, limitation, provisos and conditions (including, with limitation, royalties, reservation of mines, mineral rights and timber rights, access to navigable waters and similar rights) expressed in any original grants from the Crown of the lands comprising the Real Property and any statutory limitations, exceptions, reservations and qualifications.
3. **Restrictions, Zoning, etc.:** Zoning, land use and building restrictions, by-laws, regulations and ordinances of any Governmental Authority, including municipal by-laws and regulations, airport zoning regulations, restrictive covenants and other land use limitations in favour of or imposed or reserved by any Governmental Authority.
4. **Work Order:** Any and all Work Orders issued by any Governmental Authority.
5. **Easements:** Any unregistered or registered easements required for the supply of domestic utility services to the Real Property.
6. **Survey matters:** Encroachments, deficiencies or other matters disclosed by any plan of survey in respect of the Real Property or any part thereof.
7. **Taxes/Utilities:** Encumbrances or prior claims for Real Property taxes (which term includes charges, rates and assessments) or charges or levies for electricity, power, gas, water and other services and utilities in connection with the Real Property that have accrued but are not yet due and owing or, if due and owing, are adjusted for on Closing.
8. **Restrictive Covenants:** Restrictive covenants, private deed restrictions, rights-of-way, facility cost sharing agreements, servicing agreements, crane swing/tie back agreements, reciprocal use agreements or other similar land use control agreements or rights in land (including, without limitation, restrictions, rights-of-way and servitudes for sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) granted to other persons or property, or reserved by other persons or the benefit of other property.

9. **Applicable Laws:** The provisions of all Applicable Laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning at the Real Property.
10. **Land Titles Act:** The exceptions and qualifications contained in Section 44 of the Land Titles Act (Ontario), save and except paragraph 5 thereof relating to the Family Law Act, paragraph 11 thereof respecting the Planning Act (Ontario) and escheats/forfeiture to the Crown.
11. **Registered Agreements:** Registered agreements with any Governmental Authorities or public utilities, including subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements.

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<u>Add</u>	192
Delete	165
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<u>Move To</u>	1
<u>Table Insert</u>	2
Table Delete	4
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	365

TAB 5

2. **THIS COURT ORDERS** that, on a date to be determined by the Bankruptcy Trustee, in its reasonable discretion, the Bankruptcy Trustee is hereby authorized, directed and empowered to make one or more cash distributions from the bankruptcy estate of Ayanda Cannabis Corporation (the “**Company**”) to Michael Sioen Farms Ltd. with respect to its secured claim against the Company.

REVOCAION OF INSPECTORS’ APPOINTMENT

3. **THIS COURT ORDERS** that, effective immediately, the appointment of the following Inspectors shall be revoked and each of the following Inspectors are hereby discharged of the duties, obligations, and powers granted to them by way of their position as inspector of the Company’s estate:

(a) John Couwenberg;

(b) Shanil Ramdhany;

(c) Natalie Cain; and

(d) Collin Yarmie.

APPROVAL OF ACTIVITIES AND FEES OF THE BANKRUPTCY TRUSTEE

4. **THIS COURT ORDERS** that that the First Report and the Second Report and the activities, decisions and conduct of the Bankruptcy Trustee as set out in the First Report and the Second Report, are hereby authorized and approved; provided, however, that only the Bankruptcy 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.

5. **THIS COURT ORDERS** that the Bankruptcy Trustee’s interim statement of receipts and disbursements for the period from August 25, 2023, to October 15, 2024, as set out in the Second Report, is hereby approved.

6. **THIS COURT ORDERS** that the professional fees of the Bankruptcy Trustee for the period between August 25, 2023, to September 30, 2024, in the amount of \$247,155.00, plus Harmonized Sales Tax (“**HST**”) of \$32,130.16, for a total of \$279,285.16, as further set out in

the December 2023 Sherman Affidavit attached as Appendix “I” to the First Report and the October 2024 Sherman Affidavit attached as Appendix “BB” to the Second Report, are hereby approved.

7. **THIS COURT ORDERS** that the professional fees of Thornton Grout Finnigan LLP (“TGF”), counsel to the Bankruptcy Trustee, for the period from August 1, 2023, to September 30, 2024, in the amount of \$155,082.50, plus disbursements of \$7,047.98 and HST of \$21,057.60, for a total of \$183,188.08, as further set out in the Thornton Affidavit attached as Appendix J to the First Report, and the Grossell Affidavit attached as Appendix “CC” to the Second Report, are hereby approved.

8. **THIS COURT ORDERS** that the Remaining Fees and Disbursements in the amount of \$50,000 is hereby approved, and the Bankruptcy Trustee is permitted to pay the professional fees and disbursements of the Bankruptcy Trustee and its counsel, TGF, from the Remaining Fees and Disbursements held by TGF, in trust.

GENERAL

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

10. **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. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Bankruptcy Trustee and its agents as may be necessary or desirable to give effect to this Order or to assist the Bankruptcy Trustee and its agents in carrying out the terms of this Order.

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

Proceeding commenced at Toronto

**ANCILLARY RELIEF ORDER
(Returnable November 4, 2024)**

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Counsel for the Bankruptcy Trustee, Richter Inc.

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

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

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

ONTARIO
**SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**
Proceeding commenced at Toronto

**MOTION RECORD
(Returnable November 4, 2024)**

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