

Clerk's Stamp

COURT FILE NO. 2301- 02578

COURT COURT OF KING'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ENZIO HOLDINGS LTD.

DEFENDANTS CANDRE CANNABIS INC., FRONDIS
HOLDINGS LTD., CALYPTRA
CULTIVATION INC. and JASMINE
VENTURES LTD.

DOCUMENT **APPLICATION (Approval and Vesting Order, Discharge of
Receiver and Other Relief)**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Michael W. Selnes
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Fax No.: 403-265-7219
Client File No. 071752.4
Email: simardc@bennettjones.com and selnesm@bennettjones.com

NOTICE TO THE RESPONDENTS: See Service List attached hereto as **Schedule "A"**.

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Thursday, June 22, 2023
Time: 2:00 p.m.
Where: Calgary Court Centre (via Webex) in Virtual Courtroom 60
Before Whom: The Honourable G.A. Campbell

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as receiver (in such capacity, the "**Receiver**") of certain of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**") of Candre Cannabis Inc. (the "**Debtor**" or "**Candre**") pursuant to the Receivership Order, granted by the Honourable Justice J.A. Fagnan (as she then was) on March 8, 2023 (the "**Receivership Order**") in the within proceedings (the "**Proceedings**"), applies for two orders, substantially in the forms attached hereto as **Schedule "B"** (the "**Sale Approval and Vesting Order**") and **Schedule "C"** (the "**Discharge of Receiver and Other Relief Order**").
2. In the Sale Approval and Vesting Order, the Receiver seeks an order, among other things:
 - (a) if necessary, declaring that the time for service of this application (the "**Application**") and the Third Report of the Receiver, dated June 12, 2023 (the "**Third Report**"), is abridged, that the Application is properly returnable on June 22, 2023, that service of the Application and the Third Report, on the service list, is good and sufficient, and that no persons other than those on the service list are entitled to service of the Third Report, the Application, or any orders arising therefrom;
 - (b) approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement dated June 6, 2023 (the "**Sale Agreement**"), between the Receiver as vendor and Enzo Holdings Ltd. (the "**Purchaser**") as purchaser, attached as Appendix "A" to the Third Report, and the vesting in the Purchaser (or its nominee) all of the Debtor's right, title and interest in the Purchased Assets (as defined in the Sale Agreement);
 - (c) ordering and declaring that, effective immediately upon the Receiver filing a certificate with this Honourable Court (the "**Receiver's Certificate**") confirming that all terms and conditions under the Sale Agreement and any and all

modifications thereto have either been satisfied or waived and that the transactions contemplated by the Sale Agreement have otherwise been completed, to the satisfaction of the Receiver, all legal and beneficial ownership of and title to the Purchased Assets (as defined in the Sale Agreement) shall vest in the Purchaser (or its designated assignee or nominee, to the extent permitted by the Sale Agreement), free and clear of any and all security interests (whether contractual, statutory, or otherwise), liens, writs, executions, ownership interests, levies, charges, or other financial or monetary claims, whether or not they have been attached, registered, perfected, or filed, and whether secured, unsecured, liquidated, contingent, or absolute;

- (d) ordering that the Debtor and any and all persons claiming through, by, or under the Debtor and all other persons in possession of any or all of the Purchased Assets to deliver up possession of the Purchased Assets to the Purchaser or its assignee or nominee, upon the filing of the Receiver's Certificate; and
- (e) such further and other relief as counsel for the Receiver may advise and this Honourable Court considers to be just and appropriate in the circumstances.

3. In the Discharge of Receiver and Other Relief Order, the Receiver seeks an order, among other things:

- (a) approving the Receiver's final statement of receipts and disbursements with respect to the Debtor, as set out in paragraphs 22-27 of the Third Report;
- (b) approving the final accounts of the Receiver and its legal counsel with respect to the Debtor, as set out in paragraphs 28 to 32 of the Third Report;
- (c) authorizing the Receiver to assign Candre into bankruptcy at its discretion without further order of this Court;
- (d) declaring that, as of the date of the Third Report and based on the evidence that is currently before the Court:

- (i) the actions and conduct of the Receiver are approved;
 - (ii) the Receiver has satisfied all of its duties and obligations as receiver and manager of the Debtor and the Property;
 - (iii) the Receiver shall not be liable for any act or omission including, without limitation, any act or omission pertaining to the discharge of the Receiver's duties as receiver and manager of the Debtor or the Property, save and except for any liability arising out of fraud, gross negligence, or wilful misconduct on the part of the Receiver; and
 - (iv) any and all claims against the Receiver arising from, relating to, or in connection with, the performance of the Receiver's duties and obligations, as receiver and manager of the Debtor and the Property, save and except for any claims based on fraud or wilful misconduct, on the part of the Receiver, shall be forever barred and extinguished.
- (e) ordering and declaring that, effective immediately upon the Receiver filing a certificate with this Honourable Court confirming that all actions necessary for the administration of the Debtor's estate in these proceedings have been completed, the Receiver shall be discharged as receiver and manager of the Debtor and the Property and relieved of all further duties and obligations, in respect of both the Debtor and the Property;
- (f) declaring that, notwithstanding the discharge of the Receiver, the Receiver remains empowered with residual jurisdiction to perform any act necessary or incidental to the conclusion of the receivership of the Debtor or the Property;
- (g) declaring that no action or proceeding arising from, relating to, or in connection with, the performance of the Receiver's duties and obligations, as receiver and manager of the Debtor or the Property, may be commenced or continued, without the prior leave of this Honourable Court, on notice to the Receiver, and on such terms as this Honourable Court may direct;

- (h) sealing the Confidential Appendix "1" to the Third Report on the Court's file until three months after the Transaction closes; and
- (i) such further and other relief as counsel for the Receiver may advise and this Honourable Court considers to be just and appropriate in the circumstances.

Grounds for making this application:

Background

- 4. The Receiver was appointed as the receiver and manager of the Debtor and its Property, pursuant to the Receivership Order.
- 5. Pursuant to the Receivership Order, the Receiver is authorized to, among others:
 - (a) sell, convey, transfer, lease or assign, the Property or any part or parts thereof out of the ordinary course of business: (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds such amounts;
 - (b) receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (c) manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (e) market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (f) settle, extend, or compromise any indebtedness owing to or by the Debtor; and
 - (g) borrow, by way of a revolving credit or otherwise, such monies as the Receiver may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as may be subsequently authorized) (the “**Receiver’s Borrowings**”) for the purpose of funding the exercise of the powers and duties conferred upon the Receiver.
6. Pursuant to the Receivership Order, the Receiver and counsel to the Receiver were granted a charge (the “**Receiver's Charge**”) on the Property, up to a maximum amount of \$500,000, as security for their professional fees and disbursements incurred both before and after the date of the Receivership Order in respect of these Proceedings, and in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
7. Furthermore, pursuant to the Receivership Order, the Receiver’s Borrowings were secured by way of a court-ordered fixed and specific charge (the “**Receiver’s Borrowings Charge**”), in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any person, but subordinate only to the Receiver’s Charge and the charges set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
8. Upon the commencement of these Proceedings, the Debtor’s main assets were its real property, including the land and cannabis production facility (the “**Candre Facility**”) located in the Town of Sundre, Alberta, with the municipal address of 819, 5th Avenue SW and legally described as:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS

(the "**Lands**").

The SISP

9. On March 24, 2023, this Court granted an Order (the "**SISP Order**") approving a Sale and Investment Solicitation Process (the "**SISP**"). The key terms of the SISP are outlined at paragraphs 30-34 of the First Report of the Receiver, dated March 15, 2023.
10. Following approval of the SISP, the Receiver began implementation of the SISP, which included, *inter alia*:
 - (a) proceeding to market and sell the Property, in accordance with the Receiver's duties and powers under the SISP Order and the Receivership Order;
 - (b) researched and identified potentially interested parties, including strategic and financial investors;
 - (c) prepared a process summary non-confidential information letter (the "**Teaser Letter**") and confidentiality agreement (the "**Confidentiality Agreement**") with input from the Receiver, its legal counsel, and the Debtor;
 - (d) contacted 90 potentially interested parties to determine their interest in the SISP;
 - (e) prepared and populated an electronic data site containing information on the Debtor's assets and operations (the "**Data Room**") for prospective purchasers;
 - (f) entered into signed Confidentiality Agreements with interested parties and provided those parties with access to the Data Room; and
 - (g) responded to due diligence requests from potential investors and their advisors.

11. Ultimately, at the Phase 1 Bid Deadline (as defined in the SISP), one non-binding letter of intent (“**LOI**”) was submitted to the Receiver. This LOI expressed interest in leasing the Candre Facility (rather than purchasing any of the Property), therefore, the LOI did not constitute a Qualified LOI pursuant to the SISP Order and the interested party was notified as such.
12. Prior to the Phase 1 Bid Deadline, Enzo notified the Receiver that it was reserving its right to credit bid up to the amount of its secured debt within the SISP.
13. When no Qualified LOI's (as defined in the SISP) received by the Phase 1 Bid Deadline, the Receiver extended the Phase II Bid Deadline (as defined in the SISP), ultimately to June 6, 2023 to allow for time for the Receiver to negotiate and execute a binding asset purchase agreement with respect to Enzo's credit bid.

The Transaction

14. The Receiver and the Purchaser negotiated the Sale Agreement. The Sale Agreement is conditional, *inter alia*, on the approval of this Honourable Court.
15. The Purchased Assets being conveyed pursuant to the Sale Agreement were sufficiently exposed to the relevant market in a commercially reasonable and fair marketing process as approved and in accordance with the terms of the Sale Process and the Receivership Order. The price to be paid for the Purchased Assets, pursuant to the Sale Agreement, represents the highest and best price that can be obtained for the Purchased Assets in the current circumstances.
16. The Sale Agreement, as proposed, is in the best interests of the Debtor's estate and stakeholders.
17. The Receiver's legal counsel has reviewed the Purchaser's security and has provided an opinion that, subject to standard and customary qualifications, assumptions and limitations, the security of the Purchaser over the assets, property and undertakings of the Debtor is valid and enforceable. It is therefore appropriate to authorize the Transaction to include bidding of a portion the Purchaser's secured debt, subject only to the Receiver's

Charge and Receiver's Borrowings Charge (as each is defined in the Receivership Order).

Approval of Transaction

18. The Receiver believes the Transaction is commercially reasonable and that it is unlikely any superior Transaction would result by running a further sales process.
19. Accordingly, The Receiver requests approval of the Transaction and the Sale Agreement contemplated therein as it is of the view that approval of the Transaction and the Sale Agreement are in the best interests of the stakeholders of the Debtor.
20. Such further and other considerations, as counsel may advise and this Honourable Court considers just and appropriate in the circumstances.

Assignment into Bankruptcy

21. The Receiver seeks authorization from this Court to assign Candre into bankruptcy.
22. Paragraph 4(3) of the Receivership order specifically empowers and authorizes the Receiver to assign the Company into bankruptcy with the prior approval of the Court.
23. Candre has debts exceeding \$1,000.00 and has committed acts of bankruptcy, namely ceasing to meet its liabilities generally as they come due, within the last six months.
24. Candre is currently indebted its creditors for an aggregate total of approximately \$32.6 million comprising both secured and unsecured claims.
25. Assigning Candre into bankruptcy will allow for an efficient and orderly wind-down of the estate.
26. Bankrupting Candre will allow for the aligning of priority claims and the crystalizing of various creditor claims; and
27. Candre's secured lenders support the Receiver's intention to assign the Company into bankruptcy.

Discharge of the Receiver

28. Following the closing of the Transaction and the sale of the Purchased Assets, all the Debtor's Property will have been dealt with subject to collection of forecast receipts and payment of the forecast disbursements.
29. As set out in the Third Report, the Receiver's administration of the estate is substantially complete, subject to:
- (a) closing of the Sale Agreement;
 - (b) the assignment of the Company into bankruptcy;
 - (c) the collection of forecast receipts and payment of the forecast disbursements;
 - (d) filing all outstanding and required corporate tax returns;
 - (e) payment of the RC Repayment, if applicable; and
 - (f) completing administrative tasks in accordance with the Receivership discharge requirements under the BIA. As such, the administration of the estate of the Debtor will be complete and it will be appropriate for the Receiver to be discharged.
30. Such further and other considerations, as counsel may advise and this Honourable Court considers just and appropriate in the circumstances.

Approval of Receiver's Activities

31. As further set out in the Third Report of the Receiver and summarized at paragraphs 15 and 28-32 of the Third Report, the Receiver has acted diligently since its appointment has undertaken the activities as set out in the Receiver's First Report dated March 15, 2023 and the Receiver's Amended Second Report dated April 11, 2023, which conduct and actions are lawful, proper and consistent with the Receiver's powers and duties under the Receivership Order.

Approval of Professional Fees

32. The accounts of the Receiver for the period of April 1, 2023 to May 30, 2023, total \$105,270.37 exclusive of GST.
33. The accounts of the Receiver's legal counsel, Bennett Jones LLP ("**Bennett Jones**"), for the period of April 1, 2023 to May 30, 2023, total \$54,270.01, exclusive of GST.
34. The Receiver and the its counsel's estimated fees and costs to complete this engagement (June 1, 2023 to filing of the Receiver's Discharge Certificate) are estimated at approximately \$60,000, which include fees and costs incurred but not paid.
35. The invoices rendered by the Receiver and its counsel are commensurate with the work performed, commercially fair and reasonable and were validly incurred in accordance with the provisions of the Receivership Order.
36. The Receiver's and Bennett Jones' invoices are available for review by the Court, on request.

Material or evidence to be relied on:

37. First Report of the Receiver, dated March 15, 2023;
38. Amended Second Report of the Receiver, dated April 11, 2023;
39. Third Report of the Receiver, dated June 12, 2023;
40. Affidavit of Service of Donna Kathler, to be sworn and filed; and
41. such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

42. *Alberta Rules of Court*, Alta. Reg. 124/2010, including Rules 1.2–1.4, 6.1–6.3, 6.28, 6.47 and 11.27.

43. Such other rules as counsel may advise and this Honourable court may permit.

Applicable Acts and regulations:

44. *Judicature Act*, RSA 2000, c J-2.

45. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

46. *Personal Property Security Act*, RSA 2000, c P-7.

47. *Business Corporations Act*, RSA 2000, c B-9.

48. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

49. None.

How the application is proposed to be heard or considered:

50. On the Commercial List, before the Honourable Justice G.A. Campbell via Webex in Virtual Courtroom 60.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

COURT FILE NUMBER 2301-02578

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ENZIO HOLDINGS LTD.

DEFENDANTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD., CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **SERVICE LIST**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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SERVICE LIST

Updated: June 8, 2023

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<i>Counsel for Enzo Holdings Ltd. and Censeo Capital Corp.</i>	

FRONDIS HOLDINGS LTD. Registered Office 2400, 525 – 8 Avenue SW Calgary, AB T2P 1G1 Attention: Lindsay Cox Email: cores@bdplaw.com lcox@bdplaw.com <i>Defendant</i>	CALYPTRA CULTIVATION INC. Registered Office 2400, 525 – 8 Avenue SW Calgary, AB T2P 1G1 Attention: Lindsay Cox Email: cores@bdplaw.com lcox@bdplaw.com <i>Defendant</i>
JASMINE VENTURES LTD. Registered Office 501 Chaparral Drive SE Email: jbeaudry@candrecannabis.com <i>Defendant</i>	BENNETT JONES LLP 4500 Bankers Hall East 855 – 2 Street SW Calgary, AB T2P 4K7 Attention: Chris Simard Michael Selnes Kristos Iatridis Email: simardc@bennettjones.com SelnesM@bennettjones.com iatridisk@bennettjones.com <i>Counsel to the Receiver, Alvarez & Marsal Canada ULC</i>
ALVAREZ & MARSAL CANADA ULC 1110, 250 - 6 Ave SW Calgary AB T2P 3H7 Attention: Orest Konowalchuk Bryan Krol Stephen Oosterbaan Cassie Riglin Email: okonowalchuk@alvarezandmarsal.com bkrol@alvarezandmarsal.com soosterbaan@alvarezandmarsal.com criglin@alvarezandmarsal.com <i>Receiver</i>	NORTON ROSE FULBRIGHT CANADA 400 3rd Avenue SW, Suite 3700 Calgary Alberta T2P 4H2 Attention: Joshua Sadovnick Joshua.sadovnick@nortonrosefulbright.com <i>Counsel for Paramount Structures Inc.</i>
MOLI INDUSTRIES LTD. Field LLP 400, 444 7 th Avenue SW Calgary, AB T2P 0X8 Attention: Anthony Burden Email: aburden@fieldlaw.com <i>Lienor, LTO Registration no. 181 264 825</i>	CENSEO CAPITAL CORP. Suite 840, 517 – 10 th Avenue SW Calgary, AB T2R 0A8 (Counsel is BDP) <i>PPR Registration no. 19120223289</i>

<p>BANK OF MONTREAL 250 Yonge Street, 9th Floor Toronto, ON M5B 2L7 Email: abautonsp@teranet.ca</p> <p><i>PPR Registration no. 20041426226</i></p>	<p>LEAVITT MACHINERY GENERAL PARTNERSHIP 24389 Fraser Hwy Langley, BC V2Z 2L3 Email: abautonsp@teranet.ca</p> <p><i>PPR Registration nos. 20042828994 and 20070731629</i></p>
<p>LEAVITT MACHINERY CANADA INC. 24389 Fraser Hwy Langley, BC V2Z 2L3 Email: abautonsp@teranet.ca</p> <p><i>PPR Registration nos. 20042828994, 20070731629 and 22011919137</i></p>	<p>CANADA REVENUE AGENCY Prairie Regional Office (Edmonton) 300, 10423-101 Street Edmonton, Alberta T5H 0E7</p> <p>Attention: George F. Bódy Email: George.Body@Justice.GC.CA</p>
<p>AGLC 50 Corriveau Avenue St. Albert AB T8N 3T5</p> <p>Attention: Wenbo Zhang Email: wenbo.zhang@aglc.ca</p>	<p>HEALTH CANADA / GOVERNMENT OF CANADA Licensing and Security Division Controlled Substances and Cannabis Branch</p> <p>Attention: Hussein, Majida Email: majida.hussein@hc-sc.gc.ca</p> <p>Attention: Lacasse, Karen Email: karen.lacasse@hc-sc.gc.ca</p> <p>Attention: Laverdiere, Nicholas Email: nicholas.laverdiere@hc-sc.gc.ca</p>
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SCHEDULE "B"

COURT FILE NO.: 2301- 02578

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ENZIO HOLDINGS LTD.

DEFENDANTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD.,
CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **APPROVAL AND VESTING ORDER**

ADDRESS FOR
SERVICE AND
CONTACT
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OF PARTY
FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Michael W. Selnes
Tel No.: 403-298-4485/3311
Fax No.: 403-265-7219
Client File No. 071752.4

Email: simardc@bennettjones.com and
selnesm@bennettjones.com

DATE ON WHICH ORDER WAS PRONOUNCED: June 22, 2023

NAME OF JUSTICE WHO MADE THIS ORDER: Justice G.A. Campbell

LOCATION OF HEARING: Calgary, AB (via Webex)

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as court-appointed receiver (in such capacity, the "**Receiver**") of certain of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, of Candre Cannabis Inc. (the "**Debtor**"), for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Receiver and Enzo Holdings Ltd. (the "**Purchaser**") dated June 6, 2023, a redacted copy of which is attached as Appendix "A" to the Third Report of the Receiver, dated June 12,

2023 (the "**Third Report**"), and vesting in the Purchaser (or its nominee) all of the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement);

AND UPON HAVING READ the Receivership Order dated March 6, 2023 (the "**Receivership Order**"), the Third Report, the Confidential Appendix to the Third Report and the Affidavit of Service of Donna Kathler, to be sworn and filed;

AND UPON HEARING the submissions of counsel for the Receiver, counsel to the Purchaser, and any other interested parties appearing at the application;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE AND DEFINITIONS

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PURCHASED ASSETS

3. Upon the delivery of a Receiver's certificate to the Purchaser (or its nominee) substantially in the form and substance set out in **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed

trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
- (d) those Claims listed on **Schedule "B"** hereto (all of which are collectively referred to as the "**Encumbrances**" which term shall not include the permitted encumbrances, caveats, easements and restrictive covenants listed on **Schedule "C"** (collectively, the "**Permitted Encumbrances**"))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Receiver's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Receiver's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of Land Titles (the "**Land Titles Registrar**") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:
- (i) cancel existing Certificates of Title No. 181 106 563 for those lands and premises municipally described as 819 5 Ave SW, Sundre, AB T0M 1X0, and legally described as:

PLAN 1810863
BLOCK 3
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.936 HECTARES (2.31 ACRES) MORE OR LESS
(the "**Lands**");
 - (ii) issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, Enzo Holdings Ltd. ;
 - (iii) transfer to the New Certificate of Title the existing instruments listed in Schedule "C", to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "C"; and
 - (iv) discharge and expunge the Encumbrances listed in Schedule "B" to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands; and
- (b) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement.
7. Upon delivery of the Receiver's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c. L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from 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. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.

9. Except as expressly provided for in the Sale Agreement, the Purchaser (or its nominee) shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Debtor.
10. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
11. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
13. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).

MISCELLANEOUS MATTERS

14. Notwithstanding:

- (a) the pendency of these proceedings and the declaration of insolvency made herein;
- (b) the pendency of any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c.B-3, as amended (the "**BIA**") in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Debtor; and
- (d) the provisions of any federal or provincial statute;

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, 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.

- 15. The Receiver and the Purchaser (or its nominee) shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
- 16. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, 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 order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

17. Service of this Order shall be deemed good and sufficient by:
- (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) posting a copy of this Order on the Receiver's website at <https://www.alvarezandmarsal.com/candre>.
18. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

J.C.K.B.A.

SCHEDULE "A"
FORM OF RECEIVER'S CERTIFICATE

COURT FILE NUMBER	2301- 02578
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ENZIO HOLDINGS LTD.
DEFENDANTS	CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD., CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT	<u>RECEIVER'S CERTIFICATE</u>
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ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BENNETT JONES LLP Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7
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Attention: Chris Simard and Michael W. Selnes
Tel No.: 403-298-4485/3311
Fax No.: 403-265-7219
Client File No. 071752.4
Email: simardc@bennettjones.com and
selnesm@bennettjones.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice Fagnan of the Court of King's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated March 6, 2023, Alvarez & Marsal Canada Inc. was appointed as receiver and manager (the "**Receiver**") of Candre Cannabis Inc. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated June 22, 2023, the Court approved the agreement of purchase and sale made as of June 6, 2023 (the "**Sale Agreement**") between the Receiver and Enzo Holdings Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser (or its nominee) of

the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 14, 15 and 16 of the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser, as applicable; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

- C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid in full the Purchase Price to be paid for the Purchased Assets on the Closing Date pursuant to the Sale Agreement and the Receiver has received the cash portion of the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The Vendor and the Purchaser have each confirmed to the Receiver in writing, by delivering the Conditions Certificates, that the conditions to Closing referred to in sections 14, 15, and 16 of the Sale Agreement have been satisfied and/or waived, as applicable;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at **[Time]** on **[Date]**, 2023.

**ALVAREZ & MARSAL CANADA INC.
its capacity as Court-appointed Receiver
the assets, undertakings and properties
CANDRE CANNABIS INC., and not in
personal or corporate capacity**

Per: _____

SCHEDULE "B"
Encumbrances

Registration Number	Date (D/M/Y)	Particulars
181 106 564	25/05/2018	MORTGAGE MORTGAGEE - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 ORIGINAL PRINCIPAL AMOUNT: \$580,332
181 257 074	27/11/2018	BUILDER'S LIEN LIENOR - PARAMOUNT STRUCTURES INC. SUITE 750,101 6TH AVE SW CALGARY ALBERTA T2P3P4 AGENT - LIEN PRO INC. AMOUNT: \$680,613
181 264 825	07/12/2018	BUILDER'S LIEN LIENOR - MOLI INDUSTRIES LTD. 1880 CENTRE AVE NE CALGARY ALBERTA T2E0A6 AMOUNT: \$695,561
191 000 650	02/01/2019	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 181264825
191 095 749	22/05/2019	CERTIFICATE OF LIS PENDENS AFFECTS INSTRUMENT: 181257074
211 093 439	11/05/2021	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8

		(DATA UPDATED BY: TRANSFER OF CAVEAT 221099594)
211 251 992	16/12/2021	CAVEAT RE : AMENDING AGREEMENT CAVEATOR - ENZIO HOLDINGS LTD. 840, 517 - 10 AVENUE SW CALGARY ALBERTA T2R0A8 (DATA UPDATED BY: TRANSFER OF CAVEAT 221099594)

SCHEDULE "C"
Permitted Encumbrances

Registration Number	Date (D/M/Y)	Particulars
901 063 085	08/03/1990	UTILITY RIGHT OF WAY GRANTEE - THE TOWN OF SUNDRE. AS TO PORTION OR PLAN:8910921
191 002 481	04/01/2019	CAVEAT RE : UTILITY RIGHT OF WAY CAVEATOR - FORTISALBERTA INC. 320-17 AVE SW CALGARY ALBERTA T2S2V1 AGENT - MARK HAMEISTER.
231 109 321	13/04/2023	TAX NOTIFICATION BY - THE TOWN OF SUNDRE. BOX 420 SUNDRE, ALBERTA T0M1X0

SCHEDULE "C"

COURT FILE NO.: 2301- 02578

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ENZIO HOLDINGS LTD.

DEFENDANTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD.,
CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **ORDER (Discharge of Receiver and Other Relief)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Michael W. Selnes
Tel No.: 403-298-4485/3311
Fax No.: 403-265-7219
Client File No. 071752.4

Email: simardc@bennettjones.com and selnesm@bennettjones.com

DATE ON WHICH ORDER WAS PRONOUNCED: June 22, 2023

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable G.A. Campbell

LOCATION OF HEARING: Calgary, AB (via Webex)

UPON THE APPLICATION of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as court-appointed receiver (in such capacity, the "**Receiver**") of certain of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate (the "**Property**"), of Candre Cannabis Inc. ("**Candre**" or the "**Debtor**"), for an order approving, among other things: (i) the activities of the Receiver to date; the (ii) professional fees and disbursements incurred to date by the Receiver and its counsel Bennett Jones LLP; and (iii) the discharge of the Receiver;

AND UPON HAVING read the First Report of the Receiver dated March 15, 2023, the Amended Second Report of the Receiver, dated April 11, 2023 and the Third Report of the Receiver dated June 12, 2023 (the "**Third Report**") and the confidential appendix "1" to the Third Report (the "**Confidential Appendix**");

AND UPON HEARING from counsel to the Receiver, counsel to Enzo Holdings Ltd. and Censeo Capital Ltd., and counsel to any other interested party in attendance;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. All capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Third Report, as applicable.

Service

2. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient and time for service of the Application and supporting materials is hereby abridged to that actually given.

Approval of Receiver's Activities

3. The Receiver's actions, conduct and activities as reported in the Third Report are hereby ratified and approved.

Approval of Professional Fees

4. The Receiver's accounts for fees and disbursements as set out in the Third Report are hereby approved, without the necessity of a formal assessment of its accounts.
5. The accounts of the Receiver's legal counsel, Bennett Jones LLP, for its fees and disbursements as set out in the Third Report are hereby approved, without the necessity of a formal assessment of its accounts.

Authorization to Assign Candre into Bankruptcy

6. The Receiver is hereby authorized to assign Candre into bankruptcy, on such date as is determined by the Receiver.

Discharge of the Receiver

7. On the evidence before this Honourable Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any in fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.
8. No action or other proceedings shall be commenced against the Receiver in any way arising from or relate to its capacity or conduct as Receiver, except with prior leave of this Court, on notice to the Receiver, and upon such terms as this Court may direct.
9. Upon the Receiver filing with the Clerk of the Court a certificate, substantially in the form attached as **Schedule "A"** hereto, confirming that all actions necessary for the administration of the Debtor's estate in these proceedings have been completed, the Receiver shall be discharged as Receiver of the Debtor and the Property, provided however that notwithstanding the Receiver's discharge herein:
 - (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein or these proceedings; and
 - (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including all approvals, protections, and stays of proceedings in favour of the Receiver, in its capacity as Receiver.

Sealing of Confidential Appendix

10. The Confidential Appendix shall be sealed on the Court file and shall not form part of the public record, until three months after the final closing of the Asset Purchase Agreement dated June 6, 2023.
11. The Clerk of this Honourable Court shall file the Confidential Appendix in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY ALVAREZ & MARSAL CANADA INC. IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF CERTAIN OF THE CURRENT AND FUTURE ASSETS, UNDERTAKINGS AND PROPERTIES OF EVERY NATURE AND KIND WHATSOEVER, AND WHEREVER SITUATE OF CANDRE CANNABIS INC.

THE CONFIDENTIAL MATERIALS ARE SEAL PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE G.A. CAMPBELL.

12. The Receiver is embowed and authorized, but not directed, to provide the Confidential Supplement (or any portion thereof, or information contained therein) to any interested party, entity or person that the Receiver considers reasonable in the circumstances subject to confidentiality arrangements satisfactory to the Receiver.

General

13. The Receiver has leave to reapply to this Honourable Court for such further advice and directions as may be necessary.
14. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order; and

(iii) any other parties attending or represented at the application for this Order;
and

(b) Posting a copy of this Order on the Receiver's website at
<http://alvarezandmarsal.com/candre>.

15. Service of this Order may be effected by facsimile, electronic mail, personal delivery, recorded mail or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

J.C.K.B.A.

SCHEDULE "A"
RECEIVER'S DISCHARGE CERTIFICATE

COURT FILE NO.: 2301- 02578

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ENZIO HOLDINGS LTD.

DEFENDANTS CANDRE CANNABIS INC., FRONDIS HOLDINGS LTD.,
CALYPTRA CULTIVATION INC. and JASMINE VENTURES LTD.

DOCUMENT **ORDER (Approve Cannabis
Destruction Process and Other Relief)**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard and Michael W. Selnes
Tel No.: 403-298-4485/3311
Fax No.: 403-265-7219
Client File No. 071752.4

Email: simardc@bennettjones.com and
selnesm@bennettjones.com

RECEIVER'S DISCHARGE CERTIFICATE

1. All capitalized terms not otherwise defined in this Receiver's Discharge Certificate shall have the meaning ascribed to them in the Order issued by the Honourable Justice G.A. Campbell of the Court of King's Bench of Alberta, in the within proceedings, granted on June 22, 2023 (the "**Discharge Order**").
2. Pursuant to the Discharge Order, the Court provided for the discharge of the Receiver, upon the filing of this certificate, by the Receiver, confirming that all actions necessary for the administration of the Debtor's estate in these proceedings have been completed.

THE RECEIVER HEREBY CONFIRMS AND CERTIFIES THE FOLLOWING:

1. All actions necessary for the administration of the Debtor's estate in these proceedings have been completed.

DATED the _____ day of _____, 20____

Alvarez & Marsal Canada Inc., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____

Name: _____

Title: _____