

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

THE HONOURABLE)	MONDAY, THE 18 TH DAY
)	
JUSTICE W.D. BLACK)	OF NOVEMBER, 2024
)	

IN THE MATTER OF THE BANKRUPTCY OF **AYANDA CANNABIS CORPORATION**
OF THE TOWN OF NORWICH IN THE PROVINCE OF ONTARIO

APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Inc. in its capacity as the trustee-in-bankruptcy of Ayanda Cannabis Corporation (the “**Bankruptcy Trustee**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), for an order, among other things: (i) approving the Asset Purchase Agreement (the “**APA**”) between the Bankruptcy Trustee and 1001010496 Ontario Inc. (the “**Purchaser**”) dated September 17, 2024, as amended by the Waiver and Amendment to the Asset Purchase Agreement dated October 8, 2024, and the transaction contemplated thereby (the “**1001 Transaction**”), and (ii) vesting in the Purchaser all of the Bankruptcy Trustee and the Land Owner’s right, title and interest in the Purchased Assets (as defined in the APA), was heard this day via judicial video conference.

ON READING the 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 Bankruptcy Trustee and counsel for those other parties appearing as indicated by the counsel slip, no one appearing for any other party, although duly served as appears from the affidavit of service of Natalie Longmore, sworn October 29, 2024, filed.

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. **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 18, 2024)**

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Counsel for the Bankruptcy Trustee, Richter Inc.

Schedule "A"

Form of Bankruptcy Trustee's Certificate

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

**ONTARIO
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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 18, 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.