

S=211985

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.
C-36, AS AMENDED**

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND ARDENTON
CAPITAL BRIDGING INC.**

PETITIONERS

APPLICATION RECORD
(Initial Order)

Prepared by:

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Date of Hearing: March 5, 2021
To be heard at 9:00 a.m. (reserved through Supreme Court Scheduling)
Place: Vancouver Law Courts
Before the Honourable Mr. Justice Macintosh
Time Estimate: 1 hour

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APPLICATION RECORD INDEX

| TAB NO. | CASE LAW | Date |
|---------|--|---------------------|
| 1. | Petition to the Court | March 3, 2021 |
| 2. | Affidavit No. 1 of J. Livingston | Sworn March 2, 2021 |
| 3. | KSV Restructuring Inc. Consent to Act As Monitor | March 1, 2021 |
| 4. | Pre-Filing Report of KSV Restructuring Inc. | March 3, 2021 |
| 5. | Draft Initial Order | N/A |
| 6. | Blackline to Model Order | N/A |

MAR 03 2021



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PETITIONERS

PETITION TO THE COURT

This proceeding has been started by the Petitioners for the relief set out in Part 1 below.

If you intend to respond to this petition, you or your lawyer must

- (a) file a Response to Petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the Petitioners
 - (i) 2 copies of the filed response to petition, and
 - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A Response to Petition must be filed and served on the Petitioners,

- (a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,
- (b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,
- (c) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or
- (d) if the time for response has been set by order of the court, within that time.

(i) The address of the registry is: 800 Smithe Street, Vancouver, BC, V6Z 2E1

(ii) The ADDRESS FOR SERVICE of the Petitioners is:

MLT AIKINS LLP,
Suite 2600, 1066 West Hastings Street,
Vancouver, BC, V6E 3X1

Fax number address for service (if any) of the Petitioners: N/A

E-mail address for service (if any) of the Petitioners: wskelly@mltaikins.com

(iv) The name and office address of the Petitioners' lawyer is:

MLT Aikins LLP
Suite 2600, 1066 West Hastings Street
Vancouver, BC V6E 3X1

Attention: William E.J. Skelly and Thomas W. Clifford

CLAIM OF THE PETITIONERS

PART 1: ORDERS SOUGHT

1. The Petitioners, Ardenton Capital Corporation (“ACC”) and Ardenton Capital Bridging Inc. (“ACBI”) (collectively, the “Petitioners”) seek an order in substantially the form of the draft order attached hereto as **Schedule “B”** to this Petition (the “**Initial Order**”), seeking, *inter alia*:
 - (a) an order abridging the time for service of this Petition and the Petition Record and dispensing with further service thereof other than in accordance with the Initial Order;
 - (b) an order declaring that each of the Petitioners is a company to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
 - (c) an order staying all proceedings and remedies taken or that might be taken in respect of the Petitioners or any of their assets, properties and undertakings of the Petitioners (collectively, the “**Property**”), except upon leave of the Court, or as otherwise expressly provided;
 - (d) an order staying all proceedings taken or that might be taken in respect of any of the current, former or future directors or officers of the Petitioners;
 - (e) an order appointing KSV Restructuring Inc. (“**KSV**”) as the monitor of the Petitioners (the “**Proposed Monitor**” and, if appointed, the “**Monitor**”);

- (f) an order authorizing the Monitor to withhold the addresses and amounts of claims of ACC's investors from any creditors list required to be prepared and made available to the public by the Monitor pursuant to section 23(1) of the CCAA;
- (g) an order granting the following priority charges over all of the Property, such charges to rank ahead of all existing security interests of any person, save and except those claims of secured creditors with properly perfected and valid security interests against the Property existing as of the date of the Initial Order:
 - (i) an administration charge in favour of legal counsel to the Petitioners, the Monitor and the Monitor's legal counsel in the maximum amount of \$350,000 to secure payment of their fees and disbursements incurred in connection with these CCAA proceedings, including services rendered to the Petitioners both before and after the commencement of the CCAA proceedings (the "**Administration Charge**"); and
 - (ii) a charge to protect the directors and officers of the Petitioners from certain liabilities in the amount of \$110,000 (the "**D&O Charge**");
- (h) an order allowing the Petitioners to pay certain expenses which may have been incurred prior to the date of the Initial Order;
- (i) an order allowing the Petitioners to restructure the operations of the Petitioners by, among other things, pursuing all avenues of refinancing and disclaiming any real property leases;
- (j) an order prohibiting any persons from, among other things, discontinuing, terminating or ceasing to perform any contract, agreement, license or permit without the written consent of the Petitioners and the Monitor or with leave of the Court;
- (k) an order prescribing the manner of service of the information prescribed under the CCAA;
- (l) an order requesting the aid and recognition of the Canadian and foreign Courts, tribunals or administrative bodies; and
- (m) such further and other relief as counsel may request and the Court may deem just.

PART 2: FACTUAL BASIS

A. INTRODUCTION

1. ACC is a multinational private equity corporation formed by the amalgamation of Regimen Capital Partners Inc. (“**Regimen**”) (which changed its name to ACC on August 31, 2016) with Livingstone Acquisitions Inc. on January 2, 2018.
2. Through various holding companies including ACBI, ACC acquires stakes in mid-market private businesses. ACC currently has indirect majority ownership interests in fourteen portfolio companies located in Canada, the United States of America (“**USA**”) and the United Kingdom (“**UK**”) (collectively, the “**Opcos**”). ACC provides operating and financial support to the Opcos.
3. For ease of reference, ACC, ACBI and their non-filing affiliates are collectively referred to hereafter as “**Ardenton**” or the “**Petitioners**”.
4. Until recently, ACC had several physical offices in Canada (Vancouver, Edmonton, Toronto and Guelph), the USA (Dallas, Philadelphia and Chicago) and the UK (Manchester and London). To reduce operating costs, ACC has recently reduced its number of offices in Canada, and eliminated all offices in the USA and the UK. Currently, ACC only maintains the Vancouver head office.
5. The capital structure of ACC is comprised of a combination of equity and unsecured debt. ACC’s equity is comprised of a number of classes of voting and non-voting common shares, issued in various classes (and in some instances series within classes).
6. As of December 31, 2020, the Petitioners had raised approximately \$400 million through the issuance of a combination of common equity, hybrid notes, preferred securities and promissory notes. The majority of ACC’s capital was raised through debt instruments.
7. ACC’s liquidity constraints are largely as a result of: (a) the Opcos not generating sufficient cash flow for ACC to meet all of its corporate overhead costs, pay interest on its debt, fund redemptions and acquire additional businesses; and (b) significant disruptions in capital raising markets because of the impact of the COVID-19 pandemic. To address the former, ACC sourced capital routinely to meet substantially all of its cash requirements, including its debt obligations, with most of these requirements funded through the issuance of preferred securities, which are debt instruments.
8. To reduce its costs, in addition to office closures, ACC has implemented significant cost-reduction measures, including layoffs and reductions in payroll and headcount. ACC has also worked with the Opcos to access available capital held at the Opco level. Additionally, the Petitioners have sought to attract new financing from other sources.
9. ACC began deferring payments on its preferred and hybrid security products in April 2020, in large part to conserve cash at the Opcos. The deepening impact of the COVID-

19 pandemic derailed the Petitioners' attempts to catch up on deferred payments to its investors or lenders in 2020.

10. Despite these efforts by management, the Petitioners remain unable to service its significant debt obligations. The historical business model and the effects of the COVID-19 pandemic have materially impacted ACC's cash flow such that it is in significant arrears to all creditors and these obligations continue to accrue interest. There is no foreseeable manner in which to service these obligations absent a restructuring of ACC's balance sheet.
11. No distributions have been made by ACC with respect to the Preferred Securities and Notes (as defined below) since September 2020. The Petitioners accrued and unpaid interest presently totals approximately \$24 million. Interest on ACC's debt instruments accrues at an average rate of approximately 12% per annum.
12. The Petitioners are insolvent and require CCAA protection to allow them the breathing room necessary to maximize value for all affected stakeholders by exploring a plan as a means to secure the maximum recovery for creditors on their investments.
13. A stay of proceedings will provide the Petitioners the time and breathing room required to explore a plan and other strategic alternatives in a Court-supervised process and is in both the Petitioners' and their stakeholders' best interests.

B. BACKGROUND REGARDING THE PETITIONERS

(i) *Corporate Structure*

14. The Petitioners, ACC and ACBI, are companies formed under British Columbia law. The Petitioners' senior management work primarily from the head office, located in Vancouver, British Columbia.
15. ACC is currently registered extra-provincially to carry on business in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick Nova Scotia, Prince Edward Island and Newfoundland and Labrador.
16. ACC has eight direct wholly-owned subsidiaries: Ardenton Capital (Canada) Inc. ("ACCI"), ACBI, Ardenton Capital Limited ("ACL"), Ardenton Employee Equity Inc. ("AEEI"), Ardenton Equity Partners Inc., Ardenton Financial Inc. ("AFI"), Ardenton Partners Inc. and Go Plumbing and HVAC Services Ltd. ACC also holds a small minority equity interest in Regimen Equity Partners Limited Partnership.
17. The direct ACC subsidiaries, ACCI and ACBI, each own, directly or indirectly, a majority interest in a total of eight businesses in Canada and the USA.

18. ACCI is the majority shareholder of:
- (a) 1971035 Ontario Inc. a Mississauga, Ontario based manufacturer, distributor and installer of ornamental iron and chain link fencing, founded in 1975;
 - (b) Canadian Posters International Inc., a Toronto based company founded in 1976, specializing in art, custom wallcovering, mirrors and décor for hotels, healthcare, commercial and residential spaces;
 - (c) Combat Networks Inc. (“**Combat**”), an Ottawa based company founded in 2001, which provides voice, data and video communications solutions to government, health care, education and small and large companies across Canada;
 - (d) Stevenson Industrial Refrigeration Ltd., which operates in Saskatchewan, Alberta and Manitoba and is engaged in the design, fabrication, installation, maintenance and supply of parts for large-scale, ammonia-based refrigeration systems to operators of recreational facilities, food processors and mining customers;
 - (e) The Pipe Yard Ltd., based in Blackfalds, Alberta, which primarily supplies new, surplus and secondary steel pipe to pile driving customers supporting the oil and gas industry in western Canada; and
 - (f) OES Inc. (“**OES**”), a London, Ontario based designer, manufacturer and marketer of proprietary control systems, electronic products, scoreboards and quality assurance devices founded in 1980.
19. ACBI is the indirect majority shareholder of:
- (a) Achieve 1, LLC, a Richmond, Virginia-based company founded in 2009, which integrates customized technology-based business solutions for a diversified base of corporate customers; and
 - (b) Comtrad Strategic Sourcing Inc., a Mississauga-based company, which specializes in sourcing products from Asian suppliers for delivery to original equipment manufacturers and distributors with operations in North America.
20. ACCI is also the sole shareholder of each of Blakie Land Holdings Inc. (“**Blakie**”) and Combat Land Holdings Inc. (“**Combat Land**”). Blakie is the property holding company which owns the premises from which OES operates in London, Ontario. Combat Land is the property holding company that owns one of the two properties from which Combat operates in Ottawa, Ontario.
21. ACC also holds an indirect majority ownership interest in six operating companies in the UK through its subsidiary, ACL:
- (a) Shaftec Automotive Components Ltd., a Birmingham, UK based company, which specializes in the supply and manufacture of automotive components, including transmission, steering and brake products, to the automotive industry;

- (b) Food Innovations (Manufacturing) Limited, Doric Crimped Limited, Doric Cake Crafts Limited and Doric FPD Limited comprise the Food Innovations Baking Group, a Manchester, UK based multi-site manufacturer of home baking products, including a wide range of edible decorative products;
 - (c) W. Corbett & Co (Galvanizing) Limited, a Tedford, UK based company founded in 1860, is a hot dip galvanizer serving UK manufacturing businesses across a broad range of sectors, including structural steel, cable management and transportation;
 - (d) PP Control & Automation Limited, a West Midlands, UK based company established in 1967, which supplies strategic outsourcing solutions to original equipment manufacturers and machine builders internationally;
 - (e) Budget Greeting Cards Limited and Budget Greeting Cards (Ireland) Limited carry on business under the name BGC Wholesale and are based in Manchester, UK. BCG designs and sells greeting cards and gift wrap, as well as other stationary and celebratory products to small and medium sized businesses; and
 - (f) Pebbles Care Limited, Partners in Care Limited and Radical Services Limited, carry on business under the name Pebbles Care, and are a Dunfermline, Scotland based operator of care homes and specialist school academies across the UK.
22. ACL's wholly owned subsidiary Ardenton Capital Investments Limited employs the organization's UK operations employees.
23. With respect to the balance of the direct subsidiaries:
- (a) Ardenton Employee Equity Inc. is the trustee of ACC's Canadian employee long term incentive plan. Under this plan, restricted shares were granted to employees of ACC. The restricted shares are held in trust by AEEI and do not transfer until such time as they vest in accordance with the terms of the plan;
 - (b) Ardenton Equity Partners Inc. is inactive;
 - (c) AFI is a registered exempt market dealer that distributes ACC Securities (as defined below) products under prospectus exemptions primarily in Canada;
 - (d) Ardenton Partners Inc. is a holding company to G.K. Mechanical Ltd. and Leader Mechanical Contracting Ltd., whose operations have been wound down; and
 - (e) Go Plumbing and HVAC Services Ltd. is inactive.
- (ii) ***The Petitioners' Business and Operations***
24. Ardenton does not use a typical private equity model, which would rely on a limited partnership structure to raise capital for its investment. Instead, the majority of ACC's capital is raised by issuing unsecured debt instruments with a five-year term (subject to

redemption rights) and which pay interest between 8% to 14% annually. ACC also issued a comparatively small amount of common equity.

25. ACC's investment objective is to acquire and develop a diverse portfolio of private companies at attractive valuations while leveraging its internal operational expertise to optimize and grow each business.
26. Since its inception, the majority of the capital raised by ACC has been through the issuance of Preferred Securities (as defined below). As of December 31, 2020, approximately \$260 million of all monies raised by ACC has been through the issuance of Preferred Securities.
27. Purchases of the Opcos are funded with a combination of debt (comprised of preferred securities directly or indirectly issued by the portfolio company to ACC, vendor loans and bank debt at the Ardenton Opco level) and equity.
28. Under its business model ACC collects interest from the Opcos under preferred securities issued to direct and indirect ACC subsidiaries, as well as management fees and dividends or distributions. Other capital from the Opcos has been sourced on one occasion through the refinancing of preferred securities with less expensive bank debt, and, in a few instances, proceeds generated from the sale of interests in the Opcos.
29. ACC uses the proceeds of its fundraising and the interest, management fees and dividends generated from the Ardenton Opco level to: (a) fund acquisitions and capital expenditures; (b) pay its corporate overhead costs; (c) fund redemptions (d) pay interest; and (e) meet other capital needs of the portfolio companies from time to time.
30. ACC has not made any interest payments to its debtholders since September 2020, except certain interest payments on the ACC Promissory Note (as defined below). Consequently, ACC's obligations to its debtholders are now in significant arrears. In many instances, the underlying debt securities agreements issued by ACC contain provisions limiting the investors recourse against ACC in the event of a default by ACC thereunder.

(iii) ***Non-Consolidated Financial Position of the Petitioners***

31. ACC generated negative EBITDA of approximately \$3.6 million and \$6.6 million in 2018 and 2019, respectively. ACC generated EBITDA of approximately \$4.1 million in 2020. ACC's net loss for 2018 was approximately \$24.3 million, for 2019 approximately \$31.0 million and for 2020 approximately \$29.1 million. A large portion of the loss is due to interest expense of \$17.2 million, \$28.0 million, and \$36.0 million in 2018, 2019 and 2020, respectively.
32. ACBI generated EBITDA of approximately \$444,000, \$617,000, and \$599,000 in each of 2018, 2019 and 2020, respectively. ACBI's net loss for 2018 was approximately \$1.9 million, for 2019 approximately \$1.4 million, and for 2020 approximately \$2.2 million.

Assets

33. As of December 31, 2020, the total book value of ACC's assets was approximately \$194.2 million, consisting primarily of investment in subsidiaries, related party receivables, goodwill and other assets.
34. As of December 31, 2020, the total book value of ACBI's assets was approximately \$25.6 million, consisting primarily of investment in subsidiaries, related party receivables and other assets.

Liabilities

35. As of February 28, 2021, ACC's liabilities total approximately \$336.4 million, all of which are unsecured. Of the liabilities approximately \$332.3 is owed to investors.
36. As of February 28, 2021, ACBI liabilities total approximately \$18.2 million, all of which are unsecured. Substantially all of ACBI's debt consists of promissory notes owing to investors.
37. ACC is over-burdened by its current debt obligations and, accordingly, these numbers do not reflect Ardenton's potential fair market value or growth prospects.

(iv) *Stakeholders*

38. ACC has four categories of debt securities and seven equity securities classes (collectively, "**ACC Securities**"). ACC issued the ACC Securities to investors through direct issuances, issuances facilitated by AFI or through various third-party agents.
39. The following provides a general description of the debt component of the ACC Securities, which consists of:
 - (a) a single USD\$1,000,000 promissory note issued by ACC having a maturity date of February 17, 2022 (the "**ACC Promissory Note**");
 - (b) preferred securities, which are a form of contractual debt instrument entitling investors to regular interest payments, having no fixed term, but are redeemable between one and five years from the date of issue, provided, the issuer has sufficient liquidity to do so (collectively, the "**Preferred Securities**");
 - (c) notes that are a form of contractual debt instrument permitting investors to regular interest distributions, having no fixed term, issued under an arrangement with Montrusco Bolton Investments Inc., and which are otherwise materially similar to the Preferred Securities (the "**MBI Notes**" and, together with the Preferred Securities, the "**Preferred Securities and Notes**"); and
 - (d) hybrid securities that consist of a combination of an unsecured debenture and a warrant to acquire equity in ACC (collectively, the "**Hybrid Securities**").

40. While each of the arrangements mentioned above are unsecured obligations, the contractual terms contained within these underlying ACC Securities provide for the following priorities:

- (a) firstly, any general indebtedness of ACC to its creditors and the ACC Promissory Note;
- (b) secondly, the Preferred Securities and Notes; and
- (c) lastly, the debenture component of the Hybrid Securities.

(v) ***Promissory Noteholders***

Ardenton Capital Corporation

41. The ACC Promissory Note initially issued on January 17, 2020, in the principal amount of USD\$1,000,000 and provided for a USD\$20,000 borrowing fee. The ACC Promissory Note was subsequently amended on February 10, 2020, extending the maturity date to February 17, 2021 and providing for an interest rate of 12% per annum on a go forward basis. On February 10, 2021, the ACC Promissory Note was further amended to extend the maturity date to February 17, 2022. The ACC Promissory Note is governed under the laws of the State of Texas.

Ardenton Capital Bridging Inc.

42. ACBI has issued eleven promissory notes (collectively, “**ACBI Notes**”) consisting of: (a) eight Canadian dollar-denominated notes, with an aggregate principal value of \$7,236,364 and a weighted average annual interest rate of 12.56%; and (b) three U.S. dollar-denominated notes, with an aggregate principal value of USD\$8,250,000 and a weighted average annual interest rate of 12.48%, each of which is maturing in 2021.

43. The ACBI Notes are unsecured obligations of ACBI.

(vi) ***Preferred Securities and Notes***

44. The Preferred Securities and Notes are unsecured debt obligations, issued in series and ranking *pari passu* as between each series. There are 14 outstanding series. The aggregate outstanding principal amount of Preferred Securities and Notes, across all series, was, as of February 28, 2021, \$99,462,940, accruing interest at a weighted average annual rate of 13.19%, USD\$110,451,000, accruing interest at a weighted average annual rate of 12.44%, and GBP£400,000 accruing interest at a weighted average annual rate of 12.90%. The Preferred Securities and Notes rank subordinate to all other indebtedness of ACC owing to any other creditors but ahead of all Hybrid Securities and the ACC Equity.

45. The Preferred Securities and Notes are generally redeemable on request for a fixed number of years (usually 3 – 5 years) from the issue date. In all but one of the series, ACC is granted the right to suspend redemptions entered if ACC is unable to raise sufficient funds to fund operations.

(vii) *Hybrids*

46. The Hybrid Securities are securities issued in series, from time to time, as a package comprised of: (a) an unsecured debt obligation of ACC (the “**Debentures**”); and (b) a warrant to acquire Class F Non-Voting Shares (“**Warrants**”).
47. The Debenture are denominated in both Canadian and U.S. dollars and as of February 28, 2021, the aggregate outstanding principal amount of Debentures, across all series, was \$19,481,750, accruing interest at a weighted average annual rate of 8.74%, and USD\$33,805,000, accruing interest at a weighted average annual rate of 9.33%.
48. Holders of Debentures have the right to request that ACC redeem their Debentures, after the fifth anniversary of their issuance, provided that ACC may limit redemptions to four annual payments equal to 25% of requested redemption amount, with the first of such payment due within 90 days of such request. ACC has the right to suspend redemptions entirely if it is unable to: (a) fund monthly interest payments or requested redemptions under any of the Preferred Securities; (b) fund interest payments or any payments due on any other indebtedness or securities ranking senior to the Debentures; and/or (c) due to prevailing market conditions at the time, raise sufficient funds on commercially reasonable terms to fund such redemption obligations.
49. Each Debenture is accompanied by a Warrant to acquire between 1.32 and 1.93 Class F Non-Voting Common Shares at an exercise price ranging between \$170 and \$255.78 per Class F Share, if exercised prior to their expiry, 8 years following their respective issuance dates.
50. The Warrants contain a put right, allowing the holder of the Warrants to put all of their outstanding Warrants to ACC, in exchange for, at the holder’s option: (a) the in-the-money value of the Warrants; or (b) as to one-half of their Warrants, the in-the-money value of such half of the Warrants and, as to the remaining one-half of their Warrants, and subject to payment of the applicable exercise price, Class F Non-Voting Shares. The put rights are exercisable for 60 day periods in the 6th and 8th years following the issuance of the Warrants. The obligations to fund the put rights under the Warrants rank subordinate to the Preferred Securities and Notes and other indebtedness, obligations or securities ranking senior to the Non-Voting Class F Shares. Similar to the Debenture terms, ACC has the ability suspend its put obligations if ACC does not have the financial capacity to satisfy the foregoing.
51. There are, as of February 28, 2021, a total of 94,918 warrant shares outstanding.

(viii) *ACC Equity*

52. The issued and outstanding equity of ACC (the “**ACC Equity**”) consists of: (a) 462,174 Class A Voting Shares; (b) 32,393 Class C Voting Shares; (c) 8,489 Class D Non-Voting Shares; (d) 82,841 Series I Class E Non-Voting Shares; and (e) 8,975 Series II Class E Non-Voting Shares.

53. As among themselves, the ACC Equity, with the exception of Series I Class H Shares (no right as to both dividend and distribution), ranks equally as to dividends and entitlements on liquidation, wind-up or dissolution.
54. The Class A, C and D shareholders are subject to a unanimous shareholders' agreement, which provides for a put right after December 2021. The Class E shareholders also have a put right under the company's articles.

(ix) ***PPSA Registrations***

55. The *Personal Property Security Act* (British Columbia) search results show that The Toronto-Dominion Bank ("**TD Bank**") has made four registrations against ACC, and HSBC Bank Canada ("**HSBC**") has made one registration against ACC. The *Personal Property Security Act* (Saskatchewan) search results show that TD Bank has made one registration against ACC. The *Personal Property Security Act* (Ontario) search results show that TD Bank has made four registrations against ACC.
56. The *Personal Property Security Act* (British Columbia) search results show that TD Bank has made one registration against Regimen, which appears to be a legacy registration.
57. The TD Bank registrations were made in respect of limited recourse guarantees supported by share pledges that ACC had previously made in support of loans to the Opcos. Shares in the Opcos pledged to TD Bank are now held by ACCI after an internal reorganization completed by Ardenton in 2019; ACCI is not a Petitioner in these proceedings. ACC is in the process of working with TD Bank to rectify the security documents so that they properly reflect the correct owner of the pledged shares.

(x) ***Leased Premises***

58. ACC has exited most of its leased premises to reduce costs and is currently making arrangements to move its Vancouver office space to a more affordable location, taking into account the reduction in its number of employees.

(xi) ***Employees***

59. ACC has reduced its headcount significantly in recent months. It presently employs 15 employees across Canada (the "**Employees**"), most of whom are based in Vancouver. ACC's workforce is not unionized. Additionally, within Ardenton group:
 - (a) ACCI currently has three employees;
 - (b) Ardenton Capital (USA), Inc., a subsidiary of ACBI, has two employees;
 - (c) Ardenton Capital Investments Limited, a subsidiary of ACL, employs five individuals, and several of its other employees are in various stages of furlough; and

- (d) AFI has one employee, which individual is also employed by ACC in a different capacity.
60. ACC's executive team currently consists James Livingstone, as sole director and president. The other members of the executive leadership team departed during 2020. There are also six employees currently filling the role of senior management. These six employees have extensive operational, finance and accounting, legal and regulatory, and management skills and experience in a wide range of industries, including, in particular, private equity.
61. One member of ACC's management team is technically an employee of ACCI; however, his involvement and oversight of the day-to-day operations of the Ardenton group, including ACC, is important to the success of the Petitioners' restructuring efforts.
62. Except for certain employee health tax deduction which are currently in arrears, all other government remittances related to ACC employees are current, including, without limitation, source deductions, income tax withholdings, worker's compensation, Canada Pension Plan and employment insurance. The Petitioners intend to keep these amounts current going forward.
63. James Livingstone is the sole director and officer of ACBI; it has no employees.
64. Neither ACC nor ACBI have a pension plan.

(xii) ***Government***

65. The Petitioners' federal and outstanding provincial sales tax obligations and goods and services tax obligations are all current, as well as their source deduction remittances.
66. The Petitioners are not aware of any actual or threatened claims or investigations by any government or similar authority related to the Petitioners or their property or assets.

(xiii) ***General Trade Creditors***

67. As part of ACC's total liabilities, ACC currently has approximately \$1.6 million in general trade debt, including amounts owing to various service providers.
68. At the ACB level, there is current trade and/or vendor debt of approximately \$9,400.

C. FINANCIAL SITUATION AND THE NEED FOR CCAA PROTECTION

69. Most of the Opcos are currently generating positive EBITDA; however, they are not providing sufficient cash flow to service the Petitioners' day to day obligations nor its debt service obligations under the ACC Securities or the ACBI Notes.
70. There is an opportunity to expand the value of ACC's portfolio by growing the existing portfolio and investing in the growth of the existing Opcos.

71. A restructuring of the Petitioners' debt obligations, together with the continued growth of the Opcos will significantly improve recoveries to Ardenton's stakeholders of the amounts invested to-date, and that such an approach is preferable to a liquidation of the Petitioners' assets, consisting primarily of the Opcos, particularly in the present COVID-19 environment. ACC continues to work on a business plan, with the input and guidance of the Monitor, that will form the basis of a Plan that ACC intends to present to its creditors in due course.

(i) ***The Petitioners Are Insolvent***

72. In light of the present circumstances, ACC is insolvent because its revenue or existing cash flow are insufficient to meet its obligations as they generally become due.

73. ACBI is insolvent because its revenue is insufficient to meet its obligations as they generally become due.

74. Additionally, as at December 31, 2020, ACC has negative book value of \$129.5 million. The negative book value reflects that the book value of the liabilities of each of these entities exceeds the book value of the assets.

75. As of December 31, 2020, ACBI has a positive book value of \$3.2 million; however, a significant portion of the assets are comprised of intercompany receivables and, therefore, its book value is overstated. Furthermore, ACBI is not able to meet its obligations generally as they come due, including certain maturities in the near future.

76. Based on the unaudited 2020 Year-End Balance Sheets, ACC had liabilities with a book value of approximately \$323.7 million as of December 31, 2020. This figure does not include any costs associated with realizing on its assets, nor any amounts in respect of damages for breach of any contracts that ACC cannot perform.

(ii) ***Payments during the CCAA Proceedings***

77. As described in the proposed Initial Order, the Petitioners seek authorization to pay certain expenses, whether incurred before, on or after the Initial Order, in respect of:

(a) to the extent applicable, any outstanding wages and future salaries, employee benefits, vacation pay and expenses, payable on or after the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants (as such term is defined in the proposed Initial Order) retained or employed by the Petitioners.

78. The continued payment of these obligations is necessary for the business to continue to operate in connection with the CCAA proceedings and to provide Ardenton with the time it requires to address Ardenton's current financial circumstances. The Petitioners believe that continuing to pay these expenses in the ordinary course is in stakeholders' best interest.

79. There are also outstanding claims against ACC from two former executives on account of unpaid bonuses for the fiscal years 2019 and 2020. It is intended that these payments be dealt with and/or administered as claims within the CCAA proceedings.

80. In the proposed Initial Order, the Petitioners also seek the authority to pay all reasonable expenses incurred in carrying on the business in the ordinary course after the Initial Order, including: (a) expenses reasonably necessary for the preservation of the Petitioners' business or assets; (b) expenses required to ensure compliance with any governmental, regulatory, or other regulatory requirements or enforcement action; and (c) payment for goods and services supplied or to be supplied to the Petitioners after the date of the Initial Order, including the professional fees of the Monitor and its legal counsel, and the legal counsel of the Petitioners.

D. CASH MANAGEMENT SYSTEM

81. The Petitioners do not expect that there will be any changes to the existing cash management system, other than the addition of the Monitor's oversight or as otherwise expressly set out in any order of this Court concerning any post-filing financing pursuant to a Court-approved debtor-in-possession loan facility, if such facility is ultimately determined to be necessary.

E. APPOINTMENT OF THE MONITOR

82. It is proposed that KSV will act as the Monitor in the CCAA proceedings if the proposed Initial Order is issued.

83. KSV has assisted the Petitioners in preparing for this CCAA application, including, without limitation, reviewing the cash flow projections of the Petitioners, assuming the relief sought is granted (the "**Cash Flow Projections**"). The amounts set out in the Cash Flow Projections reflect, among other things, the minimum payments required to maintain the Petitioners' business during a stay period to May 9, 2021, as well as professional fees.

84. KSV has consented to act as Monitor of the Petitioners under the requirements of the CCAA, subject to the Court's approval.

85. At no time in the past two (2) years has KSV or any of its partners or managers been the Petitioners or any of the other Ardenton companies' auditor, accountant or employee.

F. CHARGES

(i) Administration Charge

86. In connection with its appointment, it is proposed that the proposed Monitor, along with its legal counsel and Petitioners' counsel, be granted the Administration Charge as security for their respective fees and disbursements relating to services rendered at their standard rates and charges, in respect of the Petitioners up to a maximum of \$350,000 to

ensure the active involvement and assistance of such persons during the CCAA proceedings.

87. Each of the Petitioners' legal counsel, the Monitor and the Monitor's legal counsel, as a condition of their continued involvement with the Petitioners, has indicated that its ongoing involvement is conditional upon the granting of an order under the CCAA which grants the Administration Charge, which shall rank first in priority ahead of all other encumbrances.
88. The amount of the proposed Administration Charge has been reviewed with the Monitor. ACC is largely illiquid at this time, and given the nature and complexity of the restructuring of ACC, the professionals require protection that their fees be protected in the event that Ardenton is unable to pay them in the ordinary course. Additionally, because of ACC's illiquidity, the professionals have accrued and unpaid fees related to preparing for these proceedings. Accordingly, a charge is required until either alternative financing is obtained or cash flow is sourced from the Opcos or otherwise.

(ii) ***D&O Charge***

89. James Livingstone, as the sole director and officer of each of the Petitioners, will be actively involved in overseeing and directing the business' operation during the CCAA proceedings and efforts to resolve the Petitioners' current financial crisis.
90. As is customary in CCAA proceedings, the Petitioners are seeking to stay all proceedings against the former, current and future directors and officers of the Petitioners (the "D&O").
91. The Petitioners' current D&O insurance is set to expire on June 1, 2021, and it is unclear whether the Petitioners' existing insurers are prepared to extend the Petitioners' existing insurance coverage after the expiry of the existing policies.
92. The insurance policies for the directors and officers of the Petitioners are subject to a total limit of \$15.0 million and, as is typical for policies of this nature, it contains exclusions and limitations to the coverage provided. Accordingly, there is a potential for there to be insufficient coverage regarding the potential director and officer liabilities or that the existing coverage will not be extended after June 1, 2021. Obtaining replacement coverage will be a challenge, if the existing policy is terminated.
93. Accordingly, the proposed Initial Order provides for the D&O Charge to indemnify the current D&O of the Petitioners to protect them from certain liabilities they may incur during the CCAA proceedings in their capacities as directors and officers in the maximum amount of \$110,000. The proposed Monitor has reviewed and supports the amount of the proposed D&O Charge.

G. PRIORITIES OF CHARGES

94. It is proposed that the priorities of the Administration Charge and the D&O Charge (collectively, the "Charges") be as follows:

- (a) first – the Administration Charge; and
 - (b) second – the D&O Charge.
95. The Initial Orders sought by the Petitioners provide for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, other than certain specified exceptions, such as purchase-money security interests, statutory deemed trusts for source deductions, certain pension plan amounts, municipal property tax and utility liens (each to the extent it is a super-priority charge).

PART 3: LEGAL BASIS

1. The Petitioners rely on:
- (a) the CCAA;
 - (b) the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “BIA”);
 - (c) the *Business Corporations Act*, S.B.C. 2002, c. 57 (the “BCBCA”);
 - (d) the *Supreme Court Civil Rules*, B.C. Reg. 241/2010, as amended, and in particular Rules 2-1(2), 8-1, 8-2, 8-5, 16-1, 22-1, and 22-4; and
 - (e) the inherent and equitable jurisdiction of this Honourable Court; and
 - (f) such further and other legal basis as counsel may advise and this Honourable Court may allow.

A. THE CCAA APPLIES TO THE PETITIONERS

2. The CCAA applies to a “*debtor company*” or “*affiliated debtor companies*” where the total amount of claims against the debtor or its affiliates exceeds five million dollars (\$5,000,000). The CCAA defines the term “*debtor company*” to include any company that is bankrupt or insolvent.

CCAA, ss. 2(1) and 3(2)

3. Insolvency is not defined in the CCAA, however, Canadian Courts have applied the definition of “*insolvent person*” found in the BIA. This definition includes: (a) persons who are for any reason unable to meet their obligations as they generally become due; (b) a person who has ceased paying their current obligations in the ordinary course of business as they generally come due; and/or (c) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all obligations, due and accruing due.

BIA, s. 2

4. In the context of the CCAA, this test has been interpreted expansively. An insolvent company is one that is “*reasonably expected to run out of liquidity within reasonable proximity of time as compared with the time reasonably required to implement a restructuring*”.

Stelco Inc., Re, 2004 CarswellOnt 1211 at para. 26

5. Here, each Petitioner is a “*company*” to which the CCAA applies as they are each incorporated under the BCBCA. In addition, each Petitioner has claims against it in the aggregate above the five million dollar (\$5,000,000) statutory requirement.
6. The Petitioners are insolvent. They are individually and collectively unable to meet their obligations as they come due, and would run out of liquidity before they could implement a restructuring.
7. The Petitioners have complied with the obligations under section 10(2) of the CCAA, which outlines the documentation required in connection with the Initial Order as follows:
- (a) a statement indicating, on a weekly basis, the projected cash flow of the debtor company;
 - (b) a report containing the prescribed representations of the debtor company regarding the preparation of the cash-flow statement; and
 - (c) copies of all financial statements, audited or unaudited, prepared during the year before the application or, if no such statements were prepared in that year, a copy of the most recent such statement.

CCAA, s. 10(2)

B. THE BCSC IS THE APPROPRIATE FORUM

8. Applications under the CCAA may be made to the Court that has jurisdiction in the province within which the insolvent company’s head office is situated. Canadian Courts have interpreted the “head office” of a company to mean its registered office head office.

CCAA, s. 9(1)

9. This Court is the appropriate forum for these proceedings. The registered office for each of the Petitioners is located in Vancouver, British Columbia. In addition, the Petitioners’ corporate governance, primary operations, managerial and financial functions are directed by personnel located in British Columbia.

C. THE STAY OF PROCEEDINGS IS APPROPRIATE

10. Pursuant to section 11.02 of the CCAA, the Petitioners request this Court order a stay of proceedings. The CCAA vests with the Court the power to order a stay of proceedings that temporarily prevents creditors from proceeding with their claims. A stay order is the first step in all CCAA proceedings as it maintains the *status quo* while the debtor company consults with its creditors and stakeholders, allowing breathing room for reorganization. Consistent with the purpose of the CCAA, a stay of proceedings facilitates the ongoing operations of the insolvent company's business to preserve its value and prevents any creditor from gaining an unfair advantage over others.

CCAA, s. 11.02

Ted Leroy Trucking (Century Services) Ltd., Re, 2010 SCC 60 at para. 60

JTI-Macdonald Corp., Re, 2019 ONSC 1625 at para. 12 (“**JTI-Macdonald**”)

Lehndorff General Partner Ltd., Re, 1993 CarswellOnt 183 at paras. 5-7

11. Here, a CCAA stay of proceedings is needed to assist the Petitioners, with the Monitor's support, to restructure its businesses efficiently under the protection of the Court without the threat of proceedings, actions or discontinuation of essential services. A stay of proceedings will temporarily restrain the exercise of rights and remedies under the various agreements, including loan or investment documents, to which the Petitioners are party, preserve the *status quo*, and restrain existing creditors from taking advantage of the Petitioners and other creditors in the circumstances. In so doing, the Petitioners, with the aid of the Monitor, will be in a position to, among other things, determine the validity of creditors' claims, understand the priority of such claims and assist the Petitioners to file a plan to restructure the Petitioners' financial and other obligations.
12. In that regard, a stay of proceedings against the Petitioners is necessary at this time, among other things:
- (a) to allow the Petitioners breathing room so that they can focus their efforts to stabilize their business operations and preserve enterprise value;
 - (b) provide a forum to explore a CCAA plan of compromise or arrangement that would maximize recovery for creditors and other stakeholders;
 - (c) provide a forum to engage with the various stakeholders under the supervision of a Court process; and
 - (d) explore, if necessary, strategic transactions for certain of the Opcos.
13. A stay of proceedings will not materially prejudice any of the existing creditors when compared to the consequences if a stay of proceedings is not granted. The alternative to a stay of proceedings and the commencement of these proceedings is the forced sale or liquidation of the Petitioners and their assets, respectively. By restructuring the

Petitioners' debt obligations, stakeholders will receive a recovery through a reorganization superior to a liquidation. Each Petitioner does not have the ability to service its existing debt obligations and these proceedings are the most efficient and effective means to restructure these obligations.

14. In addition, the requested stay of proceedings conforms to the British Columbia Model CCAA Initial Order, except where otherwise mentioned.

D. THE APPOINTMENT OF THE MONITOR IS IN THE BEST INTEREST OF ALL STAKEHOLDERS

15. S. 11.7 of the CCAA provides that the Court shall appoint a person to monitor the business and affairs of a debtor company granted relief under the CCAA.
16. The Petitioners seek to have KSV appointed as the Monitor in these proceedings.
17. It is in all stakeholders' best interests if this Court appoints KSV as the court-appointed Monitor of the Petitioners. As a result of KSV's involvement with the Petitioners in advance of and in preparation for this filing, KSV has gained significant insight into the Petitioners' business, and will be in a position to perform the monitoring duties effectively and without delay.
18. KSV has not acted as a financial advisor or auditor to the Petitioners and therefore is not restricted from acting as monitor by section 11.7(2) of the CCAA.

CCAA, s. 11.7(2)

E. THE ADMINISTRATION CHARGE IS APPROPRIATE

19. The Petitioners seek an administrative charge of \$350,000 (the "**Administration Charge**") to secure the collective fees and disbursements, incurred both before and after the commencement of these proceedings, for legal counsel for the Petitioners, the Proposed Monitor, and legal counsel for the Proposed Monitor.
20. Section 11.52 of the CCAA provides that, on notice to the secured creditors who are likely to be affected by the security or charge, the Court may make an order declaring a priority charge in respect of certain professional fees and disbursements incurred in the proceedings. In determining whether to grant the charge, Canadian Courts have considered, *inter alia*, the following factors:
 - (a) the size and complexity of the business being restructured;
 - (b) the proposed role of the beneficiaries of the charge;
 - (c) whether there is an unwarranted duplication of roles;
 - (d) whether the quantum of the proposed charge appears to be fair and reasonable;

- (e) the position of the secured creditors likely to be affected by the charge; and
- (f) the position of the monitor.

CCAA, s. 11.52

JTI-Macdonald at para. 20

21. Courts have recognized that, unless professional advisor fees are protected with the benefit of a charge over the assets of a debtor company, the objectives of the CCAA would be frustrated because the professionals would be unlikely to risk offering their services without the assurance of being paid. Any failure to provide protection for professional fees will “*result in the overwhelming likelihood that the CCAA proceedings would come to an abrupt halt, followed, in all likelihood, by bankruptcy proceedings*”.

Timminco Ltd., Re, 2012 ONSC 506 at para. 66

22. The Petitioners require the specialized expertise, knowledge and continuing participation of the proposed beneficiaries of the Administration Charge in order to complete the restructuring, and the Administration Charge is necessary to ensure their continued assistance and participation in these proceedings.
23. The amount of the proposed administration charge was determined in consultation with the Proposed Monitor and is fair and reasonable in light of the number of beneficiaries, the size and complexity of the business of the Petitioners, and the scope and the complexity of the proposed restructuring.
24. The Petitioners do not expect that there will be any duplication of the roles of the beneficiaries of the Administration Charge. Each of the professionals have a unique and distinct focus in the restructuring, and their joint efforts will produce a better result overall.

F. THE DIRECTORS’ AND OFFICERS’ CHARGE IS APPROPRIATE

25. The Petitioners seek the D&O Charge in the amount of \$110,000 to secure the indemnity of each Petitioner’s directors and officers.
26. Pursuant to section 11.51 of the CCAA, on notice to the secured creditors who are likely to be affected by the security or charge, this Court is vested with the power to grant a charge over the assets of a debtor company with respect to directors’ and officers’ indemnification on a priority basis. The Court must be satisfied with the amount of the proposed charge. The Court will consider the following factors:
- (a) whether the charge is essential to the successful restructuring of the debtor;
 - (b) whether the continued participation of the directors and officers is critical to the restructuring; and

- (c) whether the amount of the charge is reasonable and appropriate in light of the obligations and liabilities that may be incurred by the directors and officers. The proposed charge must not provide coverage for the wilful misconduct or gross negligence of any director or officer of the debtor company.

CCAA, s. 11.51

Canwest Publishing Inc., Re, 2010 ONSC 222 at para. 56

Canwest Global Communications Corp., Re, 2009 CarswellOnt 6184 at paras. 44-48

27. In this case, there are no secured creditors who are likely to be affected by the charges created by the Initial Order.
28. Consistent with both the foregoing and the British Columbia Model CCAA Initial Order, the D&O Charge is not intended to duplicate coverage already in place under the Petitioners' existing directors' and officers' liability insurance policies, but rather, to supplement such coverage in the event that any particular claim is not insured under those policies.
29. The request of the Petitioners' D&O to receive adequate protection in the form of the D&O Charge is fair and reasonable and advances the integral need of the Petitioners to have fully functional, experienced and qualified advisors, directors and officers. Particularly, the specialized knowledge held by the current management, and their relationships with various key creditors and their representatives gained throughout the growth of the Petitioners' business, cannot be replicated or easily replaced.

G. MODIFIED SERVICE AND NOTICE IS WARRANTED

30. The Petitioners are also seeking approval of their proposed manner of service and notice of the Initial Order and the comeback hearing authorized under the Initial Order. In particular, the Petitioners suggest that the Monitor provide notice by way of publication, by making the Initial Order publicly available as prescribed in the CCAA, and by sending a notice (which shall include the date of the comeback hearing) to known creditors with claims over \$1,000.
31. Given the limitations imposed on the ability of the Petitioners and the Monitor to process and send notices to creditors by physical mail as a result of the COVID-19 pandemic and the fact that many businesses may not have staff on-site to open such mailings, the Petitioners are seeking the Court's authorization to deliver the notices to known creditors by email instead of physical mail. If the Petitioners do not have email addresses on file for a known creditor, the Monitor will send a notice by physical mail in the usual manner. In the current circumstances, the Petitioners believe that the notices are more likely to come to known creditors' prompt attention if they are sent by email.
32. The proposed Initial Order also provides that the Petitioners may rely on the notice provided by the Monitor to provide notice of the comeback hearing and shall only be required to serve motion materials concerning the comeback hearing on those parties who

serve a Notice of Appearance or Response to the Petition in the proceeding or otherwise request service of such materials or to be added to the service list, in writing, in advance of the comeback hearing.

H. THIS MATTER IS URGENT

33. The Initial Order is essentially being sought on an *ex parte* basis vis-a-vis the Petitioners' other stakeholders.
34. Section 11 of the CCAA provides that "... *if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances*".
35. Rule 8-5 (6) of the Supreme Court Civil Rules provides that "[t]he court may make an order without notice in the case of urgency".
36. As a result of the immediate funding needs of the Petitioners, over and above day-to-day operational costs, and in the interest of protecting its stakeholders, the *status quo* is not sustainable. The Petitioners' financial resources are not sufficient to meet the investor commitments or repay its debt obligations, some of which are due and payable as of today, and, in the very near term, its operational costs.
37. The primary objective of the Petitioners is to preserve and maximize value for all stakeholders.
38. Due to the immediate cash flow requirements, a stay of proceedings is essential to stabilize the continued operations of Ardenton and to provide a platform to allow Ardenton to restructure its business so that it can return and be viable in the long term. The stay of proceedings afforded to the Petitioners, should this Court grant the requested relief, will provide the Petitioners with the necessary protection to advance and in due course implement a restructuring, which, will result in the Petitioners being able to repay its debt obligations through a restructuring plan to be filed.

I. CONCLUSION

39. A Court-supervised process is the best forum to stabilize the Petitioners' business operations, addressing stakeholders' interests and implementing a transparent restructuring to maximize value for all of the Petitioners' stakeholders.
40. As described above, the Petitioners' business has relied on funding from its investors and management fees and distributions collected from the Ardenton Opcos to fund its business and meet obligations to investors and lenders. The Petitioners are unable to source fresh capital in the present market and the Ardenton Opcos do not generate sufficient cash flow to meet the Petitioners' cash flow requirements.

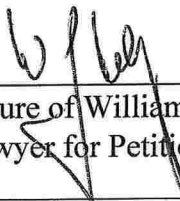
41. The Petitioners seek CCAA protection at this time to protect the value of the business. The relief requested in the Initial Order will provide the Petitioners with an opportunity to address their current challenges collaboratively with their stakeholders.
42. It is in the best interests of all stakeholders for this Honourable Court to grant the relief sought by the Petitioners so that they have the opportunity to prepare and present a restructuring plan to their creditors. The proceedings will allow the Petitioners, with the Monitor's oversight, to restructure their businesses and preserve value for stakeholders. This is preferable to the Petitioners' assets being liquidated in the near term, which will most certainly result in significant losses for investors.

PART 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of James Livingstone, sworn on March 2, 2021;
2. KSV Restructuring Inc. Consent to Act As Monitor, sworn on March 1, 2021;
3. Pre-Filing Report of KSV Restructuring Inc., dated March 3, 2021; and
4. Such further and other materials as counsel may advise and this Court may allow.

The Petitioners estimate that the hearing of the petition will take 1 hour.

Date: March 3, 2021



 Signature of William E. J. Skelly
 Lawyer for Petitioners

| | |
|--|---|
| <i>To be completed by the court only:</i> | |
| Order made | |
| <input type="checkbox"/> | in the terms requested in paragraphs _____ of Part 1 of this petition |
| <input type="checkbox"/> | with the following variations and additional terms: |
| _____ _____ _____ _____ | |
| Date: _____ | Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Master |

Form 11
**ENDORSEMENT ON ORIGINATING PROCESS
FOR SERVICE OUTSIDE BRITISH COLUMBIA**

The Petitioners claim the right to serve this Petition on the Respondents, or any of them, outside British Columbia on the ground that the proceeding is brought to enforce, assert, declare, or determine proprietary or possessory rights or a security interest in property in British Columbia, pursuant to Rule 4-5(1) and s. 10(a) of the *Court Jurisdiction and Proceedings Transfer Act*.

SCHEDULE "A"

(List of Counsel)

| Name of Counsel | Party Represented |
|--------------------------------------|---|
| William E.J. Skelly Kyle Plunkett | The Petitioners, Ardenton Capital Corporation and Ardenton Capital Bridging Inc. |
| Colin Brousson | The Proposed Monitor, KSV Restructuring Inc. |

SCHEDULE "B"
(Form of Initial Order)

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36

AND

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

ORDER MADE AFTER APPLICATION

(Initial Order)

BEFORE THE HONOURABLE)
MR. JUSTICE MACINTOSH) March 5, 2021

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 5th day of March, 2021 (the "**Order Date**"); AND ON HEARING William E.J. Skelly and Kyle Plunkett, counsel for the Petitioners, and Colin Brousson, counsel for the proposed Monitor; AND UPON READING the material filed, including the First Affidavit of James Livingstone, sworn March 2, 2021 (the "**Livingstone #1 Affidavit**"), the Pre-Filing Report of KSV Restructuring Inc. (the "**Monitor**") dated March 3, 2021, and the consent of KSV Restructuring Inc. to act as Monitor; AND UPON BEING ADVISED that there are no secured creditors who are likely to be affected by the charges created herein; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

JURISDICTION

1. Each Petitioner is a company to which the CCAA applies.

SUBSEQUENT HEARING DATE

2. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 13 of this Order) and for any ancillary relief shall be held by MS Teams (or as the Court may direct) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at _____ .m. on _____, the _____ day of March, 2021 or such other date as this Court may order.

PLAN OF ARRANGEMENT

3. The Petitioners shall have the authority to file and may, subject to further order of this Court, file with this Court, a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to this Order and any further Order of this Court, each Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

5. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the Livingstone #1 Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioner of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioner, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and
- (b) the fees and disbursements of any Assistants retained or employed by the Petitioners which are related to either Petitioner's restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of:
 - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioners or any subsidiaries or affiliated companies of any Petitioner are domiciled;

- (ii) any litigation in which any Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
- (iii) any related corporate matters.

7. Except as otherwise provided herein, each Petitioner shall be entitled to pay all expenses reasonably incurred by such Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$25,000 shall be approved by the Monitor;
- (b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
- (c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.

8. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;

- (b) all goods and services or other applicable sales taxes (collectively, “Sales Taxes”) required to be remitted by any Petitioner in connection with the sale of goods and services by any Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between any Petitioner and the landlord from time to time (“Rent”), for the period commencing from and including the Order Date. On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein, the Petitioners are hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise

become liable in any manner with respect to any other person or entity except as authorized by this Order;

- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by any Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA, the Petitioners shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing for the Petitioners' Business or Property, in whole or part;

all of the foregoing to permit the Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), each Petitioner, in the course of these proceedings, is permitted to,

and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, “**Third Parties**”), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

13. Until and including _____, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of any Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of any Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of any Petitioner or the Monitor, or

affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

15. Nothing in this Order, including paragraphs 13 and 14, shall: (i) empower any Petitioner to carry on any business which such Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any Petitioner, except with the written consent of the Petitioners and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all Persons having oral or written agreements with any Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or any Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by any Petitioner, and that each Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services

received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to any Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of any Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of any Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

20. Each Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of any Petitioner after the commencement of the within

proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. The directors and officers of each Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$110,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

22. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) each Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioners' receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Petitioners in their preparation of the Petitioners' cash flow statements;
- (d) advise the Petitioners in their development of the Plan and any amendments to the Plan;
- (e) assist the Petitioners, to the extent required by the Petitioners, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

26. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. The Monitor shall provide any creditor of the Petitioners with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.

28. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

29. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the cost of these proceedings. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioners on a periodic basis.

30. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

31. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$350,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners’ restructuring. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. The priorities of the Administration Charge, the Directors’ Charge and the Interim Lender’s Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$350,000); and

Second – Directors’ Charge (to the maximum amount of \$110,000).

33. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the Interim Lender’s Charge and the Directors’ Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be effective as against the Property

and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

34. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "Encumbrances"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA and/or secured creditors with properly perfected and valid security interests against the Property existing as of the date of the pronouncement of this Order.

35. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge and the Director's Charge.

36. The Administration Charge and the Director's Charge, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Petitioners of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Petitioners pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Petitioner's interest in such real property leases.

SERVICE AND NOTICE

38. The Monitor shall (a) without delay, publish in the national edition of the Globe and Mail, a notice containing the information prescribed under the CCAA, (b) within five days after Order Date, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against any Petitioner of more than \$1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated as confidential (unless otherwise consented to by the investor in writing), and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the Petitioners and that any such service or notice by courier, personal delivery or electronic

transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the “**Service List**”) to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

41. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

42. Notwithstanding paragraphs 39 and 41 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

43. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

44. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any Petitioner, the Business or the Property.

45. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America or the United

Kingdom to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

46. Each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of any Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended or pursuant to the *Insolvency Act*, 1986, (c. 45) of the United Kingdom.

47. Any Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioners determine that such a filing is appropriate.

48. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

49. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

50. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. Endorsement of the Interim Order by counsel appearing on this Petition, except for counsel for the Petitioners, is hereby dispensed with.

52. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of William E.J. Skelly
 Party Lawyer for the Petitioners

BY THE COURT

REGISTRAR

SCHEDULE "C"

(Consent to Act as Monitor)

No: _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

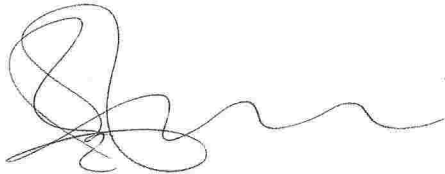
PETITIONERS

CONSENT TO ACT AS MONITOR

KSV RESTRUCTURING INC. consents to act as monitor of the Petitioners,
Ardenton Capital Corporation and Ardenton Capital Bridging Inc., pursuant to the *Companies'*
Creditors Arrangement Act, R.S.C. 1985, c. C-36.

DATED at Toronto this 1st day of March, 2021.

KSV RESTRUCTURING INC.



Per: _____
Name: Robert Kofman
Title: President



This is the 1st Affidavit of
J. Livingstone in this case and
was made on March 2, 2021

S=211985

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36

AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

AFFIDAVIT OF JAMES LIVINGSTONE

I, **JAMES LIVINGSTONE**, care of 1021 West Hastings Street, Suite 2400, Vancouver,
in the Province of British Columbia, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Chief Executive Officer and sole director of Ardenton Capital Corporation (“ACC”), formerly Regimen Capital Partners Inc. (“Regimen”), and the President and sole director of Ardenton Capital Bridging Inc. (“ACBI” and together with ACC, the “Petitioners”), the Petitioners in these proceedings. Except for a period when I was not the sole ACC director, I have served in my ACC capacities since May 2010 and in my ACBI capacities since 2017. As such, I have personal knowledge of the matters herein, except where such facts are based upon information and belief and where so stated I do verily believe the same to be true.

2. I am authorized to make this affidavit on behalf of the Petitioners.

3. I was a partner at Wolrige Mahon LLP, an accounting firm, from 2003 to 2008. I am a chartered professional accountant.

I. NATURE OF APPLICATION AND RELIEF SOUGHT

4. This affidavit is made in support of an application by the Petitioners for an Order (the “**Initial Order**”) and relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) as set out in the Petitioners’ Petition to the Court

5. For ease of reference, the Petitioners and their non-filing affiliates are collectively referred to as “**Ardenton**.” All dollar references in this affidavit are Canadian dollars unless otherwise referenced.

6. The urgency for this application is as a result of (i) immediate liquidity constraints; (ii) the magnitude of the Petitioners’ debt obligations, which accrue interest at an annual rate of between 8% and 14.4% per annum (weighted average of approximately 12%), and which the Petitioners’ do not have the present ability to pay; (iii) the pending maturity date of certain of its debt obligations; and (iv) the Petitioners inability to pay their obligations generally as they come due.

7. Accordingly, the Petitioners require a stay of proceedings (the “**Stay of Proceedings**”) and related relief under the CCAA in order to stabilize the business and facilitate a restructuring under the Court’s supervision for the benefit of all of the Petitioners’ stakeholders and allow for the prospect of a going concern business upon the Petitioners exit from CCAA, as more particularly described below.

8. If the Initial Order is granted, the Petitioners intend to return to Court within ten (10) days to seek this Court’s approval of an Amended and Restated Initial Order (together with the Initial Order, the “**Initial Orders**”), which, among other things, would:

- (a) increase the amount of the Administration Charge (as defined below);

- (b) increase the amount of the D&O Charge (as defined below);
- (c) extend the Stay of Proceedings; and
- (d) such further and other relief as counsel may request, and the Court may deem just.

9. If the relief sought in the Initial Orders is ultimately granted, the Petitioners intend to use the time afforded by the Stay of Proceedings, with the assistance of the Monitor (as defined below), to implement a restructuring of the Petitioners' business by the implementation of a plan or plans of compromise of arrangement with their creditors (a "**Plan**"), or, in the alternative, a combination of a recapitalization and refinancing.

II. INTRODUCTION

10. ACC is a multinational private equity corporation formed by the amalgamation of Regimen (which changed its name to ACC on August 31, 2016) with Livingstone Acquisitions Inc. on January 2, 2018. ACC's predecessor Regimen was incorporated on May 3, 2010, under the *Business Corporations Act* (British Columbia).

11. Through various holding companies including ACBI, ACC acquires stakes in mid-market private businesses. ACC currently has indirect majority ownership interests in fourteen portfolio companies located in Canada, the United States of America ("**USA**") and the United Kingdom ("**UK**") (collectively, the "**Opcos**"). ACC provides operating and financial support to the Opcos.

12. Until recently, ACC had several physical offices in Canada (Vancouver, Edmonton, Toronto and Guelph), the USA (Dallas, Philadelphia and Chicago) and the UK (Manchester and London). To reduce operating costs, ACC has recently reduced its number of offices in Canada,

and eliminated all offices in the USA and the UK. Currently, ACC only maintains the Vancouver head office. Some Employees are now working remotely.

13. The capital structure of ACC is comprised of a combination of equity and unsecured debt. ACC's equity is comprised of a number of classes of voting and non-voting common shares, issued in various classes (and in some instances series within classes).

14. As of December 31, 2020, ACC had raised approximately \$400 million through the issuance of a combination of common equity, hybrid notes, preferred securities and promissory notes. The majority of ACC's capital was raised through debt instruments.

15. ACC's liquidity constraints are largely as a result of: (i) the Opcos not generating sufficient cash flow for ACC to meet all of its corporate overhead costs, pay interest on its debt, fund redemptions and acquire additional businesses; and (ii) significant disruptions in capital raising markets because of the impact of the COVID-19 pandemic. To address the former, ACC sourced capital routinely to meet substantially all of its cash requirements, including its debt obligations, with most of these requirements funded through the issuance of preferred securities, which are debt instruments.

16. To reduce its costs, in addition to office closures, ACC has implemented significant cost-reduction measures, including layoffs and reductions in payroll and headcount. ACC has also worked with the Opcos to access available capital held at the Ardenton Opco level. Additionally, the Petitioners have sought to attract new financing from other sources.

17. ACC began deferring payments on its preferred and hybrid security products in April 2020, in large part to conserve cash at the Opcos. The deepening impact of the COVID-19 pandemic

derailed the Petitioners' attempts to catch up on deferred payments to its investors or lenders in 2020.

18. Despite these efforts by management, the Petitioners remain unable to service its significant debt obligations. The historical business model and the effects of the COVID-19 pandemic have materially impacted ACC's cash flow such that it is in significant arrears to all creditors and these obligations continue to accrue interest. There is no foreseeable manner in which to service these obligations absent a restructuring of ACC's balance sheet.

19. No distributions have been made by ACC with respect to the Preferred Securities and Notes (as defined below) since September 2020. The Petitioners accrued and unpaid interest presently totals approximately \$24 million. As noted, interest on ACC's debt instruments accrues at an average rate of approximately 12% per annum.

20. The Petitioners are insolvent and require CCAA protection to allow them the breathing room necessary to maximize value for all affected stakeholders by exploring a Plan as a means to secure the maximum recovery for creditors on their investments.

21. The Stay of Proceedings will provide the Petitioners the time and breathing room required to explore a Plan and other strategic alternatives in a Court-supervised process and is in both the Petitioners' and their stakeholders' best interests.

B. BACKGROUND REGARDING THE PETITIONERS

(i) ***Corporate Structure***

22. The Petitioners, ACC and ACBI, are companies formed under British Columbia law. The Petitioners' senior management work primarily from the head office, located in Vancouver, British Columbia. The BC Company Summaries issued on March 1, 2021 for each of the Petitioners are attached and marked as **Exhibits "A" and "B"** to this affidavit.

23. ACC is currently registered extra-provincially to carry on business in Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

24. ACC has eight direct wholly-owned subsidiaries: Ardenton Capital (Canada) Inc. ("**ACCI**"), ACBI, Ardenton Capital Limited ("**ACL**"), Ardenton Employee Equity Inc. ("**AEEI**"), Ardenton Equity Partners Inc., Ardenton Financial Inc. ("**AFI**"), Ardenton Partners Inc. and Go Plumbing and HVAC Services Ltd. ACC also holds a small minority equity interest in Regimen Equity Partners Limited Partnership.

25. The direct ACC subsidiaries, ACCI and ACBI, each own, directly or indirectly, a majority interest in a total of eight businesses in Canada and the USA.

26. ACCI is the majority shareholder of:

- (a) 1971035 Ontario Inc. ("**Leone**"), a Mississauga, Ontario based manufacturer, distributor and installer of ornamental iron and chain link fencing, founded in 1975;

- (b) Canadian Posters International Inc., a Toronto based company founded in 1976, specializing in art, custom wallcovering, mirrors and décor for hotels, healthcare, commercial and residential spaces;
 - (c) Combat Networks Inc. (“**Combat**”), an Ottawa based company founded in 2001, which provides voice, data and video communications solutions to government, health care, education and small and large companies across Canada;
 - (d) Stevenson Industrial Refrigeration Ltd., which operates in Saskatchewan, Alberta and Manitoba and is engaged in the design, fabrication, installation, maintenance and supply of parts for large-scale, ammonia-based refrigeration systems to operators of recreational facilities, food processors and mining customers;
 - (e) The Pipe Yard Ltd., based in Blackfalds, Alberta, which primarily supplies new, surplus and secondary steel pipe to pile driving customers supporting the oil and gas industry in western Canada; and
 - (f) OES Inc. (“**OES**”), a London, Ontario based designer, manufacturer and marketer of proprietary control systems, electronic products, scoreboards and quality assurance devices founded in 1980.
27. ACBI is the indirect majority shareholder of:
- (a) Achieve 1, LLC (“**Achieve 1**”), a Richmond, Virginia-based company founded in 2009, which integrates customized technology-based business solutions for a diversified base of corporate customers; and

- (b) Comtrad Strategic Sourcing Inc., a Mississauga-based company, which specializes in sourcing products from Asian suppliers for delivery to original equipment manufacturers and distributors with operations in North America.

28. ACCI is also the sole shareholder of each of Blakie Land Holdings Inc. (“**Blakie**”) and Combat Land Holdings Inc. (“**Combat Land**”). Blakie is the property holding company which owns the premises from which OES operates in London, Ontario. Combat Land is the property holding company that owns one of the two properties from which Combat operates in Ottawa, Ontario.

29. ACC also holds an indirect majority ownership interest in six operating companies in the UK through its subsidiary, ACL:

- (a) Shaftec Automotive Components Ltd., a Birmingham, UK based company, which specializes in the supply and manufacture of automotive components, including transmission, steering and brake products, to the automotive industry;
- (b) Food Innovations (Manufacturing) Limited, Doric Crimped Limited, Doric Cake Crafts Limited and Doric FPD Limited comprise the Food Innovations Baking Group, a Manchester, UK based multi-site manufacturer of home baking products, including a wide range of edible decorative products;
- (c) W. Corbett & Co (Galvanizing) Limited, a Tedford, UK based company founded in 1860, is a hot dip galvanizer serving UK manufacturing businesses across a broad range of sectors, including structural steel, cable management and transportation;

- (d) PP Control & Automation Limited, a West Midlands, UK based company established in 1967, which supplies strategic outsourcing solutions to original equipment manufacturers and machine builders internationally;
 - (e) Budget Greeting Cards Limited and Budget Greeting Cards (Ireland) Limited carry on business under the name BGC Wholesale and are based in Manchester, UK. BGC designs and sells greeting cards and gift wrap, as well as other stationary and celebratory products to small and medium sized businesses; and
 - (f) Pebbles Care Limited, Partners in Care Limited and Radical Services Limited, carry on business under the name Pebbles Care, and are a Dunfermline, Scotland based operator of care homes and specialist school academies across the UK.
30. ACL's wholly owned subsidiary Ardenton Capital Investments Limited employs the organization's UK operations employees.
31. With respect to the balance of the direct subsidiaries:
- (a) Ardenton Employee Equity Inc. is the trustee of ACC's Canadian employee long term incentive plan. Under this plan, restricted shares were granted to employees of ACC. The restricted shares are held in trust by AEEI and do not transfer until such time as they vest in accordance with the terms of the plan.
 - (b) Ardenton Equity Partners Inc. is inactive.
 - (c) AFI is a registered exempt market dealer that distributes ACC Securities (as defined below) products under prospectus exemptions primarily in Canada.

(d) Ardenton Partners Inc. is a holding company to G.K. Mechanical Ltd. and Leader Mechanical Contracting Ltd., whose operations have been wound down.

(e) Go Plumbing and HVAC Services Ltd. is inactive.

32. A copy of Ardenton's organizational chart is attached to this affidavit and marked as **Exhibit "C"**.

(ii) *The Petitioners' Business and Operations*

33. Ardenton does not use a typical private equity model, which would rely on a limited partnership structure to raise capital for its investment. Instead, the majority of ACC's capital is raised by issuing unsecured debt instruments with a five-year term (subject to redemption rights) and which pay interest between 8% to 14% annually. ACC also issued a comparatively small amount of common equity.

34. ACC's investment objective is to acquire and develop a diverse portfolio of private companies at attractive valuations while leveraging its internal operational expertise to optimize and grow each business.

35. Since its inception, the majority of the capital raised by ACC has been through the issuance of Preferred Securities (as defined below). As of December 31, 2020, approximately \$260 million of all monies raised by ACC has been through the issuance of Preferred Securities.

36. Purchases of the Opco's are funded with a combination of debt (comprised of preferred securities directly or indirectly issued by the portfolio company to ACC, vendor loans and bank debt at the Ardenton Opco level) and equity.

37. Under our business model ACC collects interest from the Opcos under preferred securities issued to direct and indirect ACC subsidiaries, as well as management fees and dividends. Other capital from the Opcos has been sourced on one occasion through the refinancing of preferred securities with less expensive bank debt, and, in a few instances, proceeds generated from the sale of interests in the Opcos.

38. ACC uses the majority of the proceeds of its fundraising and the interest, management fees and dividends generated from the Ardenton Opco level to (a) fund acquisitions and capital expenditures, (b) pay its corporate overhead costs, (c) fund redemptions, (d) pay interest, and (e) meet other capital needs of the portfolio companies from time to time.

39. ACC has not made any interest payments to its debtholders since September 2020, except certain interest payments on the ACC Promissory Note (as defined below). Consequently, ACC's obligations to its debtholders are now in significant arrears. In many instances, the underlying debt securities agreements issued by ACC contain provisions limiting the investors recourse against ACC in the event of a default by ACC thereunder.

(iii) ***Non-Consolidated Financial Position of the Petitioners***

40. ACC generated negative EBITDA of approximately \$3.6 million and \$6.6 million in 2018 and 2019, respectively. Copies of ACC's audited financial statements for the fiscal years ended December 31, 2018, and December 31, 2019, respectively, are attached to this affidavit and marked as **Exhibits "D"** and **"E"**. ACC generated EBITDA of approximately \$4.1 million in 2020. A draft copy of ACC's financial statements for the fiscal year ended December 31, 2020 is attached to this affidavit and marked as **Exhibit "F"**. ACC's net loss for 2018 was approximately \$24.3 million, for 2019 approximately \$31.0 million and for 2020 approximately \$29.1 million. A large

portion of the loss is due to interest expense of \$17.2 million, \$28.0 million, and \$36.0 million in 2018, 2019 and 2020, respectively.

41. ACBI generated EBITDA of approximately \$444,000, \$617,000, and \$599,000 in each of 2018, 2019 and 2020, respectively. ACBI's net loss for 2018 was approximately \$1.9 million, for 2019 approximately \$1.4 million, and for 2020 approximately \$2.2 million.

Assets

42. As of December 31, 2020, the total book value of ACC's assets was approximately \$194.2 million, consisting primarily of investment in subsidiaries, related party receivables, goodwill and other assets.

43. As of December 31, 2020, the total book value of ACBI's assets was approximately \$25.6 million, consisting primarily of investment in subsidiaries, related party receivables and other assets.

Liabilities

44. As of February 28, 2021, ACC's liabilities total approximately \$336.4 million, all of which are unsecured. Of the liabilities approximately \$332.3 is owed to investors.

45. As of February 28, 2021, ACBI liabilities total approximately \$18.2 million, all of which are unsecured. Substantially all of ACBI's debt consists of promissory notes owing to investors.

46. ACC is over-burdened by its current debt obligations and, accordingly, these numbers do not reflect Ardenton's potential fair market value or growth prospects. A more detailed summary of the Petitioners' debt obligations is provided in the following section of my affidavit.

(iv) *Stakeholders*

47. ACC has four categories of debt securities and seven equity securities classes (collectively, “**ACC Securities**”). ACC issued the ACC Securities to investors through direct issuances, issuances facilitated by AFI or through various third-party agents.

48. Other than as set out below, we generally take care in keeping the identities of our investors and the amounts invested by each confidential. Accordingly, we have avoided including the names of any specific investors within this affidavit, without their consent. Notwithstanding the foregoing, we understand that the Monitor is required to include a detailed list of creditors and their claims against the Petitioners in any notices and reports they are required to file or deliver to comply with the CCAA. The Petitioners are requesting an order from this Court that the Monitor be permitted to exclude the amounts owed to any specific investor in any public documents and their addresses, without the investors consent.

49. With that in mind, the following provides a general description of the debt component of the ACC Securities, which consists of:

- (a) a single USD\$1,000,000 promissory note issued by ACC having a maturity date of February 17, 2022 (the “**ACC Promissory Note**”);
- (b) preferred securities, which are a form of contractual debt instrument entitling investors to regular interest payments, having no fixed term, but are redeemable between one and five years from the date of issue, provided, the issuer has sufficient liquidity to do so (collectively, the “**Preferred Securities**”);

- (c) notes that are a form of contractual debt instrument permitting investors to regular interest distributions, having no fixed term, issued under an arrangement with Montrusco Bolton Investments Inc., and which are otherwise materially similar to the Preferred Securities (the “**MBI Notes**” and, together with the Preferred Securities, the “**Preferred Securities and Notes**”); and
- (d) hybrid securities that consist of a combination of an unsecured debenture and a warrant to acquire equity in ACC (collectively, the “**Hybrid Securities**”).

50. While each of the arrangements mentioned above are unsecured obligations, the contractual terms contained within these underlying ACC Securities provide for the following priorities:

- (a) Firstly, any general indebtedness of ACC to its creditors and the ACC Promissory Note;
 - (b) Secondly, the Preferred Securities and Notes; and
 - (c) Lastly, the debenture component of the Hybrid Securities.
- (v) ***Promissory Noteholders***

Ardenton Capital Corporation

51. The ACC Promissory Note initially issued on January 17, 2020, in the principal amount of USD\$1,000,000 and provided for a USD\$20,000 borrowing fee. The ACC Promissory Note was subsequently amended on February 10, 2020, extending the maturity date to February 17, 2021 and providing for an interest rate of 12% per annum on a go forward basis. On February 10, 2021,

the ACC Promissory Note was further amended to extend the maturity date to February 17, 2022. The ACC Promissory Note is governed under the laws of the State of Texas.

Ardenton Capital Bridging Inc.

52. ACBI has issued eleven promissory notes (collectively, “**ACBI Notes**”) consisting of: (i) eight Canadian dollar-denominated notes, with an aggregate principal value of \$7,236,364 and a weighted average annual interest rate of 12.56%, and (ii) three U.S. dollar-denominated notes, with an aggregate principal value of US\$8,250,000 and a weighted average annual interest rate of 12.48%, each of which is maturing in 2021.

53. The ACBI Notes are unsecured obligations of ACBI and are described in greater detail below:

| <i>Noteholder</i> | <i>Principal</i> | <i>Interest</i> | <i>Maturity Date</i> |
|---------------------------|------------------|-----------------|----------------------|
| Noteholder 1 | \$200,000 | 12.0% | February 28, 2021 |
| Noteholder 2 ¹ | \$176,364 | 14.0% | March 31, 2021 |
| Noteholder 3 | \$5,300,000 | 12.5% | March 31, 2021 |
| Noteholder 4 | \$250,000 | 12.0% | April 7, 2021 |
| Noteholder 5 | \$350,000 | 12.9% | November 16, 2021 |
| Noteholder 5 | \$300,000 | 14.4% | November 16, 2021 |
| Noteholder 6 | \$150,000 | 12.0% | December 15, 2021 |
| Noteholder 7 | \$510,000 | 12.0% | December 31, 2021 |
| Noteholder 8 | US\$2,000,000 | 12.0% | October 31, 2021 |
| Noteholder 9 | US\$2,000,000 | 14.0% | November 27, 2021 |
| Noteholder 8 | US\$4,250,000 | 12.0% | December 3, 2021 |

(vi) ***Preferred Securities and Notes***

54. The Preferred Securities and Notes are unsecured debt obligations, issued in series and ranking *pari passu* as between each series. The aggregate outstanding principal amount of Preferred Securities and Notes, across all series, was, as of February 28, 2021, \$99,462,940, interest at a weighted average annual rate of 13.19%, USD\$110,451,000, accruing interest at a weighted average annual rate of 12.44%, and GBP£400,000 accruing interest at a weighted average annual rate of 12.90%. The Preferred Securities and Notes rank subordinate to all other indebtedness of ACC owing to any other creditors but ahead of all Hybrid Securities and the ACC Equity.

55. The Preferred Securities and Notes are comprised of the following series (having the attributes set out opposite them):

¹ This particular note was issued to Leone, an Ardenton Opco.

| <i>Series</i> | <i>Principal</i> | <i>Annual Interest</i> | <i>Redemption Rights</i> | <i>Issue Period</i> |
|------------------------------------|---|---------------------------|--|--|
| <i>Preferred Securities</i> | | | | |
| Series I Preferred Securities | \$51,656,940 US\$18,268,000 | 14.0%, paid monthly | Redeemable on request after 5 years, provide ACC can limit redemptions up to 25% per annum, commencing on 5th anniversary of issuance with the balance due on the 8th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | March 1, 2014 – July 31, 2017 |
| Series IV Preferred Securities | \$450,000 | 10.0%, paid monthly | Redeemable on request after 3 years, provided ACC can limit redemptions up to 25% per annum, commencing on 3rd anniversary of issuance with the balance due on the 6th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | October 31, 2016 – November 30, 2017 |
| Series V Preferred Securities | \$15,056,000 US\$5,600,000 GBP400,000 | 12.9%, paid monthly | Redeemable on request after 5 years, provided ACC can limit redemptions up to 25% per annum, commencing on 5th anniversary of issuance with the balance due on the 8th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | October 31, 2016 – March 29, 2018 |
| Series VI Preferred Securities | \$350,000 | 12.0%, paid monthly | Redeemable on request after 3 years, provided ACC may limit redemptions up to 25% per annum, commencing on 3rd anniversary of issuance with the balance due on the 6th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | September 30, 2016 – December 30, 2016 |
| Series VII Preferred Securities | \$2,450,000 | 14.0%, paid monthly | Redeemable on request after August 31, 2020, provided ACC may limit redemptions up to 25% per annum, commencing on August 31, 2020 with the balance due on August 31, 2023. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | September 30, 2017 – September 30, 2017 |

| <i>Series</i> | <i>Principal</i> | <i>Annual Interest</i> | <i>Redemption Rights</i> | <i>Issue Period</i> |
|--|--------------------------------|----------------------------|--|---|
| Series I - 2018 Preferred Securities (5 years) | \$12,050,000 US\$20,023,000 | 12.0%, paid monthly | Redeemable on request after 5 years, provided ACC may limit redemptions to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | March 31, 2018 – May 1, 2019 |
| Series I-F 2018 Preferred Securities (5 years) | US\$13,650,000 | 12.25%, paid monthly | Redeemable on request after 5 years, provided ACC may limit redemptions to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | August 31, 2018 – February 28, 2019 |
| Series I-F 2018 Preferred Securities (3 years) | US\$3,750,000 | 9.25%, paid monthly | Redeemable on request after 3 years, provided ACC may limit redemptions to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | July 31, 2018 – February 28, 2019 |
| Series II 2018 Preferred Securities (5 years) | \$230,000 | 11.0%, paid monthly | Redeemable on request after 5 years, provided ACC may limit redemptions to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | March 29, 2019 – March 29, 2019 |
| Series I 2019 Preferred Securities (5 years) | \$15,920,000 US\$7,410,000 | 12.0%, paid monthly | Redeemable on request after 5 years, provided ACC may limit redemptions to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | April 1, 2019 – March 25, 2020 |

| <i>Series</i> | <i>Principal</i> | <i>Annual Interest</i> | <i>Redemption Rights</i> | <i>Issue Period</i> |
|--|----------------------------|-----------------------------|---|---|
| Series I 2019 Preferred Securities (3 years) | \$750,000 US\$500,000 | 12.0%, paid monthly | Redeemable on request after 3 years provided ACC may limit redemptions up to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | June 28, 2019 – September 13, 2019 |
| Series I - 2020 Pref Securities (5 years) | \$150,000 | 12.0%, paid annually | Redeemable on request after 5 years, provided ACC may limit redemptions up to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | April 27, 2020 – April 27, 2020 |
| Series I - 2020X Pref Securities (1 year) | \$150,000 US\$3,250,000 | 12.0%, paid annually | Redeemable on request after the first year, provided ACC may limit redemptions to up to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | June 5, 2020 – July 31, 2020 |
| Series III - 2020 Pref Securities (5 years) | \$250,000 US\$200,000 | 12.0%, paid quarterly | Redeemable on request after 5 years, provided ACC may limit redemptions to up to 25% per annum, commencing on 1st anniversary of the retraction right commencement date with the balance due on the 4th anniversary. ACC may suspend redemptions entirely if unable to raise sufficient funds to fund obligations. | September 29, 2020 – October 30, 2020 |

MBI Notes

| <i>Series</i> | <i>Principal</i> | <i>Annual Interest</i> | <i>Redemption Rights</i> | <i>Issue Period</i> |
|--------------------------------------|------------------|------------------------|--|--|
| Series I - 2019 Pref Notes (5 years) | US\$37,800,000 | 12.4%, paid quarterly | <p>Redeemable on request after 5 years, provided ACC may limit redemptions to 50% after the 5th anniversary of the issuance date with the balance due on the 6th anniversary of the issuance date.</p> <p>ACC may suspend redemptions entirely if it is unable to (i) fund monthly interest payments or redemption request on any preferred securities, (ii) fund interest payment on any other Indebtedness or securities ranking senior to Preferred Notes, and/or (iii) raise sufficient funds to fund obligations.</p> | February 15, 2019 – September 30, 2019 |

(vii) *Hybrids*

56. The Hybrid Securities are securities issued in series, from time to time, as a package comprised of: (i) an unsecured debt obligation of ACC (the “**Debentures**”); and (ii) a warrant to acquire Class F Non-Voting Shares (“**Warrants**”).

57. The Debentures are denominated in both Canadian and U.S. dollars and as of February 28, 2021, the aggregate outstanding principal amount of Debentures, across all series, was \$19,481,750, accruing interest at a weighted average annual rate of 8.74%, and USD\$33,805,000, accruing interest at a weighted average annual rate of 9.33%.

58. Holders of Debentures have the right to request that ACC redeem their Debentures, after the fifth anniversary of their issuance, provided that ACC may limit redemptions to four annual payments equal to 25% of requested redemption amount, with the first of such payment due within 90 days of such request. ACC has the right to suspend redemptions entirely if it is unable to: (i) fund monthly interest payments or requested redemptions under any of the Preferred Securities, (ii) fund interest payments or any payments due on any other indebtedness or securities ranking

senior to the Debentures, and/or (iii) due to prevailing market conditions at the time, raise sufficient funds on commercially reasonable terms to fund such redemption obligations.

59. The individual series of Debentures are described in more detail as follows:

| <i>Series</i> | <i>Principal</i> | <i>Annual Interest</i> | <i>Issue Period</i> |
|---|------------------|---|--------------------------------------|
| <i>Canadian Dollar Denominated</i> | | | |
| Series I (CAD, 2018) Debenture | \$8,076,750 | 8.0% | July 31, 2018 – September 30, 2019 |
| Series I (CAD, 2019) Units | \$8,555,000 | 9.0% | November 29, 2019 – April 30, 2020 |
| Series I (CAD, 2020X) Units | \$150,000 | 11.5% (first two years from issue), thereafter 9.0% | June 30, 2020 – June 30, 2020 |
| Series II (CAD, 2020X) Units | \$2,700,000 | 10% | July 31, 2020 – October 30, 2020 |
| <i>U.S. Dollar Denominated</i> | | | |
| Series I (USD, 2018) Units – Debenture | US\$2,225,000 | 8.0% | August 31, 2018 – September 30, 2019 |
| Series I (USD, 2018) Units – Notes | US\$15,130,000 | 8.4% | May 10, 2019 – September 30, 2019 |
| Series I (USD, 2019) Units | US\$4,500,000 | 9.0% | February 28, 2020 – April 30, 2020 |
| Series I (USD, 2020X) Units | US\$7,000,000 | 11.5% (first two years from issue), thereafter 9.0% | June 11, 2020 – June 30, 2020 |
| Series II (USD, 2020X) Units | US\$4,950,000 | 10.0% | July 31, 2020 – September 30, 2020 |

60. Each Debenture is accompanied by a Warrant to acquire between 1.32 and 1.93 Class F Non-Voting Common Shares at an exercise price ranging between \$170 and \$255.78 per Class F Share, if exercised prior to their expiry, 8 years following their respective issuance dates.

61. The Warrants contain a put right, allowing the holder of the Warrants to put all of their outstanding Warrants to ACC, in exchange for, at the holder's option: (i) the in-the-money value

of the Warrants; or (ii) as to one-half of their Warrants, the in-the-money value of such half of the Warrants and, as to the remaining one-half of their Warrants, and subject to payment of the applicable exercise price, Class F Non-Voting Shares. The put rights are exercisable for 60 day periods in the 6th and 8th years following the issuance of the Warrants. The obligations to fund the put rights under the Warrants rank subordinate to the Preferred Securities and Notes and other indebtedness, obligations or securities ranking senior to the Non-Voting Class F Shares. Similar to the Debenture terms, ACC has the ability suspend its put obligations if ACC does not have the financial capacity to satisfy the foregoing.

62. There are, as of February 28, 2021, a total of 94,918 warrant shares outstanding.

(viii) *ACC Equity*

63. The issued and outstanding equity of ACC (the “**ACC Equity**”) consists of: (i) 462,174 Class A Voting Shares; (ii) 32,393 Class C Voting Shares; (iii) 8,489 Class D Non-Voting Shares; (iv) 82,841 Series I Class E Non-Voting Shares; and (v) 8,975 Series II Class E Non-Voting Shares.

64. As among themselves, the ACC Equity, with the exception of Series I Class H Shares (no right as to both dividend and distribution), ranks equally as to dividends and entitlements on liquidation, wind-up or dissolution.

65. The Class A, C and D shareholders are subject to a unanimous shareholders’ agreement, which provides for a put right after December 2021. The Class E shareholders also have a put right under the company’s articles.

(ix) ***PPSA Registrations***

66. Copies of the following documents are attached and marked as **Exhibits “G”, “H”, “I”, “J”, “K”, “L”, “M”, “N” and “O”** to this affidavit:

- (a) the *Personal Property Security Act* (British Columbia) (“**BC PPSA**”) search results for ACC current to March 1, 2021;
- (b) the *Personal Property Security Act* (Alberta) search results for ACC current to February 12, 2021;
- (c) the *Personal Property Security Act* (Saskatchewan) (the “**SK PPSA**”) search results for ACC current to February 12, 2021;
- (d) the *Personal Property Security Act* (Manitoba) search results for ACC current to February 12, 2021;
- (e) *Personal Property Security Act* (Ontario) (the “**ON PPSA**”) search results for ACC with currency to February 11, 2021, together with a copy of the ON PPSA certified search results current to February 11, 2021;
- (f) the *Personal Property Security Act* (New Brunswick) search results for ACC with current to February 12, 2021;
- (g) the *Personal Property Security Act* (Nova Scotia) search results for ACC with currency to February 12, 2021;
- (h) the *Personal Property Security Act* (Prince Edward Island) search results for ACC with current to February 12, 2021; and

- (i) the *Personal Property Security Act* (Newfoundland and Labrador) search results for ACC current to February 12, 2021.

67. The BC PPSA search results show that The Toronto-Dominion Bank (“**TD Bank**”) has made four registrations against ACC, and HSBC Bank Canada (“**HSBC**”) has made one registration against ACC. The SK PPSA search results show that TD Bank has made one registration against ACC. The ON PPSA search results show that TD Bank has made four registrations against ACC.

68. A copy of the BC PPSA search results for ACBI, Livingstone Acquisitions Inc. and Regimen (former names of ACC) current to March 1, 2021, and the ON PPSA search results for ACBI current to February 11, 2021, together with a copy of the ON PPSA certified search results current to February 11, 2021, are attached and marked as **Exhibit “P”** to this affidavit. The BC PPSA search results show that TD Bank has made one registration against Regimen Capital Partners Inc., which appears to be a legacy registration.

69. It appears that the TD Bank registrations were made in respect of limited recourse guarantees supported by share pledges that ACC had previously made in support of loans to the Opcos. Shares in the Opcos pledged to TD Bank are now held by ACCI after an internal reorganization completed by Ardenton in 2019; ACCI is not a petitioner in these proceedings. ACC is in the process of working with TD Bank to rectify the security documents so that they properly reflect the correct owner of the pledged shares. ACC anticipates that once these proceedings are completed, all registrations by TD Bank under the BC PPSA, the SK PPSA and the ON PPSA made against the Petitioners will be discharged.

70. The HSBC registrations were made, to the best of my knowledge, solely in respect of ACC's existing bank accounts and existing products with HSBC.

(x) *Leased Premises*

71. As mentioned above, ACC has exited most of its leased premises to reduce costs, with only a couple leases remaining in place. If the Court grants the requested relief set out above, ACC intends to disclaim the remaining leases for the Vancouver office, the now vacated Toronto office lease and ACC's lease arrangement with Mason Capital Inc. in respect of the Guelph lease, where some of ACC and ACCI employees worked until recently. ACC is currently making arrangements to move its Vancouver office space to a more affordable location, taking into account the reduction in its number of employees.

(xi) *Employees*

72. ACC has reduced its headcount significantly in recent months. It presently employs 15 employees across Canada (the "**Employees**"), most of whom are based in Vancouver. ACC's workforce is not unionized. Additionally, within Ardenton group:

- (a) ACCI currently has three employees;
- (b) Ardenton Capital (USA), Inc., a subsidiary of ACBI, has two employees;
- (c) Ardenton Capital Investments Limited, a subsidiary of ACL, employs five individuals, and several of its other employees are in various stages of furlough;
and

- (d) AFI has one employee, which individual is also employed by ACC in a different capacity.

73. ACC's executive team currently consists of me, as sole director and president. The other members of the executive leadership team departed during 2020. There are also, below me, six employees currently filling the role of senior management. These six employees have extensive operational, finance and accounting, legal and regulatory, and management skills and experience in a wide range of industries, including, in particular, private equity.

74. One member of ACC's management team is technically an employee of ACCI; however, his involvement and oversight of the day-to-day operations of the Ardenton group, including ACC, is important to the success of the Petitioners restructuring efforts.

75. Except for certain employee health tax deduction which are currently in arrears, all other government remittances related to ACC employees are current, including, without limitation, source deductions, income tax withholdings, worker's compensation, Canada Pension Plan and employment insurance. The Petitioners intend to keep these amounts current going forward.

76. I am the sole director and officer of ACBI; it has no employees.

77. Neither ACC nor ACBI have a pension plan.

(xii) ***Government***

78. The Petitioners' federal and outstanding provincial sales tax obligations and goods and services tax obligations are all current, as well as their source deduction remittances.

79. I am not aware of any actual or threatened claims or investigations by any government or similar authority related to the Petitioners or their property or assets.

80. Nevertheless, in an abundance of caution, the Petitioners intend to provide a copy of this application to each of the Ministry of Finance of Ontario, the Ministry of Finance of British Columbia, and Canada Revenue Agency before the comeback hearing regarding the second part of the relief requested as outlined above.

(xiii) ***General Trade Creditors***

81. As part of ACC's total liabilities, ACC currently has approximately \$1.6 million in general trade debt, including amounts owing to various service providers.

82. At the ACB level, there is current trade and/or vendor debt of approximately \$9,400.

C. FINANCIAL SITUATION AND THE NEED FOR CCAA PROTECTION

83. As previously mentioned, most of the Opcos are currently generating positive EBITDA; however, they are not providing sufficient cash flow to service the Petitioners' day to day obligations nor its debt service obligations under the ACC Securities or the ACBI Notes.

84. There is an opportunity to expand the value of ACC's portfolio by growing the existing portfolio and investing in the growth of the existing Opcos.

85. I believe that a restructuring of the Petitioners' debt obligations, together with the continued growth of the Opcos will significantly improve recoveries to Ardenton's stakeholders of the amounts invested to-date, and that such an approach is preferable to a liquidation of the Petitioners' assets, consisting primarily of the Opcos, particularly in the present COVID-19

environment. ACC continues to work on a business plan, with the input and guidance of the Monitor, that will form the basis of a Plan that ACC intends to present to its creditors in due course.

(i) ***The Petitioners Are Insolvent***

86. As I have been advised by counsel, Kyle Plunkett of Aird & Berlis, and I believe, under the CCAA, a company is insolvent if, among other things, it is, for any reason, unable to meet its obligations as they generally become due.

87. In light of the present circumstances, ACC is insolvent because its revenue or existing cash flow are insufficient to meet its obligations as they generally become due.

88. ACBI is insolvent because its revenue is insufficient to meet its obligations as they generally become due.

89. Additionally, as at December 31, 2020, ACC has negative book value of \$129.5 million. The negative book value reflects that the book value of the liabilities of each of these entities exceeds the book value of the assets.

90. As of December 31, 2020, ACBI has a positive book value of \$3.2 million; however, a significant portion of the assets are comprised of intercompany receivables and, therefore, its book value is overstated. Furthermore, ACBI is not able to meet its obligations generally as they come due, including certain maturities in the near future.

91. Based on the unaudited 2020 Year-End Balance Sheets, ACC had liabilities with a book value of approximately \$323.7 million as of December 31, 2020. This figure does not include any

costs associated with realizing on its assets, nor any amounts in respect of damages for breach of any contracts that ACC cannot perform.

(ii) ***Payments during the CCAA Proceedings***

92. As described in the proposed Initial Orders, the Petitioners seek authorization to pay certain expenses, whether incurred before, on or after the Initial Order, in respect of:

- (a) to the extent applicable, any outstanding wages and future salaries, employee benefits, vacation pay and expenses, payable on or after the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants (as such term is defined in the proposed Initial Orders) retained or employed by the Petitioners.

93. The continued payment of these obligations is necessary for the business to continue to operate in connection with the CCAA proceedings and to provide Ardenton with the time it requires to address Ardenton's current financial circumstances. The Petitioners believe that continuing to pay these expenses in the ordinary course is in stakeholders' best interest.

94. There are also outstanding claims against ACC from two former executives on account of unpaid bonuses for the fiscal year 2019. It is intended that these payments be dealt with and/or administered as claims within the CCAA proceedings.

95. In the proposed Initial Orders, the Petitioners also seek the authority to pay all reasonable expenses incurred in carrying on the business in the ordinary course after the Initial Order,

including (a) expenses reasonably necessary for the preservation of the Petitioners' business or assets; (b) expenses required to ensure compliance with any governmental, regulatory, or other regulatory requirements or enforcement action; and (c) payment for goods and services supplied or to be supplied to the Petitioners after the date of the Initial Order, including the professional fees of the Monitor and its legal counsel, and the legal counsel of the Petitioners.

D. CASH MANAGEMENT SYSTEM

96. As of the date of this affidavit, ACC maintains the following bank accounts:

| Location | Institution | Currency | Account title |
|-----------------|--------------------|-----------------|-----------------------|
| Canada | HSBC | CAD | ACC - CAD - Operating |
| Canada | HBCA | CAD | ACC - CAD - Trust |
| Canada | HBCA | CAD | ACC - CAD - Interest |
| Canada | HBCA | CAD | ACC - CAD - Pref |
| Canada | HBCA | CAD | ACC - CAD - Hybrid |
| Canada | HBCA | GBP | ACC - GBP - Operating |
| Canada | HBCA | GBP | ACC - GBP - Trust |
| Canada | HBCA | GBP | ACC - GBP - Interest |
| Canada | HBCA | GBP | ACC - GBP - Pref |
| Canada | HBCA | GBP | ACC - GBP - Hybrid |
| Canada | HBCA | USD | ACC - USD - Operating |
| Canada | HBCA | USD | ACC - USD - Trust |
| Canada | HBCA | USD | ACC - USD - Interest |

| | | | |
|---------------|------|-----|-------------------------|
| Canada | HBCA | USD | ACC -USD- MB Income |
| Canada | HBCA | USD | ACC-USD-MB Growth |
| Canada | HBCA | USD | ACC - USD - Pref |
| Canada | HBCA | USD | ACC - USD - Hybrid |
| United States | HBUS | USD | ACC(US) - USD - Tru |
| United States | HBUS | USD | ACC(US) - USD - Int |
| Canada | TDCA | CAD | ACC Current Account |
| Canada | TDCA | CAD | ACC Interest Account |
| Canada | TDCA | USD | ACC USD Account |
| Canada | TDCA | USD | ACC Interest Account |

97. As of the date of this affidavit, ACBI maintains the following bank accounts:

| Location | Institution | Currency | Account title |
|-----------------|--------------------|-----------------|----------------------|
| Canada | HSBC | CAD | ACB CAD Operating |
| Canada | HSBC | GBP | ACB GBP Operating |
| Canada | HSBC | USD | ACB USD Operating |

98. I do not expect that there will be any changes to the existing cash management system, other than the addition of the Monitor's oversight or as otherwise expressly set out in any order of this Court concerning any post-filing financing pursuant to a court-approved debtor-in-possession loan facility, if such facility is ultimately determined to be necessary.

E. RESTRUCTURING UNDER CCAA PROTECTION

99. Each Petitioner is a “company” to which the CCAA applies as they are each formed under the *Business Corporations Act* (British Columbia).

100. Each Petitioner has claims against it in the aggregate above the \$5.0 million statutory requirement.

101. The Petitioners are insolvent.

102. For Ardenton to ensure the best possible recovery for its stakeholders, including, without limitation, the holders of ACBI Notes and the ACC Securities, investors and employees, management of the Petitioners have determined that a recapitalization of their balance sheets is required immediately. Such a result is preferable to the immediate liquidation of the Opcos.

103. ACC intends to prepare and present a Plan to its creditors, including, without limitation, investors, the holders of the ACC Securities, the holders of the ACBI Notes, suppliers and creditors.

F. STAY OF PROCEEDINGS

104. A CCAA stay of proceedings is needed to assist Ardenton, with the Monitor’s support, to restructure its businesses efficiently under the protection of the Court without the threat of proceedings, actions or discontinuation of essential services. A stay of proceedings will temporarily restrain the exercise of rights and remedies under the various agreements, including loan documents, to which the Petitioners are a party, preserve the status quo, and restrain existing creditors from taking advantage of the Petitioners and other creditors in the circumstances. In so

doing, the Petitioners, with the aid of the Monitor, will be in a position to, among other things, determine the validity of creditors' claims, understand the priority of such claims and assist the Petitioners to file a plan to restructure the Petitioners' financial and other obligations.

105. In that regard, a stay of proceedings against the Petitioners is necessary at this time, among other things,

- (a) to allow the Petitioners breathing room so that they can focus their efforts to stabilize their business operations and preserve enterprise value;
- (b) provide a forum to explore a CCAA plan of compromise or arrangement that would maximize recovery for creditors and other stakeholders;
- (c) provide a forum to engage with the various stakeholders under the supervision of a Court process; and
- (d) explore, if necessary, strategic transactions for certain of the Opcos.

106. I believe that a stay of proceedings will not materially prejudice any of the existing creditors when compared to the consequences if a stay of proceedings is not granted. I believe that the alternative to a stay of proceedings and the commencement of these proceedings is the forced sale or liquidation of the Petitioners and their assets, respectively. I believe that by restructuring our debt obligations, stakeholders will receive a recovery through a reorganization superior to a liquidation. Ardenton does not have the ability to service its existing debt obligations and these proceedings are the most efficient and effective means to restructure these obligations.

G. APPOINTMENT OF THE MONITOR

107. It is proposed that KSV Restructuring Inc. (“**KSV**”) will act as the Monitor in the CCAA Proceedings if the proposed Initial Order is issued (the “**Monitor**”).

108. KSV has assisted the Petitioners in preparing for this CCAA application, including, without limitation, reviewing the cash flow projections of the Petitioners, assuming the relief sought is granted (the “**Cash Flow Projections**”). The amounts set out in the Cash Flow Projections reflect, among other things, the minimum payments required to maintain the Petitioners’ business during a stay period to May 9, 2021, as well as professional fees. A copy of the Cash Flow Projections and a report containing the prescribed representations of the Petitioners regarding the preparation of the Cash Flow Projections is attached and marked as **Exhibit “Q”** to this affidavit.

109. Robert Kofman, President of KSV, advises me that a further description and analysis of the Petitioners’ financial position will be included in the pre-filing report of the proposed Monitor to be filed in support of the Petitioners’ application for CCAA protection.

110. Management believes that it is in all stakeholders’ best interests if this court appoints KSV as the court-appointed Monitor of the Petitioners. As a result of KSV’s involvement with the Petitioners in advance of and in preparation for this filing, KSV has gained significant insight into the Petitioners’ business, and will be in a position to perform the monitoring duties effectively and without delay.

111. KSV has consented to act as Monitor of the Petitioners under the requirements of the CCAA, subject to the court's approval. A copy of KSV's consent is included at Schedule C of the Petition in these proceedings.

112. At no time in the past two (2) years has KSV or any of its partners or managers been the Petitioners or any of the other Ardenton companies' auditor, accountant or employee.

H. INTERIM FINANCING DURING THE CCAA PROCEEDINGS

113. In the event that the Petitioners are unable to generate sufficient funds in the near term to fund their restructuring initiatives under these CCAA proceedings, the Petitioners intend to pursue third party interim financing and return to Court to seek approval of such financing to address their working capital requirements.

I. CHARGES

(i) *Administration Charge*

114. In connection with its appointment, it is proposed that the proposed Monitor, along with its legal counsel and Petitioners' counsel, be granted a Court-ordered charge as security for their respective fees and disbursements relating to services rendered at their standard rates and charges, in respect of the Petitioners up to a maximum of \$350,000 (the "**Administration Charge**") to ensure the active involvement and assistance of such persons during the CCAA proceedings.

115. Each of the Petitioners' legal counsel, the Monitor and the Monitor's legal counsel, as a condition of their continued involvement with the Petitioners, has indicated that its ongoing

involvement is conditional upon the granting of an order under the CCAA which grants the Administration Charge, which shall rank first in priority ahead of all other encumbrances.

116. The amount of the proposed Administration Charge has been reviewed with the Monitor. ACC is largely illiquid at this time, and given the nature and complexity of the restructuring of ACC, the professionals require protection that their fees be protected in the event that Ardenton is unable to pay them in the ordinary course. Additionally, because of ACC's illiquidity, the professionals have accrued and unpaid fees related to preparing for these proceedings. Accordingly, a charge is required until either alternative financing is obtained or cash flow is sourced from the Opcos or otherwise.

(ii) ***D&O Charge***

117. I, as the sole director and officer of each of the Petitioners will be actively involved in overseeing and directing the business' operation during the CCAA proceedings and efforts to resolve the Petitioners' current financial crisis.

118. As is customary in CCAA proceedings, the Petitioners are seeking to stay all proceedings against the former, current and future directors and officers of the Petitioners (the "D&O").

119. I understand that directors and officers can be held personally liable for some of the corporation's obligations, including those related to payroll remittances, provincial sales taxes and goods and services taxes.

120. The Petitioners' current D&O insurance is set to expire on June 1, 2021, and it is unclear whether the Petitioners' existing insurers are prepared to extend the Petitioners' existing insurance coverage after the expiry of the existing policies.

121. The insurance policies for the directors and officers of the Petitioners are subject to a total limit of \$15.0 million and, as is typical for policies of this nature, it contains exclusions and limitations to the coverage provided. Accordingly, there is a potential for there to be insufficient coverage regarding the potential director and officer liabilities or that the existing coverage will not be extended after June 1, 2021. Obtaining replacement coverage will be a challenge, if the existing policy is terminated.

122. Accordingly, the proposed Initial Order provides for a Court-ordered charge to indemnify the current D&O of the Petitioners to protect them from certain liabilities they may incur during the CCAA proceedings in their capacities as directors and officers in the maximum amount of \$110,000 (the “**D&O Charge**”). KSV has reviewed and supports the amount of the proposed D&O Charge.

123. I believe that the request of the Petitioners’ D&O to receive adequate protection in the form of the D&O Charge is fair and reasonable and advances the integral need of the Petitioners to have fully functional, experienced and qualified advisors, directors and officers. Particularly, the specialized knowledge held by the current management, and their relationships with various key creditors and their representatives gained throughout the growth of the Petitioners’ business, cannot be replicated or easily replaced.

124. In any event, the Petitioners and I will first look to the existing D&O policy for coverage, if necessary and available, and the D&O Charge shall only be called upon to the extent necessary.

J. PRIORITIES OF CHARGES

125. The Petitioners believe that the amounts of the Administration Charge and the D&O Charge (together, the “**Charges**”) in the Initial Orders are appropriate in the circumstances.

126. It is proposed that the priorities of the Charges (as defined below) be as follows:

(a) First – the Administration Charge; and

(b) Second – the D&O Charge.

127. The Initial Orders sought by the Petitioners provide for the Charges to rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise, other than certain specified exceptions, such as purchase-money security interests, statutory deemed trusts for source deductions, certain pension plan amounts, municipal property tax and utility liens (each to the extent it is a super-priority charge). Kyle Plunkett of Aird & Berlis LLP advises me, and I believe, that the specified exceptions are intended to represent those claims that have priority outside of CCAA proceedings.

K. SERVICE AND NOTICE

128. The Petitioners are also seeking approval of their proposed manner of service and notice of the Initial Orders and the comeback hearing authorized under the Initial Order. In particular, the Petitioners suggest that the Monitor provide notice by way of publication, by making the Initial Orders publicly available as prescribed in the CCAA, and by sending a notice (which shall include the date of the comeback hearing) to known creditors with claims over \$1,000.

129. Given the limitations imposed on the ability of the Petitioners and the Monitor to process and send notices to creditors by physical mail as a result of the COVID-19 pandemic and the fact that many businesses may not have staff on-site to open such mailings, the Petitioners are seeking the court's authorization to deliver the notices to known creditors by email instead of physical mail. If the Petitioners do not have email addresses on file for a known creditor, the Monitor will send a notice by physical mail in the usual manner. In the current circumstances, the Petitioners believe that the notices are more likely to come to known creditors' prompt attention if they are sent by email.

130. The proposed Initial Order also provides that the Petitioners may rely on the notice provided by the Monitor (as described above) to provide notice of the comeback hearing and shall only be required to serve motion materials concerning the comeback hearing on those parties who serve a Notice of Appearance or Response to the Petition in the proceeding or otherwise request service of such materials or to be added to the service list, in writing, in advance of the comeback hearing.

L. URGENCY TO FILE FOR CCAA

131. As a result of the immediate funding needs of the Petitioners, over and above day-to-day operational costs, and in the interest of protecting its stakeholders, the status quo is not sustainable. The Petitioners' financial resources are not sufficient to meet the investor commitments or repay its debt obligations, some of which are due and payable as of today, and, in the very near term, its operational costs.

132. The primary objective of the Petitioners is to preserve and maximize value for all stakeholders.

133. Due to the immediate cash flow requirements, a stay of proceedings is essential to stabilize the continued operations of Ardenton and to provide a platform to allow Ardenton to restructure its business so that it can return and be viable in the long term. The stay of proceedings afforded to the Petitioners, should this Court grant the requested relief, will provide the Petitioners with the necessary protection to advance and in due course implement a restructuring, which, I believe, will result in the Petitioners being able to repay its debt obligations through a restructuring plan to be filed.

134. Accordingly, the Petitioners believe it is in their best interest, as well those of their stakeholders, to file for CCAA protection.

135. On March 1, 2021, I, as the sole director of each of the Petitioners, passed resolutions approving the Petitioners' commencement of proceedings under the CCAA.

M. CONCLUSION

136. I am of the view that a Court-supervised process is the best forum to stabilize the Petitioners' business operations, addressing stakeholders' interests and implementing a transparent restructuring to maximize value for all of the Petitioners' stakeholders.


137. As described above, Ardenton's business has relied on funding from its investors and management fees and distributions collected from the Opcos to fund its business and meet obligations to investors and lenders. Ardenton is unable to source fresh capital in the present market and the Opcos do not generate sufficient cash flow to meet the Petitioner's cash flow requirements.

138. The Petitioners seek CCAA protection at this time to protect the value of the business. The relief requested in the proposed Initial Orders will provide the Petitioners with an opportunity to address their current challenges collaboratively with their stakeholders.

139. As such, I believe it is in the best interests of all stakeholders of Ardenton for this court to grant the relief sought by the Petitioners so that Ardenton has the opportunity to prepare and present a restructuring plan to its creditors. The proceedings will allow the Petitioners, with the Monitor's oversight, to restructure their businesses and preserve value for stakeholders. I believe this is preferable to the Petitioners' assets being liquidated in the near term, which will most certainly result in significant losses for investors.

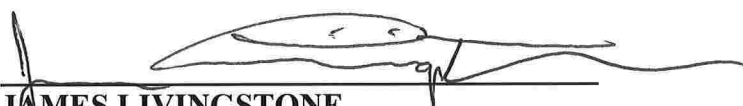
140. I make this affidavit in support of the Petitioners' motions for the relief set out in the Initial Orders and no other or improper purpose.

SWORN before me at the City of)
Vancouver, in the Province of British)
Columbia, this 2nd day of March, 2021.)



A Commissioner for taking Affidavits in)
the Province of British Columbia)

THOMAS W. CLIFFORD
BARRISTER & SOLICITOR
MLT AIKINS LLP
2600-1066 WEST HASTINGS STREET
VANCOUVER, B.C. V6E 3X1
TELEPHONE: 604-608-4555



JAMES LIVINGSTONE



001

BC Company Summary

For

ARDENTON CAPITAL CORPORATION

Date and Time of Search: March 01, 2021 11:15 AM Pacific Time
Currency Date: October 15, 2020

This is Exhibit "A" referred to in the Affidavit of J. Livingstone sworn (or affirmed) before me at Vancouver, B.C. this 2 day of March 2021.

ACTIVE

A Commissioner/Notary Public for the Province of British Columbia

Incorporation Number: BC1147647
Name of Company: ARDENTON CAPITAL CORPORATION
Recognition Date and Time: January 02, 2018 04:31 PM Pacific Time as a result of an Amalgamation In Liquidation: No
Last Annual Report Filed: January 02, 2021 Receiver: No

AMALGAMATING CORPORATION(S) INFORMATION

Name of Amalgamating Corporation: ARDENTON CAPITAL CORPORATION, LIVINGSTONE ACQUISITIONS INC.
Incorporation Number in BC: BC0880123, BC0829447

REGISTERED OFFICE INFORMATION

Mailing Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA
Delivery Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

RECORDS OFFICE INFORMATION

Mailing Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA
Delivery Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name: Livingstone, James

Mailing Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA
Delivery Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

OFFICER INFORMATION AS AT January 02, 2021

002

Last Name, First Name, Middle Name:

Livingstone, James

Office(s) Held: (CEO, President)

Mailing Address:

2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA

Delivery Address:

2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA



BC Company Summary For ARDENTON CAPITAL BRIDGING INC.

Date and Time of Search: March 01, 2021 11:16 AM Pacific Time
Currency Date: October 15, 2020
Incorporation Number: BC1135003
Name of Company: ARDENTON CAPITAL BRIDGING INC.
Recognition Date and Time: Incorporated on September 22, 2017 02:28 PM Pacific Time
Last Annual Report Filed: September 22, 2020
In Liquidation: No
Receiver: No

This is Exhibit "D" referred to in the Affidavit of J. Livingstone sworn (or affirmed) before me at Vancouver, B.C. this 2 day of March 2021. A Commissioner/Notary Public for the Province of British Columbia

ACTIVE

REGISTERED OFFICE INFORMATION

Mailing Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

Delivery Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

RECORDS OFFICE INFORMATION

Mailing Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

Delivery Address: 2400 - 1021 WEST HASTINGS STREET VANCOUVER BC V6E 0C3 CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name: Livingstone, James

Mailing Address: 2400, 1021 WEST HASTINGS ST. VANCOUVER BC V6E 0C3 CANADA

Delivery Address: 2400, 1021 WEST HASTINGS ST. VANCOUVER BC V6E 0C3 CANADA

OFFICER INFORMATION AS AT September 22, 2020

Last Name, First Name, Middle Name:

Charbonneau, Jeff

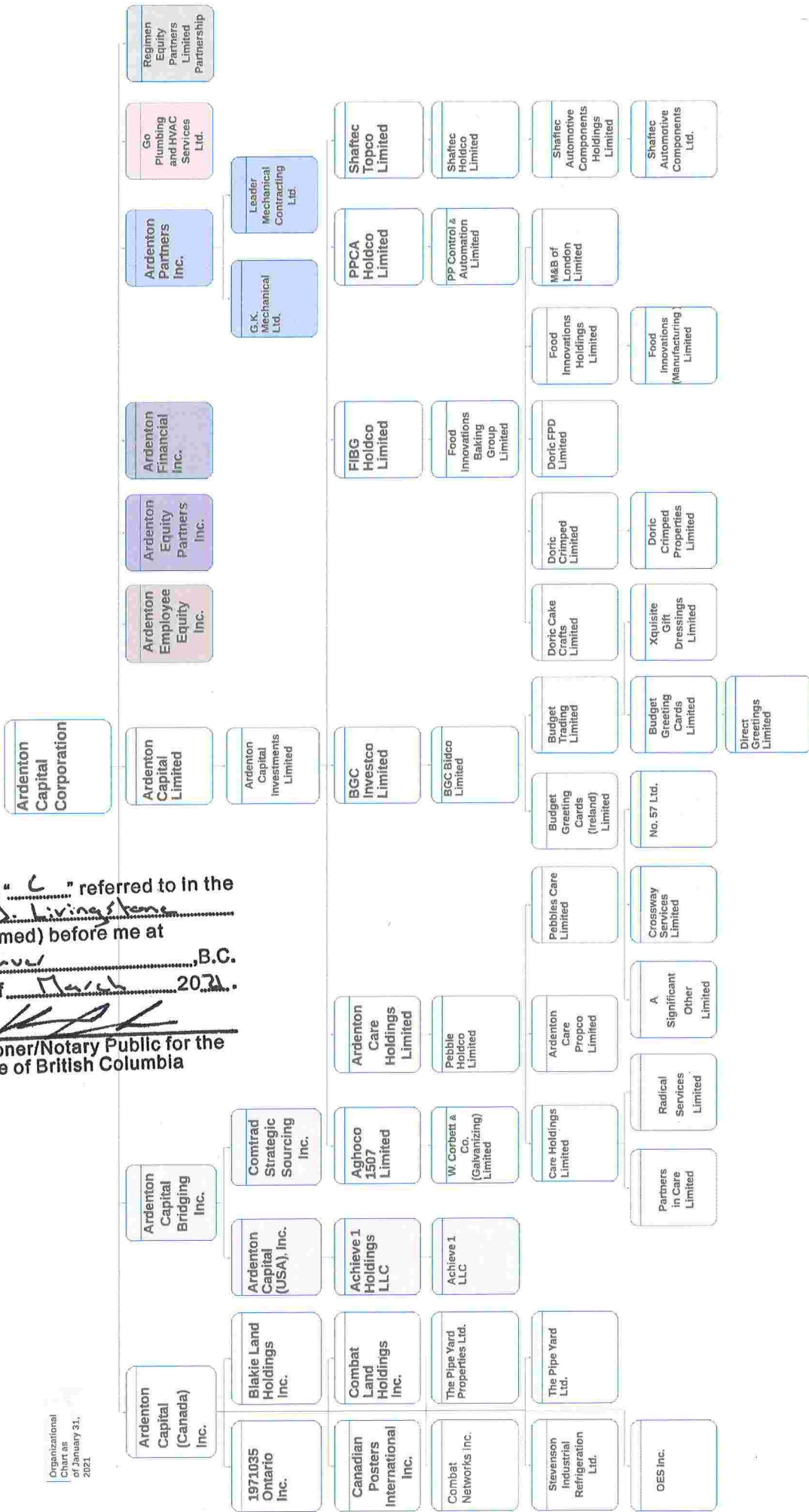
Office(s) Held: (Secretary)**Mailing Address:**2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA**Delivery Address:**2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA

Last Name, First Name, Middle Name:

Livingstone, James

Office(s) Held: (President)**Mailing Address:**2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA**Delivery Address:**2400 - 1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3
CANADA

Organizational Chart as of January 31, 2021




This is Exhibit "C" referred to in the Affidavit of J. Livingstone sworn (or affirmed) before me at Vancouver, B.C. this 2 day of March, 2021.

[Signature]
A Commissioner/Notary Public for the Province of British Columbia

Ardenton Capital Corporation
Non-Consolidated Financial Statements
(Expressed in Canadian Dollars unless
stated otherwise)

December 31, 2018 and 2017

This is Exhibit "D" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March 2021.


A Commissioner/Notary Public for the
Province of British Columbia

Ardenton Capital Corporation

007

Non-Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the years ended December 31, 2018 and 2017**Page**

| | |
|--|--------|
| Independent Auditor's Report | 3 - 4 |
| Non-Consolidated Balance Sheets | 5 |
| Non-Consolidated Statements of Net Loss | 6 |
| Non-Consolidated Statements of Cash Flows | 7 |
| Non-Consolidated Statements of Changes in Equity (Deficit) | 8 |
| Notes to the Non-Consolidated Financial Statements | 9 - 38 |

Independent auditor's report

To the Directors of
Ardenton Capital Corporation

Opinion

We have audited the non-consolidated financial statements of **Ardenton Capital Corporation** [the "Company"], which comprise the non-consolidated balance sheets as at December 31, 2018 and 2017, and the non-consolidated statements of net loss, non-consolidated statements of changes in deficit and non-consolidated statements of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2018 and 2017, and its non-consolidated results of operations and its non-consolidated cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the non-consolidated financial statements section* of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

We were not engaged to audit the non-consolidated balance sheet of the Company as at January 1, 2017, and, accordingly, we do not express an opinion on the non-consolidated balance sheet as at January 1, 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Vancouver, Canada
July 17, 2019

Ernst & Young LLP

Chartered Professional Accountants



Ardenton Capital Corporation

010

Non-Consolidated Balance Sheets

(Expressed in Canadian Dollars, unless otherwise stated)

| As at | | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|---|-------------|----------------------|----------------------|-----------------------------------|
| Assets | | | | |
| | Note | | | |
| Current | | | | |
| Cash | | \$12,729,624 | \$2,401,201 | \$2,206,435 |
| Receivables | | 5,762,021 | 604,239 | 7,818 |
| Prepaid expenses and deposits | | 476,059 | 348,132 | 774,933 |
| Total current assets | | 18,967,704 | 3,353,572 | 2,989,186 |
| Due from related parties | 15 | 72,288,676 | 24,921,184 | 4,602,658 |
| Due from shareholder | 15 | 409,569 | - | - |
| Investments | 6 | 403,334 | 403,334 | 403,334 |
| Investment in subsidiaries | 7 | 27,864,084 | 28,288,638 | 15,103,859 |
| Investment in joint ventures | 8 | 25 | 875,126 | 875,126 |
| Equipment | 11 | 1,285,226 | 1,393,686 | 20,901 |
| Total assets | | \$121,218,618 | \$59,235,540 | \$23,995,063 |
| Liabilities and Shareholders' Deficiency | | | | |
| Liabilities | | | | |
| Current | | | | |
| Payables and accruals | | \$4,539,040 | \$1,567,170 | \$1,254,146 |
| Subscriptions held in trust | | - | 1,814,321 | - |
| Due to related parties | 15 | 17,423,829 | 3,634,870 | 91,107 |
| Short term debt | | - | 1,564,802 | 1,025,000 |
| Current portion of long-term debt | 13 | 2,384,045 | - | 466,077 |
| Current portion of redeemable preferred shares and securities | 14 | 8,024,000 | 4,300,000 | 2,069,000 |
| Total current liabilities | | 32,370,914 | 12,881,163 | 4,905,330 |
| Long term debt | 13 | 6,351,438 | - | - |
| Hybrid securities | 14 | 9,586,115 | - | - |
| Redeemable preferred shares and securities | 14 | 151,692,780 | 101,278,631 | 51,668,763 |
| Total Liabilities | | 200,001,247 | 114,159,794 | 56,574,093 |
| Share Capital | 16 | 16,228,085 | 1,989,543 | 1,989,543 |
| Deficit | | (95,010,714) | (56,913,797) | (34,568,573) |
| Total Shareholders' Deficiency | | (78,782,629) | (54,924,254) | (32,579,030) |
| Total Liabilities and Shareholders' Deficiency | | \$121,218,618 | \$59,235,540 | \$23,995,063 |

Approved and authorized for issue on July 17, 2019



Director

Ardenton Capital Corporation

011

Non-Consolidated Statements of Loss

(Expressed in Canadian Dollars, unless otherwise stated)

| For the years ended | | December 31, 2018 | December 31, 2017 |
|--|---------|------------------------|------------------------|
| Revenue | | | |
| Dividends | Note 15 | \$ 1,568,934 | \$ 1,239,600 |
| Interest income | 15 | 3,401,691 | 2,492,592 |
| Management fees | 15 | 2,244,014 | 1,421,124 |
| Miscellaneous | | 6,163 | 25,500 |
| | | 7,220,801 | 5,178,816 |
| Expenses | | | |
| Salaries and benefits | | 2,877,970 | 1,291,868 |
| Advertising and promotion | | 112,150 | 109,055 |
| Consulting fees | | 652,188 | 515,427 |
| Management fees | 15 | 251,500 | 62,125 |
| Office and miscellaneous | | 638,662 | 294,669 |
| Professional fees | | 438,835 | 275,747 |
| Rent and utilities | | 183,014 | 188,410 |
| | | 5,154,319 | 2,737,301 |
| Income Before Undernoted | | 2,066,482 | 2,441,515 |
| Other | | | |
| Transaction costs | | 10,004,694 | 8,130,184 |
| Amortization of equipment | 11 | 306,271 | 198,998 |
| Amortization of share and debt issuance costs | 14 | 1,196,991 | 1,097,091 |
| Foreign exchange (gain)/loss in operations | 12 | 4,139,198 | (1,019,174) |
| Foreign exchange (gain)/loss on intercompany loans | | (2,076,234) | - |
| (Gain)/loss on disposal of investments | 10 | (4,383,720) | - |
| Interest on loans payable | | 88,996 | 423,699 |
| Interest and dividends on redeemable preferred shares and securities | 14 | 17,088,844 | 12,377,112 |
| Impairment of investment | | - | 3,578,920 |
| | | 26,365,039 | 24,786,830 |
| Net Loss | | \$ (24,298,557) | \$ (22,345,315) |

Ardenton Capital Corporation

012

Non-Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars, unless otherwise stated)

| For the years ended | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Operating Activities | | |
| Net loss | \$ (24,298,557) | \$ (22,345,224) |
| <i>Adjustments for items not affecting cash:</i> | | |
| Amortization of equipment | 306,271 | 198,998 |
| Foreign exchange (gain)/loss | 2,062,964 | (1,019,174) |
| Amortization of share issuance costs | 1,196,991 | 1,097,091 |
| Loss/(gain) on disposal of investments | (4,383,720) | - |
| | (25,116,053) | (22,068,309) |
| <i>Change in non-cash working capital</i> | | |
| Amounts receivable | (5,157,782) | (596,421) |
| Prepaid expenses and deposits | (127,927) | 426,801 |
| Amounts payable and accrued liabilities | 2,971,870 | 313,024 |
| | (27,429,892) | (21,924,905) |
| Investing Activities | | |
| Purchase of equipment | (197,811) | (1,571,783) |
| Sale/(purchase) of investments | 5,683,375 | (13,184,778) |
| Due from shareholder | (409,569) | - |
| | 5,075,995 | (14,756,561) |
| Financing Activities | | |
| Repayments to related parties | (31,502,299) | (17,303,019) |
| Issuance of common shares | 15,000,002 | - |
| Advances (repayments) of short-term debt | (3,379,123) | 539,802 |
| Advances (repayments) of long-term debt | - | (466,077) |
| Repurchase of share capital | (5,823,652) | - |
| Funds held in trust (for issuance of shares and securities) | - | 1,814,321 |
| Issuance of redeemable preferred shares and securities | 52,076,548 | 56,738,542 |
| Issuance of hybrid securities | 9,586,115 | - |
| Redemption of redeemable preferred shares and securities | (3,400,000) | (4,464,000) |
| | 32,557,591 | 36,859,569 |
| Foreign exchange effect on cash balances | 124,728 | 16,663 |
| Net increase in cash | 10,328,423 | 194,766 |
| Cash, beginning | 2,401,201 | 2,206,435 |
| Cash, ending | \$ 12,729,624 | \$ 2,401,201 |

Ardenton Capital Corporation**Non-Consolidated Statements of Changes in Equity (deficit)****(Expressed in Canadian Dollars, unless otherwise stated)**

013

| For the years ended | December 31, 2018 | December 31, 2017 |
|-----------------------------------|------------------------------|------------------------------|
| Share capital (Note 16) | | |
| Balance, beginning of year | \$ 1,989,543 | \$ 1,989,543 |
| Issued/(redeemed) during the year | 14,238,542 | - |
| Balance, end of year | 16,228,085 | 1,989,543 |
| Deficit, beginning of year | (56,913,347) | (34,568,482) |
| Other (Note 16) | (13,798,360) | - |
| Net loss | (24,298,557) | (22,345,315) |
| Deficit, end of year | (95,010,714) | (56,913,797) |
| Total (Deficiency) | \$ (78,782,629) | \$ (54,924,254) |

For the years ended December 31, 2018 and 2017

1. NATURE OF BUSINESS

Ardenton Capital Corporation ("the Company") was formed as a result of the amalgamation described in note 5 and is a private equity corporation focused on meaningful business partnerships and long-term growth. Its principal business activities are the long-term holding of investments and the provision of management services to its investees.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These non-consolidated financial statements were prepared in accordance with Part II of the CPA Canada Handbook - Accounting, Accounting Standards for Private Enterprises ("ASPE"), which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada and includes the significant accounting policies described hereafter.

(b) Significant Accounting Estimates

The preparation of these non-consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the non-consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These non-consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the non-consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the carrying values of the investments in subsidiaries;
- ii. the carrying values of the investments in joint ventures;
- iii. the collectability of amounts due from related parties; and

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgment:

- i. the determination that the Company operates on a going concern basis

The Company completes an annual forecast to determine cash flows required for future operations and utilizes the forecast as a basis for going concern analysis.

(c) Current and Non-current Classification

Assets and liabilities are generally classified as current if expected to be realized or settled within twelve months following the reporting date. Loans, receivables, payables, related party transactions and preferred shares and securities are included in current assets or liabilities, except when maturities are greater than twelve months after the end of the reporting period, which results in classification as non-current assets or liabilities.

Notes to the Non-Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)*(d) Foreign Currency*

The Company's functional and presentation currency is the Canadian dollar.

Accounts stated in foreign currencies are translated according to the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the non-consolidated balance sheet date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenue and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from foreign currency transactions are included in net income.

(e) Cash

Cash consist primarily of cash held at banks and other short-term highly liquid investments with original maturities of three months or less and are subject to immaterial interest rate or credit risk.

*(f) Equipment**Recognition and Measurement*

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

Amortization

Amortization is included in profit or loss on a straight-line basis over the estimated useful life of the assets as follows:

| | |
|------------------------|------------------------------|
| Computer equipment | - 5 years straight line |
| Office equipment | - 5 years straight line |
| Leasehold improvements | - over the term of the lease |

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively if necessary.

Notes to the Non-Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Equipment

Impairment

Property and equipment is tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. Impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

Derecognition

Upon sale or abandonment, the cost of the property and equipment and related accumulated amortization, are removed from the accounts and any gains or losses thereon are included in profit or loss.

(g) Financial Instruments

Financial assets with fixed or determinable payments that are not quoted in an active market are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses and include cash, amount receivables, and note receivables, with the exception of amounts due from related parties which are measured at carrying value.

Impairment of financial assets measured at amortized cost

Financial assets measured at amortized cost are assessed for indicators of impairment. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Other financial liabilities

Financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method and include amounts payable and accruals, short and long term debt, due to related parties, and redeemable preferred shares, securities and hybrid securities (Note 14), with the exception of amounts due to related parties which are measured at carrying value.

(h) Share Capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Income Taxes

The future income taxes method is used to account for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that, in the opinion of management, it is more likely than not that future income tax assets will not be realized.

Notes to the Non-Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Revenue Recognition

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest is recognized using the effective interest method on a proportionate basis.

Management fees income is recorded as services are rendered when the amount of revenue, stage of completion of the work and costs incurred and required to complete the services can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

(k) Finance Costs

Finance costs are comprised of interest on loans payable, amortization of share issuance costs and interest and dividends on preferred shares and securities. Interest on loans payable and interest and dividends on preferred shares and securities are recognized using the effective interest method.

(l) Redeemable Preferred Shares, Securities and Hybrid Securities Issuance Costs

Costs directly attributable to the issuance of redeemable preferred shares, securities and hybrid securities are capitalized and amortized on a straight-line basis over 5 years, as the share and securities are redeemable and retractable after that time.

(m) Acquisition Costs

Acquisition costs consist of, but are not restricted to, legal, tax, advisory, valuation, and other professional and consultant fees related to the due-diligence of deals, as well as an allocated portion of other expenses reasonably attributable to the activities of the Company related to acquisitions and are generally expensed as incurred.

(n) Share-Based Payments

Non-employees and senior management of the Company receive remuneration in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments (equity-settled transactions).

Services rendered by non-employees and senior management are measured at fair value and consideration is satisfied through the award of shares of the Company. When fair value of the shares is greater than the cash received, the difference is capitalized to share issuance costs and amortized over five years to the extent that services were provided with any excess being recorded as share-based compensation. When fair value of the shares is less than the cash received, the difference is credited to contributed surplus. Forfeitures are accounted for as incurred.

(o) Investments in Subsidiaries and Joint Ventures

The Company recognizes its investments in subsidiaries and joint ventures at cost. Investments recognized at cost are subject to an impairment review when indicators of impairment are present. The Company uses a combination of internal and external indicators to identify circumstances where impairment testing is necessary at each non-consolidated balance sheet date and to assess whether there is objective evidence that one of its investments is impaired. If an impairment loss exists, then the loss is recognized in profit and loss.

For the years ended December 31, 2018 and 2017

3. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The directors approve and monitor the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash held by banks, accounts receivable and amounts due from related parties are subject to credit risk. Credit risk associated with cash is managed by holding the investments in large Canadian financial institutions. Investment objectives are primarily directed towards preservation of capital and liquidity. The investment policy provides limitations on concentrations of credit risk, credit quality and the duration of investments, as well as minimum rating requirements for cash and cash equivalents held in banks and financial institutions. Amounts receivable are related to government remittances and management fees which are monitored and received on a quarterly basis. Repayment of the due from related parties amounts and the amount due from the Company's parent is dependent upon the financial performance of the Company's subsidiaries, joint ventures and other related parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the non-consolidated statement of financial position as shown in the table below:

| As at | December 31, 2018 | December 31, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Cash | 12,729,624 | 2,401,201 |
| Amounts Receivable | 5,762,021 | 604,239 |
| Amounts due from related parties | 72,288,676 | 24,921,184 |

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient financial resources to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts which are available on demand. The Company's amounts payable and accrued liabilities have contractual maturities of less than 90 days. The Company's primary financial obligations relate to its redeemable preferred shares and securities which are managed through monitoring the repayment dates and monthly distribution payments and managing its cash flows accordingly. The Company's objective is to maintain sufficient available cash to fund ongoing operational and capital requirements. In addition to trade and other receivables, the Company has cash of \$12,729,624 at December 31, 2018 (2017 - \$2,401,201).

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company monitors its interest rate exposure on an ongoing basis. The Company is exposed to interest rate risk on cash, non-interest-bearing related party amounts as well as its redeemable preferred shares and securities, which bear interest at fixed rates and are subject to redemption over the next 5 years.

Currency Exchange Rate Risk

The Company holds monetary assets denominated in currencies other than the functional currency (the Canadian dollar). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. Accordingly, the Company's cash flow is subject to currency exchange rate risk. The following table provides a summary of foreign currency denominated financial assets and liabilities.

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

3. FINANCIAL RISK MANAGEMENT (continued)

| As at | December 31, 2018 | December 31, 2017 |
|----------------------|-------------------|-------------------|
| US dollars | | |
| Assets | 11,489,362 | 231,794 |
| Liabilities | - | - |
| Great British Pounds | | |
| Assets | 1,500 | 9,027 |
| Liabilities | - | - |

4. FIRST-TIME ADOPTION OF ACCOUNTING STANDARDS FOR PRIVATE ENTERPRISES

These non-consolidated financial statements are the first non-consolidated financial statements which the Company has prepared since the Amalgamation in accordance with Part II of the CPA Canada Handbook – Accounting, which constitutes accounting standards for private enterprises in Canada (“ASPE”). In preparing its opening balance sheet as at January 1, 2017 [the “Transition Date”], the Company has applied Section 1500, First-time adoption, retrospectively using the following four principles such that it has:

- Recognized all assets and liabilities whose recognition is required by ASPE;
- Not recognized items as assets or liabilities if ASPE does not permit such recognition;
- Reclassified items recognized previously as one type of asset, liability or component of equity, but are now recognized as a different type of asset, liability or component of equity;
- Applied ASPE in measuring all recognized assets and liabilities.

As the Amalgamated Company has not historically prepared non-consolidated financial statements, no reconciliation has been prepared to previously reported figures. Section 1500 provides a number of elective exemptions from the retrospective adoption of ASPE. The Company has elected to use the following transition exemption:

- The Company has elected to not restate its non-financial assets or non-financial liabilities related to transactions with related parties when the related party transaction occurred prior to the Transition Date.

Note 5 to the non-consolidated financial statements illustrates the accounting and transactions that occurred upon amalgamation.

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

5. AMALGAMATION

On January 2, 2018, in accordance with the Articles of Amalgamation dated January 2, 2018, an amalgamation was effected between the predecessor company of Ardenton Capital Corporation ("ACC"), and ACC's parent company, Livingstone Acquisition Inc. ("LAI"). Immediately after, ACC and LAI amalgamated and carried on business as Ardenton Capital Corporation ("Ardenton" or "The Company").

The below tables illustrate the Share Structure of both entities immediately prior to amalgamation, as well as the Opening Share structure of the amalgamated entity following the stated Share transfers per the Amalgamation agreement;

| Livingstone Acquisitions Inc. Share Transfer on Amalgamation | | | | | |
|--|-----------------------------------|---------------------|--------------------------|---------------------------------------|-------------------------------------|
| | Pre-Amalgamation Shares Issued | Shares Cancelled | Stated Share Exchange | Post Amalgamation Shares Issued | Post Amalgamation Share Class |
| Class A | | | | | |
| Class A Shareholders | 450,000 | - | 1.027052 | 462,173 | A |
| Class B | | | | | |
| Class B Shareholders | 75,000 | 75,000 | - | - | |

| Ardenton Capital Corporation - Share transfer on Amalgamation | | | | | |
|---|-----------------------------------|---------------------|-----------------------------|---------------------------------------|-------------------------------------|
| | Pre-Amalgamation Shares Issued | Shares Cancelled | Remaining Share Exchange | Post Amalgamation Shares Issued | Post Amalgamation Share Class |
| Class A | | | | | |
| Class A Shareholders | 22,086,500 | 20,006,500 | 0.026123 | 54,335 | C |
| Class B | | | | | |
| Class B Shareholders | 325,000 | - | 0.026123 | 8,489 | D |

| Ardenton Capital Corporation ("Amalco"). - Outstanding common shares after Amalgamation | | |
|---|----------------|--------------------|
| | No. of Shares | Value of Shares |
| Class A | 462,173 | \$450 |
| Class B | - | - |
| Class C | 54,336 | \$1,514,093 |
| Class D | 8,490 | \$325,000 |
| Total | 524,999 | \$1,839,543 |

Non-Consolidated Financial Statements**(Expressed in Canadian Dollars, unless otherwise stated)**

For the years ended December 31, 2018 and 2017

5. AMALGAMATION OF ACC AND LAI (continued)

The issued and outstanding shares of the Company held by LAI were deemed to have been cancelled for nil proceeds and the shares of LAI held by the Company were deemed to have been cancelled for nil proceeds, with any difference charged to the Company's deficit.

The amalgamation has been measured at the carrying amount. On amalgamation, all intercompany transactions have been eliminated. The non-consolidated financial statements of the amalgamated Company reflect the earnings, assets and liabilities of the combined businesses for the entire period in which the amalgamation occurred and for all prior periods. The balance sheets of the businesses immediately prior to amalgamation on January 2, 2018 are as follows:

| | ACC | LAI |
|-----------------------------|--------------|--------------|
| Assets | 62,144,181 | 2,896,294 |
| Liabilities | 127,561,026 | 31,372,380 |
| Capital Stock | 5,513,602 | 75,450 |
| Retained earnings (Deficit) | (59,903,243) | (28,400,635) |

6. INVESTMENTS

The Company acquired a 3.29% equity investment in Regimen Equity Partners Limited Partnership. The value of this investment as at December 31, 2018 was \$403,334 (Dec 31 2017: \$403,334, Jan 1 2017: \$403,334).

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

7. INVESTMENTS IN SUBSIDIARIES

All the entities in which the Company is directly invested are incorporated in Canada except for Ardenton Capital Limited (UK), Ardenton Capital Investments Limited (UK), and Ardenton Capital Inc. (USA). The Company holds investments directly or indirectly in the following entities;

| | <u>December 31,</u> <u>2018</u> | <u>December 31,</u> <u>2017</u> | <u>January 1,</u> <u>2017</u> <u>(unaudited)</u> |
|---|------------------------------------|------------------------------------|--|
| GO Plumbing and HVAC Services Ltd. ("Go Plumbing") Principal business activity: mechanical contracting Principal place of business: Edmonton, Alberta | 90% | 90% | 90% |
| The Pipe Yard Ltd. ("TPY") Principal business activity: the sale of piling pipe to the construction industry Principal place of business: Blackfalds, Alberta | 68% | 68% | 68% |
| Ardenton Equity Partners Inc. ("AEP") (amalgamation of AEP, Ardenton Investment Inc. ("All") & Legacy Equity Partners One Inc. on September 21, 2018 onwards) Principal business activity: holding company Principal place of business: Vancouver, British Columbia | 100% | - | - |
| OES Inc. ("OES") (from November 24, 2016) Principal business activity: technology solutions Principal place of business: London, Ontario | 70% | 70% | 70% |
| Combat Networks Inc. ("Combat") (from November 10, 2016) Principal business activity: network solutions integrator Principal place of business: Ottawa, Ontario | 70% | 70% | 70% |
| Ardenton Capital Limited ("ACL") (from October 18, 2016) 100% Owned by ACL (2017 – 100%): | 100% | 100% | 100% |
| Ardenton Capital Investments Limited ("ACIL") (from October 20, 2016) Principal business activity: both holding companies Principal place of business: both Manchester, United Kingdom: 90% Owned by ACIL (2017 – 90%): | | | |
| Aghoco 1507 Limited ("Aghoco") (from January 31, 2017) Principal business activity: holding company Principal place of business: Manchester, United Kingdom | | | |

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the years ended December 31, 2018 and 2017

7. INVESTMENTS IN SUBSIDIARIES (continued)

| | <u>December 31,</u> <u>2018</u> | <u>December 31,</u> <u>2017</u> | <u>January 1,</u> <u>2017</u> <u>(unaudited)</u> |
|--|------------------------------------|------------------------------------|--|
| 100% Owned by Aghoco (2017 – 100%): | | | |
| W. Corbett & Co (Galvanizing) ("Corbetts") | | | |
| (from April 7, 2017) | | | |
| Principal business activity: hot dip galvanizing | | | |
| Principal place of business: Telford, United Kingdom | | | |
| 85% Owned by ACIL: | | | |
| PPCA HoldCo Limited ("PP HoldCo") | | | |
| (from May 2, 2018 – note 8) | | | |
| Principal business activity: holding company | | | |
| Principal place of business: Manchester, United Kingdom | | | |
| 100% Owned by PP HoldCo | | | |
| PP Control & Automation Limited ("PP Controls") | | | |
| (from June 7, 2018 – note 8) | | | |
| Principal business activity: Strategic outsourcing solutions | | | |
| Principal place of business: Walsall, United Kingdom | | | |
| 100% Owned by ACIL: | | | |
| Shaftec TopCo Limited ("Shaftec TopCo") | | | |
| (October 17, 2018 – note 8) | | | |
| Principal business activity: holding company | | | |
| Principal place of business: Manchester, United Kingdom | | | |
| 60% Owned by Shaftec TopCo: | | | |
| Shaftec HoldCo Limited ("Shaftec HoldCo") | | | |
| (October 17, 2018 – note 8) | | | |
| Principal business activity: holding company | | | |
| Principal place of business: Manchester, United Kingdom | | | |
| 100% Owned by Shaftec HoldCo: | | | |
| Shaftec Automotive Components Holdings Limited ("SACHL") | | | |
| (November 30, 2018 – note 8) | | | |
| Principal business activity: holding company | | | |
| Principal place of business: Birmingham, United Kingdom | | | |
| 100% Owned by SACHL: | | | |
| Shaftec Automotive Components Limited ("SACL") | | | |
| (November 30, 2018 – note 8) | | | |
| Principal business activity: Supplier of Remanufactured auto parts | | | |
| Principal place of business: Birmingham, United Kingdom | | | |

Ardenton Capital Corporation

024

Non-Consolidated Financial Statements**(Expressed in Canadian Dollars, unless otherwise stated)**

For the years ended December 31, 2018 and 2017

| | <u>December 31,</u> <u>2018</u> | <u>December 31,</u> <u>2017</u> | <u>January 1,</u> <u>2017</u> <u>(unaudited)</u> |
|--|------------------------------------|------------------------------------|--|
| 7. INVESTMENTS IN SUBSIDIARIES (continued) | | | |
| Ardenton Capital (USA) Inc. (AUSA) (from February 27, 2017) Principal business activity: holding company Principal place of business: Dallas, United States of America 70% Owned by AUSA: | 100% | 100% | - |
| Achieve One Holdings LLC ("A1 Holdings") (from March 5, 2018 – note 6) Principal business activity: holding company Principal place of business: Virginia, United States of America 100% Owned by A1 Holdings: | | | |
| Achieve One LLC ("A1") (from March 5, 2018 – note 6) Principal business activity: seller of IT Hardware and Software Principal place of business: Virginia, United States of America | | | |
| 1971035 Ontario Inc. (the "Leone Group of Companies") (from January 31, 2017 (amalgamated February 28, 2017) – Principal business activity: iron and chain link fencing Principal place of business: Mississauga, Ontario | 51% | 51% | - |
| Comtrad Strategic Sourcing Inc. (Comtrad) (from October 12, 2017 – Note 8) Principal business activity: OEM parts sourcing Principal place of business: Mississauga, British Columbia | 90% | 90% | - |
| Ardenton Financial Inc. (AFI) (from August 29, 2017) Principal business activity: exempt market dealer Principal place of business: Vancouver, British Columbia | 100% | 100% | - |
| Ardenton Capital Bridging Inc. (ACB) (from September 22, 2017) Principal business activity: holding company Principal place of business: Vancouver, British Columbia | 100% | 100% | - |
| Stevenson Industrial Refrigeration Limited ("Stevenson") (From July 25, 2016) Principal business activity: Commercial & Industrial Refrigeration Principal place of business: Saskatoon, Saskatchewan | 65% | 65% | 65% |

Ardenton Capital Corporation**Non-Consolidated Financial Statements****(Expressed in Canadian Dollars, unless otherwise stated)**

025

For the years ended December 31, 2018 and 2017

7. INVESTMENTS IN SUBSIDIARIES (continued)

The Company's investments in subsidiaries recorded at cost consist of the following

| Subsidiary | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|--|------------------------------|------------------------------|--|
| Ardenton Financial Inc. | 1 | 1 | - |
| Ardenton Capital Bridging | 8,745,011 | 1 | - |
| Leone Group of Companies | 2,800,000 | 2,800,000 | - |
| GO Plumbing and HVAC Services Ltd. | 8 | 8 | 8 |
| The Pipe Yard Ltd. | 1,971,557 | 1,971,557 | 1,971,557 |
| Ardenton Investment Inc. | 772,581 | 772,581 | 772,581 |
| Stevenson Industrial Refrigeration Ltd. | 1,235,000 | 1,235,000 | 1,235,000 |
| Combat Networks Inc. | 4,760,000 | 4,760,000 | 4,760,000 |
| OES Inc. | 6,440,000 | 6,440,000 | 6,440,000 |
| Ardenton Capital Limited | 161 | 161 | 161 |
| LAI Blakie | 920,000 | 920,000 | - |
| Combat Land Holdings | 219,766 | 219,766 | - |
| Ardenton Capital (USA) Inc. | - | 12 | - |
| Comtrad Strategic Sourcing Inc. | - | 9,245,000 | - |
| Other | - | (75,450) | (75,450) |
| Total investments in subsidiaries | 27,864,084 | 28,288,638 | 15,103,859 |

On April 1, 2018 Ardenton Capital Corporation elected to transfer 4,495 Class "A" Common shares in the capital of Comtrad and \$4,750,000 of preferred securities of Comtrad to Ardenton Capital Bridging Inc. (ACB) for consideration of 8,745,000 Class "A" common shares in ACB. Subsequent to the transfer date, any rights associated with the Class "A" Common shares and the \$4.75M of preferred securities were transferred to ACB

Ardenton Capital Corporation**Non-Consolidated Financial Statements****(Expressed in Canadian Dollars, unless otherwise stated)**

026

For the years ended December 31, 2018 and 2017

8. INVESTMENTS IN JOINT VENTURES

All of the joint venture interests in which the Company shares control of the investment are incorporated in Canada and the ownership interest of these are listed below:

| | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|--|----------------------|----------------------|--------------------------------|
| Interpro Technical Services Limited ("ITS") | - | 50% | 50% |
| <i>Principal business activity: the repair and maintenance of industrial turbines. Principal place of business: Port Coquitlam, British Columbia</i> | | | |
| Northwest Plastics Ltd. ("NPL") | 50% | 50% | 50% |
| <i>Principal business activity: the rotational molding of plastics parts and products. Principal place of business: Port Coquitlam, British Columbia</i> | | | |
| Pipe Yard Properties Inc. ("PYP") | 25% | 25% | 25% |
| <i>Principal business activity: the sale of piling pipe to the construction industry Principal place of business: Blackfalds, Alberta</i> | | | |

The Company's investments in joint ventures recorded at cost consist of the following:

| Joint Venture | December 31, 2018 | December 31, 2017 |
|--|----------------------|----------------------|
| Interpro Technical Services Limited | - | 250,001 |
| PipeYard Properties Inc. | 25 | 25 |
| Northwest Plastics Ltd. | - | 625,100 |
| Total investments in joint ventures | 25 | 875,126 |

The Company disposed of its stake in ITS on 31 December, 2018 and NPL on 16 January 2018. Please see note 10 disposal of investments for more information on these divestments.

For the year ended December 31, 2018

9. BUSINESS ACQUISITIONS2018 Acquisitions**(a) Acquisition of Achieve 1**

On March 5, 2018, the Company's wholly owned subsidiary ACB through its subsidiary, AUSA, acquired 70% of the issued and outstanding shares of A1 Holdings for cash consideration of USD14,265,000 (\$18,420,000). The Company funded USD9,975,000 (\$13,006,000) of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of USD9,975,000 (\$13,006,000) to AUSA in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018.

(b) Acquisition of PP Controls

On June 7 2018, the Company's wholly owned subsidiary ACL, through its subsidiaries ACIL completed the acquisition of 85% of the issued share capital of PP HoldCo for consideration of £13,386,000 (\$23,314,000). The Company funded £7,085,000 (\$12,340,000) of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of £7,085,000 (\$12,340,000) to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018.

(c) Acquisition of Shaftec

On November 30 2018, the Company's wholly owned subsidiary ACL, through its subsidiaries ACIL, Shaftec TopCo and Shaftec HoldCo completed the acquisition of 60% of the issued share capital of SACHL, for consideration of £11,340,000 (\$19,239,000). The Company funded £4,187,000 (\$7,098,000) of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of £4,187,000 (\$7,098,000) to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018

2017 Acquisitions**(d) Acquisition of Corbetts**

On January 31, 2017, the Company's wholly owned subsidiary, Ardenton Capital Limited, through its subsidiary Ardenton Capital Investments Limited acquired 90% of the outstanding shares of Aghoco 1507 Limited ("Aghoco").

On April 7, 2017, Aghoco acquired 100% of the issued share capital of W.Corbett & Co (Galvanizing) Limited for cash consideration of \$17,031,346. Of this consideration, the Company funded \$11,584,260 which is recorded as part of the Company's investment in Ardenton Capital Ltd.

For Ardenton Capital Investments Limited, a loan note of \$11,584,260 which bears interest at 12.9% per annum and is due on April 7, 2022. This amount has been recorded as an Investment in subsidiary since the purpose of the loan was to acquire W.Corbett & Co. (Galvanizing) Limited.

Ardenton Capital Corporation**Non-Consolidated Financial Statements****(Expressed in Canadian Dollars, unless otherwise stated)**

028

For the year ended December 31, 2018

9. BUSINESS ACQUISITIONS (continued)**(e) Acquisition of the Leone Group of Companies**

On January 31, 2017, 2525612 Ontario Inc. which was 51% owned by the Company, acquired 100% of the issued and outstanding shares of Leone Fence Co. Ltd., Iron Eagle Industries Inc., and Shield Fence & Wire Products Inc. (together the "Leone Group of Companies") for cash consideration of \$11,500,000 and contingent consideration of \$1,307,860 for total consideration of \$13,178,192, of this consideration, the Company funded \$2,800,000. On February 28, 2017, 2525612 Ontario Inc. and the Leone Group of Companies were amalgamated to form 1971035 Ontario Inc. and continued operating as the Leone Group of Companies. After the amalgamation, the Company continued to own 51% of the Leone Group of Companies.

The consideration paid has been allocated to the net assets acquired based on their acquisition date fair values and the excess of the purchase price over the value of the net assets acquired, including the future tax liability relating to the acquired intangible assets of \$819,917, has been recorded as goodwill.

Part of the purchase agreement includes contingent consideration based on the amount earnings before interest, taxes, depreciation and amortization exceeds a targeted amount for the 12 and 24 month periods following the acquisition date up to a maximum of \$1,500,000. On the date of acquisition, a liability in the amount of \$1,307,860 was recorded, representing the net present value of future cash flows relating to the contingent consideration. At December 31, 2017, the Company recognized \$1,000,000 of this contingent consideration as a result meeting the earn-out target in the first earn-out period.

(f) Acquisition of Comtrad

On October 12, 2017, ACC7 Inc. ("ACC7") which was 90% owned by the Company, acquired 100% of the issued and outstanding shares of Waljon Industries Ltd. ("Waljon") for cash consideration of \$19,059,000, of this consideration, the Company funded \$9,245,000. On the same day, ACC7 and Waljon were amalgamated and commenced operations as Comtrad Strategic Sourcing Inc. After the amalgamation, the Company continues to own 90% of Comtrad Strategic Sourcing Inc.

The fair value of assets and liabilities of Waljon acquired by ACC7 was determined at the acquisition date which resulted in fair value adjustments to inventory and intangible assets, future income tax liability relating to the acquired intangible assets of \$3,334,108 and the recognition of goodwill.

In accordance with section 2.4 of the Waljon Share Purchase Agreement, a net working capital shortfall of \$926,373 was determined 90 days following the acquisition. As a result, \$500k of acquisition proceeds, held in escrow, were released to the purchaser resulting in a corresponding write down of the initial investment value on ACC's books by \$500,000.

On April 1, 2018 Ardenton Capital Corporation (ACC) elected to transfer 4,495 Class "A" Common shares in the capital of Comtrad and \$4,750,000 of preferred securities of Comtrad to non-arms length Ardenton Capital Bridging Inc. (ACB) for consideration of 8,745,000 Class "A" common shares in ACB. The election was made under Section 85(1) of the Income Tax Act. Subsequent to the transfer date, any rights associated with the Class "A" Common shares and the \$4.75M of preferred securities were transferred to ACB.

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

10. DISPOSAL OF INVESTMENTS

On January 16, 2019, the Company sold its 50% interest in NPL back to NPL for \$1. The Company's total investment in NPL was \$625,100, and the resulting loss on sale was \$625,099. Prior to December 31, 2018, the Company was actively negotiating with its partner to divest of its interest in NPL, and this transaction and its quantum were reasonably assured.

On December 31, 2018, the Company made the following disposals;

- sold its 50% interest in ITS back to ITS for \$4,380,000. The Company's original investment in ITS was \$250,001, and the resulting gain on this transaction was \$4,129,999.
- sold its 50% interest in ITS's estimated excess working capital for \$100,000.
- sold its 50% interest in Manifest Capital, ITS's real estate HoldCo, back to Manifest Capital, and received \$889,000 representing its equity interest in the real estate.

11. EQUIPMENT

| | December 31, 2018 | | |
|---------------------------|----------------------|-----------------------------|------------------|
| | Cost | Accumulated Amortization | Net |
| Computer Equipment | 327,484 | 114,437 | 213,046 |
| Office equipment | 389,026 | 165,979 | 223,047 |
| Leasehold improvements | 1,079,485 | 230,532 | 849,133 |
| | <u>1,795,995</u> | <u>510,769</u> | <u>1,285,226</u> |

| | December 31, 2017 | | |
|---------------------------|----------------------|-----------------------------|------------------|
| | Cost | Accumulated Amortization | Net |
| Computer Equipment | 224,847 | 30,432 | 194,415 |
| Office equipment | 362,599 | 72,534 | 290,064 |
| Leasehold improvements | 1,010,738 | 101,532 | 909,207 |
| | <u>1,598,184</u> | <u>204,498</u> | <u>1,393,686</u> |

Ardenton Capital Corporation
Non-Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

11. EQUIPMENT (Continued)

| | | January 1, 2017 (unaudited) | |
|------------------------|---------------|-----------------------------------|---------------|
| | Cost \$ | Accumulated Amortization \$ | Net \$ |
| Office equipment | 25,109 | 4,962 | 20,147 |
| Leasehold improvements | 1,293 | 539 | 754 |
| | <u>26,402</u> | <u>5,501</u> | <u>20,901</u> |

12. FOREIGN EXCHANGE GAINS AND LOSSES

Realized foreign exchange gains and losses are gains and losses that have been converted into cash, while unrealized gains relate to non-cash financial assets and liabilities denominated in foreign currencies.

| Foreign Exchange Gain (Loss) | 2018 | 2017 |
|------------------------------|--------------------|------------------|
| Realized | 155,056 | 611,347 |
| Unrealized | (4,294,254) | (1,630,521) |
| | <u>(4,139,198)</u> | <u>1,019,174</u> |

Ardenton Capital Corporation

031

Non-Consolidated Financial Statements**(Expressed in Canadian Dollars, unless otherwise stated)**

For the year ended December 31, 2018

13. LONG TERM DEBT

The Company had the following Long-Term Debt obligations;

| | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|---|------------------------------|----------------------|-----------------------------------|
| <u>Ardenton Capital Corporation</u> | | | |
| Note payable bearing 0% interest repayable in semi-annual installments of \$1,587,860 due December 31, 2020. | 6,351,438 | - | - |
| Note payable bearing 0% interest, repayable in five equal payments of \$794,680 with final payment due April 15, 2019. | 2,384,040 | - | - |
| Payable to Lysander Properties Ltd., non-interest bearing, unsecured, and without specific terms of repayment. | - | - | 250,000 |
| | - | - | 108,063 |
| Payable to 1694343 AB Ltd., bearing interest at 8% per annum, unsecured, repayable in monthly instalments of principal and interest of \$4,253, due August 1, 2017. | - | - | 108,014 |
| Payable to 763372 AB Ltd., bearing interest at 8% per annum, unsecured, repayable in monthly instalments of principal and interest of \$4,253, due August 1, 2017. | - | - | 108,014 |
| Total long-term Debt | 8,735,483 | - | 466,077 |
| Less: current portion | (2,384,045) | - | 466,077 |
| Non-current portion of long-term debt | 6,351,438 | - | - |

Non-Consolidated Financial Statements
(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

14. REDEEMABLE PREFERRED SHARES AND SECURITIES

| Preferred Shares | Authorized | Preferential Cumulative Annual Dividend % | Issue Price per Security \$ | Redemption Term |
|------------------|------------|---|-----------------------------|---------------------|
| Series A | Unlimited | 12.0 | 10 | On request, 5 years |
| Series B | Unlimited | 12.0 | 10 | On request, 5 years |
| Series C | Unlimited | 12.0 | 10 | On request, 5 years |

| Preferred Securities | Preferential Cumulative Annual Interest % | Issue Price per Security \$ | Redemption Term |
|----------------------|---|-----------------------------|-----------------------------|
| Series I | 14.0 | 10 | On request, 5 years |
| Series II | 10.0 | 1,000 | On request, 2 years |
| Series III | 14.0 | 10 | On request, 5 years |
| Series IV | 10.0 | 1,000 | On request, 3 years |
| Series V | 12.9 | 1,000 | On request, 5 years |
| Series VI | 12.0 | 1,000 | On request, 3 years |
| Series VII | 14.0 | 1,000 | On request, August 31, 2020 |

| Hybrid Securities | Preferential Cumulative Annual Interest % | Issue Price per Security \$ |
|-------------------|---|-----------------------------|
| Series I (2018) | 8.0 | 1,000 |

The Series I preferred securities are also issued in United States Dollars at the rate of 10 foreign currency units per security. The Series V preferred securities are also issued in United States Dollars and British Pounds at the rate of 1,000 foreign currency units per security. Preferred securities issued in foreign currencies are translated to Canadian dollars on the date of issuance and the value of the securities are recalculated based on the spot rate at each reporting date. Changes in value as a result of foreign currency fluctuations are recorded in the statement of net income (loss).

All shares and securities are redeemable at the option of the holder, at the issue price plus all accrued and unpaid interest and dividends, on the term anniversary of the issue date. Redemptions can be demanded for up to 25% of the outstanding balance. The remaining balance can be redeemed up to a further 25% per year in the three years succeeding the term anniversary date. The Company may, at any time after the term anniversary date of the issue date, redeem any outstanding preferred shares or securities by paying the holder of the shares or securities the issue price plus any outstanding dividends calculated to the date of redemption.

Dividends and interest on preferred shares and preferred securities are payable in equal monthly instalments. \$17,088,844 (2017 - \$12,377,112) was paid in interest and dividends on redeemable preferred shares and securities during the year ended December 31, 2018.

Issuance of Hybrid Security Units:

During the year, the Company issued new securities in the form of the Series 1 (2018) Units. These Hybrid securities include both a debenture and warrant element. The debentures are redeemable at the option of the holder or issuer at par after 5 years.

The warrants attached to the debentures expire 8 years after the hybrid security issuance and can be redeemed by way of put options available in 2024 (year 6) or 2026 (year 8). The debenture redeemable amount is the issue price plus all accrued and unpaid interest and dividends at the date of redemption.

Upon exercise, Warrants convert to 1.32 Class F non-voting common share of the Company at an exercise price of \$181.07 per share and rank pari passu with other common shareholders.

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

14. REDEEMABLE PREFERRED SHARES AND SECURITIES (continued)

The debentures of the hybrid securities are redeemable at the option of the holder or issuer at par after 5 years. The warrants expire after 8 years with a put option available in 2024 (year 6) or 2026 (year 8) at the issue price plus all accrued and unpaid interest and dividends at the date of redemption. Upon exercise, Warrants convert to 1.32 non-voting common share of Ardenton at an exercise price of \$181,07 per share and rank pari passu with other common shareholders.

The table below sets out the change in the preferred shares, preferred securities and hybrid securities outstanding:

| No. of shares/securities | 2017 Opening balance | 2017 Issued | 2017 Redeemed | 2017 Closing balance |
|--------------------------|-------------------------|------------------|------------------|-------------------------|
| Series A (CAD) | 61,900 | - | (21,400) | 40,500 |
| Series B (CAD) | 222,000 | - | (125,000) | 97,000 |
| Series C (CAD) | 277,400 | - | - | 277,400 |
| Series I (CAD) | 3,930,500 | 1,593,319 | - | 5,523,819 |
| Series I (USD) | 300,000 | 1,526,800 | - | 1,826,800 |
| Series II (CAD) | 1,800 | - | - | 1,800 |
| Series III (CAD) | 300,000 | - | (300,000) | - |
| Series IV (CAD) | 300 | 450 | - | 750 |
| Series V (CAD) | 400 | 12,063 | - | 12,463 |
| Series V (USD) | 100 | 4,750 | - | 4,850 |
| Series V (GBP) | 100 | 300 | - | 400 |
| Series VI (CAD) | 1,850 | - | - | 1,850 |
| Series VII (CAD) | - | 4,000 | - | 4,000 |
| TOTAL 2017 | 5,096,350 | 3,141,682 | (446,400) | 7,791,632 |

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

14. REDEEMABLE PREFERRED SHARES AND SECURITIES (continued)

| No. of shares/securities | 2018 Opening balance | 2018 Issued | 2018 Redeemed | 2018 Closing balance |
|------------------------------------|-------------------------|---------------|------------------|-------------------------|
| Series A (CAD) | 40,500 | - | (38,000) | 2,500 |
| Series B (CAD) | 97,000 | - | (97,000) | - |
| Series C (CAD) | 277,400 | - | (120,000) | 157,400 |
| Series I (CAD) | 5,523,819 | - | - | 5,523,819 |
| Series I (USD) | 1,826,800 | - | - | 1,826,800 |
| Series II (CAD) | 1,800 | - | (85,000) | (83,200) |
| Series III (CAD) | - | - | - | - |
| Series IV (CAD) | 750 | - | - | 750 |
| Series V (CAD) | 12,463 | 2,593 | - | 15,056 |
| Series V (USD) | 4,850 | 954 | - | 5,804 |
| Series V (GBP) | 400 | - | - | 400 |
| Series VI (CAD) | 1,850 | - | - | 1,850 |
| Series VII (CAD) | 4,000 | - | - | 4,000 |
| Series I - 2018 (5 Year) (CAD) | - | 6,050 | - | 6,050 |
| Series I - 2018 (5 Year) (USD) | - | 20,727 | - | - |
| Series I - F - 2018 (5 Year) (CAD) | - | - | - | - |
| Series I - F - 2018 (5 Year) (USD) | - | 17,552 | - | 17,552 |
| Series I - F - 2018 (3 Year) (USD) | - | 4,684 | - | 4,684 |
| Series I (CAD, 2018) Hybrid (CAD) | - | 5,425 | - | 5,425 |
| Series I (2018) Hybrid (USD) | - | 4,161 | - | 4,161 |
| TOTAL 2018 | 7,791,632 | 62,146 | (340,000) | 7,493,051 |

Ardenton Capital Corporation

035

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

14. REDEEMABLE PREFERRED SHARES AND SECURITIES (continued)

| Value of shares (CAD\$) | 2017 Opening Balance \$ | 2017 Issued \$ | 2017 Redeemed \$ | FX Adjustment \$ | 2017 Closing Balance \$ |
|------------------------------------|--|---------------------------|---------------------------------|---------------------------------|--|
| Series A (CAD) | 619,000 | - | (214,000) | - | 405,000 |
| Series B (CAD) | 2,220,000 | - | (1,250,000) | - | 970,000 |
| Series C (CAD) | 2,774,000 | - | - | - | 2,774,000 |
| Series I (CAD) | 39,305,000 | 15,933,190 | - | - | 55,238,190 |
| Series I (USD) | 4,020,120 | 20,323,731 | - | (1,426,645) | 22,917,206 |
| Series II (CAD) | 1,800,000 | - | - | - | 1,800,000 |
| Series III (CAD) | 3,000,000 | - | (3,000,000) | - | - |
| Series IV (CAD) | 300,000 | 450,000 | - | - | 750,000 |
| Series V (CAD) | 400,000 | 12,063,000 | - | - | 12,463,000 |
| Series V (USD) | 134,004 | 6,068,750 | - | (118,429) | 6,084,325 |
| Series V (GBP) | 167,886 | 512,910 | - | (2,356) | 678,440 |
| Series VI (CAD) | 1,850,000 | - | - | - | 1,850,000 |
| Series VII (CAD) | - | 4,000,000 | - | - | 4,000,000 |
| Unamortized Issuance costs | (2,852,247) | - | - | - | (4,351,530) |
| TOTAL 2017 | 53,737,763 | 59,351,581 | (4,464,000) | (1,547,430) | 105,578,631 |

Represented as:

| | |
|---|---------------------------|
| Current portion of redeemable preferred shares & securities | <u>4,300,000</u> |
| Redeemable preferred shares & securities | <u>101,278,631</u> |

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

14. REDEEMABLE PREFERRED SHARES AND SECURITIES (continued)

| Value of shares (CAD\$) | 2018 Opening Balance \$ | 2018 Issued \$ | 2018 Redeemed \$ | FX Adjustment \$ | 2018 Closing Balance \$ |
|---------------------------------------|-------------------------------|-------------------|------------------------|------------------------|-------------------------------|
| Series A (CAD) | 405,000 | - | (380,000) | - | 25,000 |
| Series B (CAD) | 970,000 | - | (970,000) | - | - |
| Series C (CAD) | 2,774,000 | - | (1,200,000) | - | 1,574,000 |
| Series I (CAD) | 55,238,190 | - | - | - | 55,238,190 |
| Series I (USD) | 22,917,206 | - | - | 2,004,000 | 24,921,206 |
| Series II (CAD) | 1,800,000 | - | (850,000) | - | 950,000 |
| Series III (CAD) | - | - | - | - | - |
| Series IV (CAD) | 750,000 | - | - | - | 750,000 |
| Series V (CAD) | 12,463,000 | 2,593,000 | - | - | 15,056,000 |
| Series V (USD) | 6,084,325 | 954,425 | - | 600,770 | 7,639,520 |
| Series V (GBP) | 678,440 | - | - | 19,120 | 697,560 |
| Series VI (CAD) | 1,850,000 | - | - | - | 1,850,000 |
| Series VII (CAD) | 4,000,000 | - | - | - | 4,000,000 |
| Series I - 2018 (5 Year) (CAD) | - | 6,050,000 | - | - | 6,050,000 |
| Series I - 2018 (5 Year) (USD) | - | 20,727,310 | - | 824,322 | 21,551,632 |
| Series I - F - 2018 (5 Year) (CAD) | - | - | - | - | - |
| Series I - F - 2018 (5 Year) (USD) | - | 17,551,823 | - | 728,392 | 18,280,215 |
| Series I - F - 2018 (3 Year) (USD) | - | 4,683,800 | - | 90,900 | 4,774,700 |
| Series I (2018) Hybrid (CAD) | - | 5,425,000 | - | - | 5,425,000 |
| Series I (2018) Hybrid (USD) | - | 4,161,115 | - | - | 4,161,115 |
| Unamortized Issuance costs | (4,351,530) | - | - | - | (3,641,243) |
| | 105,578,631 | 62,146,473 | (3,400,000) | 4,267,504 | 169,302,895 |

Represented as:

| | |
|--|--------------------|
| Current portion of redeemable preferred shares & securities | 8,024,000 |
| Redeemable preferred shares & securities | 151,692,780 |
| Redeemable Hybrid Securities | 9,586,115 |

Ardenton Capital Corporation

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

037

For the year ended December 31, 2018

15. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As disclosed in Notes 6 and 7, the Company has several subsidiaries and joint ventures. These are therefore related parties as outlined below:

| | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|---|--------------------------|-------------------|--------------------------------|
| | \$ | \$ | \$ |
| Due from related parties | | | |
| Ardenton Capital Investments Limited (see reference (a)) | 42,231,761 | 15,361,686 | 194,178 |
| Ardenton Capital (USA) Inc. (see reference (b)) | 18,234,532 | 2,499,994 | - |
| Ardenton Investment Inc. | 4,201,886 | 2,862,003 | 2,580,086 |
| Go Plumbing & HVAC | 1,710,660 | 1,188,799 | 44,378 |
| Ardenton Partners Inc. | 13,426 | - | - |
| Ardenton Growth Partners | 1,135,485 | - | - |
| Stevenson Industrial Refrigeration Ltd. | 874,432 | 238,537 | - |
| Combat Networks Inc. | - | 1,038,192 | - |
| OES Inc. | - | 123,166 | - |
| Leone Group of companies | 790 | 214,349 | - |
| Comtrad Strategic Sourcing Inc. | - | 138,948 | - |
| Ardenton Financial Inc. | 1,743,318 | 252,283 | - |
| The Pipe Yard | 1,151,433 | 1,154,156 | 1,300,839 |
| Ardenton Capital Bridging 2. | 971,844 | - | - |
| Manifest Capital Limited | - | - | 109,704 |
| Livingstone Holdings Inc. | - | - | 366,198 |
| Other | 19,109 | (150,929) | 7,275 |
| Total due from related parties | 72,288,676 | 24,921,184 | 4,602,658 |

(a) Denominated in GBP

(b) Denominated in USD

| | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|-----------------------------------|--------------------------|-------------------|--------------------------------|
| | \$ | \$ | \$ |
| Due from Shareholder | | | |
| Livingstone Holdings Inc. | 409,569 | - | - |
| Total due from Shareholder | 409,569 | - | - |

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

15. RELATED PARTY TRANSACTIONS (continued)

The amount due from Stevenson bears interest at 5% per annum and is due on demand. The amounts due from ACIL bear interest at 12% per annum with some due to be repaid on the fifth anniversary and some due to be paid on the tenth anniversary of the loan note. Of the amount due from Ardenton Financial Inc., \$1,753,499 is a subordinated debt instrument that does not bear interest and without specific terms of repayment. All other amounts due from related parties or shareholder are non-interest bearing and without specific terms of repayment.

| | December 31, 2018 | December 31, 2017 | January 1, 2017 (unaudited) |
|-------------------------------------|----------------------|----------------------|-----------------------------------|
| Due to related parties | \$ | \$ | \$ |
| Subsidiaries | | | |
| Ardenton Equity Partners Inc. | 4,266,667 | 90,458 | 90,458 |
| The Pipe Yard Ltd. | - | 1,000,000 | - |
| Ardenton Capital Bridging Inc. | 12,785,724 | 2,544,412 | - |
| LAI Blakie | 357,383 | - | - |
| Combat Land Holdings | 14,000 | - | - |
| Other | 56 | - | 592 |
| Total due to related parties | 17,423,829 | 3,634,870 | 91,050 |

All amounts due to related parties are non-interest bearing and without specific terms of repayment.

During the year, the Company had the following transactions with related parties:

| | December 31, 2018 \$ | December 31, 2017 \$ |
|---|-------------------------|-------------------------|
| Dividend Revenue | | |
| Subsidiaries | | |
| TVE Industrial | 723,334 | - |
| Interpro Technical Services Limited | 500,000 | 750,000 |
| The Pipe Yard Ltd. | 345,600 | 489,600 |
| | <u>1,568,934</u> | <u>1,239,600</u> |
| Interest Income | | |
| Subsidiaries | | |
| Ardenton Capital Investments Limited. | 2,170,540 | 1,114,978 |
| Ardenton Investment Inc. | - | 280,000 |
| Stevenson Industrial Refrigeration Ltd. | 97,659 | 94,251 |
| Combat Networks Inc. | 239,326 | 280,605 |
| OES Inc. | 95,594 | 418,637 |
| Leone Group of Companies | 185,309 | 155,863 |
| Comtrad Strategic Sourcing Inc. | 75,545 | 134,301 |
| TVE Industrial Services Inc | 186,664 | - |
| Other | 351,055 | 13,957 |
| | <u>3,401,691</u> | <u>2,492,592</u> |

Ardenton Capital Corporation

039

Non-Consolidated Financial Statements**(Expressed in Canadian Dollars, unless otherwise stated)**

For the year ended December 31, 2018

15. RELATED PARTY TRANSACTIONS (continued)

| | December 31, 2018 | December 31, 2017 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Management Fee Revenue | | |
| Subsidiaries | | |
| Combat Networks Inc. | 125,000 | 100,000 |
| OES Inc. | 110,000 | 100,000 |
| Leone Group of Companies | 75,000 | 62,620 |
| Comtrad Strategic Sourcing Inc. | 150,000 | 32,967 |
| Ardenton Capital (USA) Inc. | 1,133,404 | 666,461 |
| Ardenton Capital Investments Limited | 650,610 | 459,076 |
| | <u>2,244,014</u> | <u>1,421,124</u> |
| | | |
| Expenses | | |
| Subsidiaries | | |
| The Pipe Yard Ltd. | 1,008 | 3,317 |
| Stevenson Industrial Refrigeration Ltd. | - | 6,596 |
| Combat Networks Inc. | 32,464 | 32,182 |
| OES Inc. | 20,699 | 27,572 |
| Leone Group of Companies | - | 20,986 |
| Comtrad Strategic Sourcing Inc. | 3,661 | 4,646 |
| | | |
| Other Parties | | |
| Livingstone Holdings Inc. (Management fees etc.) | 251,500 | 62,125 |
| | <u>309,332</u> | <u>157,424</u> |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Non-Consolidated Financial Statements

(Expressed in Canadian Dollars, unless otherwise stated)

For the year ended December 31, 2018

16. SHARE CAPITAL

Authorized: Unlimited Class A Voting common shares;
 Unlimited Class B Non-Voting common shares;
 Unlimited Class C Voting common shares;
 Unlimited Class D Non-Voting common shares;
 Unlimited Class E common shares.

| | | December 31, 2018 \$ | December 31, 2017 \$ |
|----------------|----------------------------|----------------------------|----------------------------|
| Issued: | | | |
| | 462,173 (2017: 462,173) | 450 | 450 |
| | 32,393 (2017: 54,337) | 902,633 | 1,514,093 |
| | 8,489 (2017: 12,408) | 325,000 | 475,000 |
| | 82,841 (2017: 0) | 15,000,002 | - |
| | | <u>16,228,085</u> | <u>1,989,543</u> |

As part of the Amalgamation dated January 2, 2018 between ACC and LAI, the issued share capital of the pre-amalgamated entities was restructured (note 5).

Prior to the amalgamation, the Company agreed to purchase 75,000 Common Non-Voting shares of LAI and 150,000 Class B Non-Voting shares of ACC. The purchase was effected on January 1, 2018. Per the agreement the Company will pay the previous shareholders an aggregate purchase consideration of \$10,585,730. This consideration will be settled through bi-annual installments with the final payment owing on 31 December 2020.

During the year, the Company also repurchased 21,945 Class C common shares for consideration of \$3,973,400 in accordance with the holder's put option that was exercised.

During 2018, the Company started to issue a new series of shares, Class E common shares. These shares will have no dividend distributions during the first 5 years and are redeemable by the holder, or the issuer, after the 5th anniversary based on a third-party equity valuation.

At any time on or after Dec. 1, 2021, any Class A and C shareholder has the right by notice to the Company requiring the Company to repurchase all of his/her shares at the then fair market value.

Commencing Jan. 1, 2021, on an annual basis, any Class D shareholder has the right to sell to the Company all of his/her shares at the then fair market value during a "Put Notice Delivery Period" of 60 days commencing on May 1 of that year.

Class E shareholders can redeem shares held on a biennial basis during a "Redemption Period" commencing on the fifth anniversary of the share issuance date.

Ardenton Capital Corporation**Non-Consolidated Financial Statements****(Expressed in Canadian Dollars, unless otherwise stated)**

For the year ended December 31, 2018

17. INCOME TAXES

The Company has accumulated losses of \$58,616,366 for income tax purposes which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

| | \$ |
|------|-------------------------------|
| 2027 | 21,785 |
| 2028 | 14,042 |
| 2029 | 14,856 |
| 2030 | 969 |
| 2031 | 54,893 |
| 2032 | 253,765 |
| 2033 | 566,129 |
| 2034 | 1,551,038 |
| 2035 | 9,150,138 |
| 2036 | 19,709,639 |
| 2037 | 7,823 |
| 2038 | 27,271,289 |
| | <hr/> 58,616,366 <hr/> |

The potential tax benefit which may result from application of these losses is not reflected in these non-consolidated financial statements.

Ardenton Capital Corporation

042

Non-Consolidated Financial Statements**(Expressed in Canadian Dollars, unless otherwise stated)**

For the year ended December 31, 2018

18. COMMITMENTS AND CONTINGENCIES

The Company has entered into operating leases for its office facilities, equipment and furniture. Future lease payments under non-cancelable operating leases are:

| | \$ |
|------------|------------------|
| 2019 | 694,656 |
| 2020 | 694,656 |
| 2021 | 694,656 |
| 2022 | 653,986 |
| 2023 | 624,936 |
| Thereafter | 1,857,044 |
| | <u>5,219,934</u> |

For the year ended December 31, 2018

19. SUBSEQUENT EVENTS**Acquisition of Budget Trading Limited and Budget Greeting Cards Limited**

In March 2019, the Company, through its subsidiary ACIL, completed the acquisition of 51% of the issued share capital of Budget Trading Limited and Budget Greeting Cards Limited, a design and wholesaler of greeting cards and associated gift products.

On the date of acquisition, £10,478,033 (\$18,284,167) was paid in satisfaction of the purchase price. The Company funded £5,310,000 (\$9,265,950) of this consideration.

Acquisition of Food Innovations Baking Group Limited

In May 2019, the Company, through its subsidiary ACIL, completed the acquisition of 51% of the issued share capital of Food Innovations Baking Group Limited, a manufacturer of edible and non-edible home baking products.


On the date of acquisition, £26,298,774 (\$44,813,979) was paid in satisfaction of the purchase price. The Company funded £11,809,341 (\$20,123,506) of this consideration.

Fundraising Relationship

Ardenton has partnered with a Canadian boutique investment firm to raise upwards to USD150 - 200 million (\$195 - \$260 million) from Canadian institutional investors in 2019. The fund was launched in January 2019. At the time these statements were finalized, USD30.2 million (\$39.5 million) has been raised through the fund. All raises constitute investment in the Company's preferred securities for the purpose of acquiring portfolio companies. For all amounts drawn down in connection with the fund, the Company must provide a summary description of the relevant Portfolio Company to which such drawdown notice relates including information on geography, industry and deal parameters. All amounts drawn down as preferred securities of the Company rank pari passu with all other unsecured preferred securities, ahead of all classes of common shares and subordinate to all indebtedness and secured preferred securities. The Company has undertaken to provide regular reporting to the firm including investment information and valuation reports (if and when prepared).

Ardenton Capital Corporation

Non-consolidated statements
For the year ended December 31, 2019

This is Exhibit "E" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March 2021.

A Commissioner/Notary Public for the
Province of British Columbia

Independent auditor's report

To the Directors of
Ardenton Capital Corporation

Opinion

We have audited the non-consolidated financial statements of **Ardenton Capital Corporation** [the "Company"], which comprise the non-consolidated balance sheet as at December 31, 2019, and the non-consolidated statement of net loss, non-consolidated statement of changes in shareholders' deficiency and non-consolidated statement of cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2019, and its non-consolidated results of operations and its non-consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the non-consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the non-consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.



- 2 -

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Vancouver, Canada
April 14, 2020

Ernst & Young LLP

Chartered Professional Accountants



ARDENTON CAPITAL CORPORATION

Non-Consolidated Balance Sheet

| As at | 31-Dec-19 | 31-Dec-18 |
|--|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | 2,495,973 | 12,729,624 |
| Receivables | 544,109 | 5,762,021 |
| Prepaid expenses and deposits | 544,440 | 476,059 |
| Total current assets | 3,584,522 | 18,967,704 |
| Due from related parties <i>[note 14]</i> | 223,247,368 | 72,288,676 |
| Due from shareholder <i>[note 14]</i> | 473,036 | 409,569 |
| Investments <i>[note 4]</i> | 403,334 | 403,334 |
| Investment in subsidiaries <i>[note 6]</i> | 27,960,997 | 27,864,084 |
| Investment in joint ventures <i>[note 7]</i> | - | 25 |
| Equipment <i>[note 10]</i> | 1,523,856 | 1,285,226 |
| Total assets | 257,193,113 | 121,218,618 |
| Liabilities and Shareholders' Deficiency | | |
| Liabilities | | |
| Current | | |
| Payables and accruals | 4,588,196 | 4,539,040 |
| Due to related parties <i>[note 14]</i> | 81,923,122 | 17,423,829 |
| Current portion of long-term debt <i>[note 12]</i> | 4,763,552 | 2,384,045 |
| Current portion of redeemable preferred shares and securities <i>[note 13]</i> | 5,675,000 | 8,024,000 |
| Total current liabilities | 96,949,870 | 32,370,914 |
| Long term debt <i>[note 12]</i> | - | 6,351,438 |
| Hybrid securities <i>[note 13]</i> | 39,872,299 | 9,586,115 |
| Redeemable preferred shares and securities <i>[note 13]</i> | 220,128,453 | 151,692,780 |
| Total liabilities | 356,950,622 | 200,001,247 |
| Share capital <i>[note 15]</i> | 21,105,739 | 16,228,085 |
| Share Based Compensation | 179,738 | - |
| Warrants | 4,923,397 | - |
| Deficit | (125,966,383) | (95,010,714) |
| Total Deficiency | (99,757,509) | (78,782,629) |
| Total liabilities and shareholders' deficiency | 257,193,113 | 121,218,618 |

Approved and authorized for issue on April 14, 2020



 James Livingstone, Director

ARDENTON CAPITAL CORPORATION
Non-Consolidated Statement of Loss

| For the year ended | 31-Dec-19 | 31-Dec-18 |
|---|---------------------|---------------------|
| Revenue | | |
| Dividends <i>[note 14]</i> | - | 1,568,934 |
| Interest income <i>[note 14]</i> | 7,132,472 | 3,401,691 |
| Management fee <i>[note 14]</i> | 3,659,437 | 2,244,014 |
| Miscellaneous | 1,175 | 6,163 |
| | <u>10,793,084</u> | <u>7,220,802</u> |
| Expenses | | |
| Salaries and benefits | 2,266,144 | 2,877,970 |
| Advertising and promotion | 84,814 | 112,150 |
| Consulting fees | 24,656 | 652,188 |
| Management fees <i>[note 14]</i> | 60,000 | 251,500 |
| Office and miscellaneous | 1,382,236 | 638,662 |
| Professional fees | 358,285 | 438,835 |
| Rent and utilities | 170,492 | 183,014 |
| | <u>4,346,627</u> | <u>5,154,319</u> |
| | - | - |
| Income before undernoted | <u>6,446,457</u> | <u>2,066,483</u> |
| Other | | |
| Transaction costs <i>[note 14]</i> | 13,093,665 | 10,004,694 |
| Amortization of equipment <i>[note 10]</i> | 325,109 | 306,271 |
| Amortization of share and debt issuance costs <i>[note 13]</i> | 1,442,295 | 1,196,991 |
| Foreign exchange (gain)/loss in operations <i>[note 11]</i> | (4,854,679) | 4,139,198 |
| Foreign exchange (gain)/loss on intercompany loans <i>[note 11]</i> | (576,404) | (2,076,234) |
| (Gain)/loss on disposal of investments <i>[note 9]</i> | - | (4,383,720) |
| Interest on loans payable | - | 88,996 |
| Interest and dividends on redeemable preferred shares and securities <i>[note 13]</i> | 26,399,047 | 17,088,844 |
| Interest on hybrid securities | 1,573,093 | - |
| | <u>37,402,126</u> | <u>26,365,040</u> |
| | - | - |
| Net Loss for the year | <u>(30,955,669)</u> | <u>(24,298,557)</u> |

ARDENTON CAPITAL CORPORATION

Non-Consolidated Statement of Changes in Shareholders' Deficiency

| For the year ended | 31-Dec-19 | 31-Dec-18 |
|---------------------------------------|----------------------|---------------------|
| Share Capital <i>[note 15]</i> | | |
| Balance, beginning of year | 16,228,085 | 1,989,543 |
| Issued/(redeemed) during the year | <u>4,877,654</u> | <u>14,238,542</u> |
| Balance, end of year | <u>21,105,739</u> | <u>16,228,085</u> |
| Deficit | | |
| Balance, beginning of year | (95,010,714) | (56,913,347) |
| Other | - | (13,798,810) |
| Net loss | <u>(30,955,669)</u> | <u>(24,298,557)</u> |
| Balance, end of year | <u>(125,966,383)</u> | <u>(95,010,714)</u> |
| Warrants | | |
| Balance, beginning of year | - | - |
| Issued during the year | <u>4,923,397</u> | <u>-</u> |
| Balance, end of year | <u>4,923,397</u> | <u>-</u> |
| Share based compensation | | |
| Balance, beginning of year | - | - |
| Amortization of Awards during year | <u>179,738</u> | <u>-</u> |
| Balance, end of year | <u>179,738</u> | <u>-</u> |
| Total (Deficiency) | <u>(99,757,509)</u> | <u>(78,782,629)</u> |

ARDENTON CAPITAL CORPORATION

Non-Consolidated Statement of Cash Flows

| For the year ended | 31-Dec-19 | 31-Dec-18 |
|--|--------------|--------------|
| Operating Activities | | |
| Net loss | (30,955,669) | (24,298,557) |
| <i>Adjustments for items not affecting cash:</i> | | |
| Amortization of equipment | 325,109 | 306,271 |
| Foreign exchange (gain)/loss | (4,854,679) | 2,062,964 |
| Amortization of share and debt issuance costs | 1,442,295 | 1,196,991 |
| Loss/(gain) on disposal of investments | - | (4,383,720) |
| Share based compensation | 179,738 | - |
| | (33,863,207) | (25,116,051) |
| <i>Change in non-cash working capital</i> | | |
| Amounts receivable | 5,217,912 | (5,157,782) |
| Prepaid expenses and deposits | (68,381) | (127,927) |
| Amounts payable and accrued liabilities | 49,156 | 2,971,870 |
| | (28,664,520) | (27,429,890) |
| Investing Activities | | |
| Purchase of equipment | (563,843) | (197,811) |
| Sale/(purchase) of investments | - | 5,683,375 |
| Due from shareholder | (63,467) | (409,569) |
| | (627,310) | 5,075,995 |
| Financing Activities | | |
| Repayments to related parties | (88,375,879) | (31,502,299) |
| Issuance of common shares | 4,877,654 | 15,000,002 |
| Advances (repayments) of short-term debt | 2,379,507 | (3,379,123) |
| Advances (repayments) of long-term debt | (6,351,438) | - |
| Repurchase of share capital | - | (5,823,652) |
| Issuance of redeemable preferred shares and securities | 78,341,878 | 52,076,548 |
| Issuance of hybrid securities | 36,212,940 | 9,586,115 |
| Redemption of redeemable preferred shares and securities | (7,674,000) | (3,400,000) |
| | 19,410,662 | 32,557,591 |
| Foreign exchange effect on cash balances | (352,484) | 124,727 |
| | (10,233,651) | 10,328,423 |
| Net (decrease) increase in cash | | |
| Cash, beginning | 12,729,624 | 2,401,201 |
| Cash, ending | 2,495,973 | 12,729,624 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

1. Nature of business

Ardenton Capital Corporation [the "Company"] was formed as a result of the amalgamation described in note 5 and is a private business investment company with a diversified portfolio of private companies. The company acquires majority positions in cash flow generating companies and works closely with them to achieve long term business growth.

2. Significant accounting policies

[a] Basis of preparation

These non-consolidated financial statements were prepared in accordance with Part II of the *CPA Canada Handbook – Accounting, "Accounting Standards for Private Enterprises" ["ASPE"]*, which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada and includes the significant accounting policies described hereafter.

[b] Significant accounting estimates

The preparation of these non-consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the non-consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These non-consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the non-consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- [i] the carrying values of the investments in subsidiaries;
- [ii] the carrying values of the investments in joint ventures;
- [iii] the collectability of amounts due from related parties; and

Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company made the following critical accounting judgment:

- [i] the determination that the Company operates on a going concern basis.

The Company completes an annual forecast to determine cash flows required for future operations and utilizes the forecast as a basis for going concern analysis

[c] Current and non-current classification

Assets and liabilities are generally classified as current if expected to be realized or settled within twelve months following the reporting date. Loans, receivables, payables, related party transactions and preferred shares and

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

securities are included in current assets or liabilities, except when maturities are greater than twelve months after the end of the reporting period, which results in classification as non-current assets or liabilities.

[d] Foreign currency

The Company's functional and presentation currency is the Canadian dollar.

Accounts stated in foreign currencies are translated according to the temporal method. Under this method, monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the non-consolidated balance sheet date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenue and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from foreign currency transactions are included in net income.

[e] Cash

Cash consist primarily of cash held at banks and other short-term highly liquid investments with original maturities of three months or less and are subject to immaterial interest rate or credit risk.

[f] Equipment

Recognition and measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate items [major components] of equipment.

Subsequent costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in the Company's profit or loss as incurred.

Amortization

Amortization is included in profit or loss on a straight-line basis over the estimated useful life of the assets as follows:

| | |
|------------------------|----------------------------|
| Computer equipment | 5 years straight-line |
| Office equipment | 5 years straight-line |
| Leasehold improvements | over the term of the lease |

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively if necessary.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Impairment

Property and equipment is tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. Impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

Derecognition

Upon sale or abandonment, the cost of the property and equipment and related accumulated amortization, are removed from the accounts and any gains or losses thereon are included in profit or loss.

[g] Financial Instruments

Financial assets with fixed or determinable payments that are not quoted in an active market are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses and include cash, receivables, and note receivables, with the exception of amounts due from related parties and due from shareholders which are measured at carrying value.

Impairment of financial assets measured at amortized cost

Financial assets measured at amortized cost are assessed for indicators of impairment. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

Other financial liabilities

Financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method and include payables and accruals, short- and long-term debt and redeemable preferred shares, securities and hybrid securities [note 14], with the exception of amounts due to related parties which are measured at carrying value.

[h] Share capital

The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

[i] Income taxes

The future income taxes method is used to account for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that, in the opinion of management, it is more likely than not that future income tax assets will not be realized.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

[j] Revenue recognition

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest is recognized using the effective interest method on a proportionate basis.

Management fees income is recorded as services are rendered when the amount of revenue, stage of completion of the work and costs incurred and required to complete the services can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

[k] Redeemable preferred shares, securities and hybrid securities issuance costs

Costs directly attributable to the issuance of redeemable preferred shares, securities and hybrid securities are capitalized and amortized on a straight-line basis over 5 years, as the share and securities are redeemable and retractable after that time.

[l] Transaction costs

Transaction costs consist of, but are not restricted to, legal, tax, advisory, valuation, and other professional and consultant fees related to the due-diligence of deals, as well as an allocated portion of other expenses reasonably attributable to the activities of the Company related to acquisitions and are generally expensed as incurred.

[m] Share-based payments

Non-employees and senior management of the Company receive remuneration in the form of share-based payment transactions, whereby services are rendered as consideration for equity instruments [equity-settled transactions].

Services rendered by non-employees and senior management are measured at fair value and consideration is satisfied through the award of shares of the Company. When fair value of the shares is greater than the cash received, the difference is capitalized to share issuance costs and amortized over five years to the extent that services were provided with any excess being recorded as share-based compensation. When fair value of the shares is less than the cash received, the difference is credited to contributed surplus. Forfeitures are accounted for as incurred.

[n] Investments in subsidiaries and joint ventures

The Company recognizes its investments in subsidiaries and joint ventures at cost. Investments recognized at cost are subject to an impairment review when indicators of impairment are present. The Company uses a combination of internal and external indicators to identify circumstances where impairment testing is necessary at each non-consolidated balance sheet date and to assess whether there is objective evidence that one of its investments is impaired. If an impairment loss exists, then the loss is recognized in profit and loss.

3. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The directors approve and monitor the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Cash held by banks, receivables, payables and amounts due from related parties and shareholders are subject to credit risk. Credit risk associated with cash is managed by holding the investments in large Canadian financial institutions. Investment objectives are primarily directed towards preservation of capital and liquidity. The investment policy provides limitations on concentrations of credit risk, credit quality and the duration of investments, as well as minimum rating requirements for cash and cash equivalents held in banks and financial institutions. Amounts receivable are related to government remittances and management fees which are monitored and received on a quarterly basis. Repayment of the due from related parties amounts and the amount due from the Company's parent is dependent upon the financial performance of the Company's subsidiaries, joint ventures and other related parties.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the non-consolidated balance sheet as shown in the table below:

| | 2019 | 2018 |
|--------------------------|-------------|------------|
| | \$ | \$ |
| Cash | 2,495,973 | 12,729,624 |
| Receivables | 544,109 | 5,762,021 |
| Due from related parties | 218,520,042 | 72,288,676 |
| Due from shareholder | 473,036 | 409,569 |

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company ensures, as far as reasonably possible, it will have sufficient financial resources to meet short to medium term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company's cash is currently invested in business accounts which are available on demand. The Company's amounts payable and accrued liabilities have contractual maturities of less than 90 days. The Company's primary financial obligations relate to its redeemable preferred shares and securities which are managed through monitoring the repayment dates and monthly distribution payments and managing its cash flows accordingly. The Company's objective is to maintain sufficient available cash to fund ongoing operational and capital requirements. This is managed by maintaining accurate cashflow forecasts and reviewing payments due to ensure sufficient funds are available throughout the year. In addition to trade and other receivables, the Company has cash of \$2,495,973 at December 31, 2019 [2018 – \$12,729,624].

The Company is dependent on capital raises to fund operations and future acquisitions. The Company raises funds through the issuance of Preferred Securities, Hybrid securities and Common Shares. On an annual basis, the Company performs a budget to forecast future operations, acquisitions and capital raises. Management continues to identify and pursue new sources of financing to meet operating cash flow requirements. The Company believes that based on working capital as at December 31, 2019, combined with capital raises subsequent to year end and funding commitments, it will have sufficient capital to operate and service its financial obligations during the year ending December 31, 2020.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company monitors its interest rate exposure on an ongoing basis. The Company is exposed to interest rate risk on cash, non-interest-bearing related party amounts as well as its redeemable preferred shares and securities, which bear interest at fixed rates and are subject to redemption over the next five years.

Currency exchange rate risk

The Company holds monetary assets denominated in currencies other than the functional currency [the Canadian dollar]. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to the changes in exchange rates. Accordingly, the Company's cash flow is subject to currency exchange rate risk. The following table provides a summary of foreign currency denominated financial assets and liabilities.

| | 2019 | 2018 |
|----------------------|-------------|------------|
| | \$ | \$ |
| US dollars | | |
| Assets | 802,737 | 11,489,362 |
| Liabilities | 133,157,823 | 49,465,222 |
| Great British Pounds | | |
| Assets | 2,269 | 1,500 |
| Liabilities | 685,680 | 697,560 |

4. Investments

The Company holds a 3.29% equity investment in Regimen Equity Partners Limited Partnership without control or significant influence. The carrying value of this investment as at December 31, 2019 was \$403,333 [2018 – \$403,334].

5. Amalgamation

On January 2, 2018, in accordance with the Articles of Amalgamation dated January 2, 2018, an amalgamation was effected between the predecessor company of Ardenton Capital Corporation ["ACC"], and ACC's parent company, Livingstone Acquisitions Inc. ["LAI"]. Immediately after, ACC and LAI amalgamated and carried on business as Ardenton Capital Corporation ["Ardenton" or the "Company"].

The below tables illustrate the share structure of both entities immediately prior to the amalgamation, as well as the opening share structure of the amalgamated entity following the stated share transfers per the amalgamation agreement.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Livingstone Acquisitions Inc. ["LAI"] share transfer on amalgamation

| | Pre-amalgamation shares issued | Shares cancelled | Stated share exchange | Post amalgamation shares issued | Post amalgamation share class |
|----------------------|-----------------------------------|---------------------|--------------------------|---------------------------------------|-------------------------------------|
| Class A | | | | | |
| Class A shareholders | 450,000 | — | 1.027052 | 462,173 | A |
| Class B | | | | | |
| Class B shareholders | 75,000 | 75,000 | — | — | B |

Ardenton Capital Corporation ["ACC"] - share transfer on amalgamation

| | Pre-amalgamation shares issued | Shares cancelled | Stated share exchange | Post amalgamation shares issued | Post amalgamation share class |
|----------------------|-----------------------------------|---------------------|--------------------------|---------------------------------------|-------------------------------------|
| Class A | | | | | |
| Class A shareholders | 22,086,500 | 20,006,500 | 0.026123 | 54,335 | C |
| Class B | | | | | |
| Class B shareholders | 325,000 | | 0.026123 | 8,489 | D |

| | No. of shares # | Value of shares \$ |
|--|-----------------------|--------------------------|
| Outstanding common shares after amalgamation | | |
| Class A | 462,173 | 450 |
| Class B | — | — |
| Class C | 54,336 | 1,514,093 |
| Class D | 8,490 | 325,000 |
| Total | 524,999 | 1,839,543 |

The issued and outstanding shares of the Company held by LAI were deemed to have been cancelled for nil proceeds and the shares of LAI held by the Company were deemed to have been cancelled for nil proceeds, with any difference charged to the Company's deficit.

The amalgamation has been measured at the carrying amount. On amalgamation, all intercompany transactions have been eliminated. The non-consolidated financial statements of the amalgamated Company reflect the earnings, assets and liabilities of the combined businesses for the entire period in which the amalgamation occurred and for all prior periods. The balance sheets of the businesses immediately prior to amalgamation on January 2, 2018 are as follows:

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| | ACC \$ | LAI \$ |
|-----------------------------|--------------|--------------|
| Assets | 62,144,181 | 2,896,294 |
| Liabilities | 127,561,026 | 31,372,380 |
| Capital Stock | 5,513,602 | 75,450 |
| Retained earnings (deficit) | (59,903,243) | (28,400,635) |

6. Investment in subsidiaries

All the entities in which the Company is directly invested are incorporated in Canada except for Ardenton Capital Limited (UK), Ardenton Capital Investments Limited (UK), and Ardenton Capital Inc. (USA). The Company holds investments directly or indirectly in the following entities:

| | 2019 % | 2018 % |
|---|-----------|-----------|
| GO Plumbing and HVAC Services Ltd. ["Go Plumbing"] | 100% | 100% |
| Ardenton Partners Inc. ["API"] [amalgamation of Ardenton Partners Inc. ["API"], Ardenton Growth Partners. Inc. ["RCPA"]] | 100 | 100 |
| Ardenton Employees Equity Inc. ["AEE"] [previously Ardenton Capital Canada Inc.] | 100 | 100 |
| Ardenton Capital (Canada) Inc. ["ACA"] [amalgamation of Ardenton Capital (Canada) Inc. (previously Ardenton Investment Canada Inc.) and Ardenton Capital (Canada) Inc.] | 100 | 100 |
| Ardenton Equity Partners Inc. ["AEP"] [amalgamation of AEP, Ardenton Investment Inc. ["AII"] & Legacy Equity Partners One Inc.] | 64 | 100 |
| 68% Owned by ACA [2018 – 68%]: The Pipe Yard Ltd. ["TPY"] | - | 68 |
| 74.5% Owned by ACA [2018 – 70%]: OES Inc. ["OES"] | - | 70 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| | 2019 % | 2018 % |
|---|------------|-----------|
| 70% Owned by ACA [2018 – 70%]: Combat Networks Inc. ["Combat"] | - | 70 |
| 75% Owned by ACA: Canadian Posters International Inc. ["CPI"] | - | NA |
| 65% Owned by ACA: Stevenson Industrial Refrigeration Limited ["Stevenson"] | - | 65 |
| Ardenton Capital Limited ["ACL"] | 100 | 100 |
| Ardenton Capital [USA] Inc. [AUSA] | 100 | 100 |
| 1971035 Ontario Inc. [the "Leone Group of Companies"] | - | 51 |
| Comtrad Strategic Sourcing Inc. [Comtrad] | 90 | 90 |
| Ardenton Financial Inc. [AFI] | 100 | 100 |
| Ardenton Capital Bridging Inc. [ACB] | 100 | 100 |
| Northwest Plastics Ltd. ["NPL"] | - | 50 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

The Company's investments in subsidiaries recorded at cost consist of the following:

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Ardenton Financial Inc. | 200,000 | 1 |
| Ardenton Capital Bridging | 8,745,011 | 8,745,011 |
| Leone Group of Companies | 1,323,636 | 2,800,000 |
| Ardenton Capital (Canada) Inc. | 11,745,057 | - |
| GO Plumbing and HVAC Services Ltd. | 8 | 8 |
| The Pipe Yard Ltd. | - | 1,971,556 |
| Ardenton Equity Partners Inc. | 772,580 | 772,581 |
| Stevenson Industrial Refrigeration Ltd. | 617,500 | 1,235,000 |
| Combat Networks Inc. | 1,733,893 | 4,760,000 |
| OES Inc. | 2,823,150 | 6,440,000 |
| Ardenton Capital Limited | 161 | 161 |
| Blakie Land Holdings | - | 920,000 |
| Combat Land Holdings | - | 219,766 |
| Other | 1 | - |
| | <u>27,960,997</u> | <u>27,864,084</u> |

On April 1, 2018 Ardenton Capital Corporation elected to transfer 4,495 Class "A" Common shares in the capital of Comtrad and \$4,750,000 of preferred securities of Comtrad to Ardenton Capital Bridging Inc. ["ACB"] for consideration of 8,745,000 Class "A" common shares in ACB. Subsequent to the transfer date, any rights associated with the Class "A" Common shares and the \$4,750,000 of preferred securities were transferred to ACB.

On October 2, 2019, the common share ownership interest in the Leone Group of Companies, The Pipe Yard Ltd., Stevenson Industrial Refrigeration Ltd., Combat Networks Inc., OES Inc., LAI Blakie, Combat Land Holdings Inc. and The Pipe Yard Properties Ltd. were transferred to Ardenton Capital (Canada) Inc and received \$11,745,057 in shares as consideration. Subsequent to the transfer date, any rights associated with the above entities were transferred to ACA at cost. The Company retained its interest in the preferred shares of certain entities with a carrying amount equal to the values indicated in the table above.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

7. Investments in joint ventures

All of the joint venture interests in which the Company shares control of the investment are incorporated in Canada and the ownership interest of these are listed below:

| | 2019 % | 2018 % |
|---|-----------|-----------|
| Northwest Plastics Ltd. ["NPL"] Principal business activity: the rotational molding of plastics parts and products. Principal place of business: Port Coquitlam, British Columbia | - | 50 |
| Pipe Yard Properties Inc. ["PYP"] Principal business activity: the sale of piling pipe to the construction industry Principal place of business: Blackfalds, Alberta | - | 25 |

The value of the Company's investments in joint ventures recorded at cost consist of the following:

| | 2019 \$ | 2018 \$ |
|--|------------|------------|
| PipeYard Properties Inc. | - | 25 |
| Total investments in joint ventures | - | 25 |

The Company transferred its stake in PYP on October 1, 2019 to its wholly owned subsidiary Ardenton Capital (Canada) Inc. The Company sold its stake in NPL to the other shareholders on January 16, 2019 for total consideration of \$1 [note 10].

8. Business acquisitions

2019 acquisitions

[a] Acquisition of BGC Group of companies

On March 5, 2019, the Company's wholly owned subsidiary, ACIL, through its subsidiary ACIL acquired 100% of the outstanding shares of BGC Investco Limited.

On March 5, 2019, BGC Investco acquired 51% of the issued share capital of BGC Bidco for cash consideration of £19,271,000 [\$33,821,000].

The Company issued loan notes in the amount of £5,443,999 [\$9,554,218] to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2019.

[b] Acquisition of the FIBG Group of companies

On May 2, 2019, the Company's wholly owned subsidiary, ACIL, through its subsidiary ACIL acquired 51% of the outstanding shares of FIBG HoldCo.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

On May 30, 2019, FIBG HoldCo acquired 100% of the issued share capital of FIBG Limited for cash consideration of £25,001,000 [\$42,602,000].

The Company issued loan notes in the amount of £11,704,624 [\$19,944,679] to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2019.

[c] Acquisition of Pebbles Group of companies

On November 8, 2019, the Company's wholly owned subsidiary, ACIL, through its subsidiary ACIL acquired 96.23% of the outstanding shares of ACHL.

On November 8, 2019, ACHL acquired 100% of the issued share capital of Pebbles Holdco for cash consideration of £35,571,000 [\$60,168,000].

[d] Acquisition of Canadian Posters Inc.

On December 20, 2019, 2718653 Ontario Inc. ("CPI Acquireco"), which was 75% owned by the Company's wholly owned subsidiary ACA, acquired 100% of the issued and outstanding shares of CPI for cash consideration of \$48,390,000. On the same day, CPI Acquireco and CPI were amalgamated and commenced operations as CPI. After the amalgamation, the Company through its subsidiary ACA continues to own 75% of CPI.

The Company issued loan notes in the amount of \$23,250,000 to ACA in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2019.

2018 Acquisitions

[a] Acquisition of Achieve 1

On March 5, 2018, the Company's wholly owned subsidiary ACB through its subsidiary, AUSA, acquired 70% of the issued and outstanding shares of A1 Holdings for cash consideration of USD14,265,000 [\$18,420,000]. The Company funded USD9,975,000 [\$13,006,000] of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of USD9,975,000 [\$13,006,000] to AUSA in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018.

[b] Acquisition of PP Controls

On June 7, 2018, the Company's wholly owned subsidiary ACL, through its subsidiaries ACIL completed the acquisition of 85% of the issued share capital of PP HoldCo for consideration of £13,386,000 [\$23,314,000]. The Company funded £7,085,000 [\$12,340,000] of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of £7,085,000 [\$12,340,000] to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

[c] Acquisition of Shaftec

On November 30, 2018, the Company's wholly owned subsidiary ACL, through its subsidiaries ACIL, Shaftec TopCo and Shaftec HoldCo completed the acquisition of 60% of the issued share capital of SACHL, for consideration of £10,434,000 [\$17,689,000]. The Company funded £4,187,000 [\$7,098,000] of this consideration which is recorded as a due from related party balance.

The Company issued loan notes in the amount of £4,187,000 [\$7,098,000] to ACIL in order to facilitate the acquisition. These loan notes are recorded as a Due from Related Party balance as at December 31, 2018.

9. Disposal of investments

On January 16, 2019, the Company sold its 50% interest in NPL back to NPL for \$1. The Company's total investment in NPL was \$625,100, and the resulting loss on sale was \$625,099. Prior to December 31, 2018, the Company was actively negotiating with its partner to divest of its interest in NPL, and this transaction and its quantum were reasonably assured.

10. Equipment

| | 2019 | | |
|------------------------|------------------|-----------------------------|-------------------|
| | Cost | Accumulated amortization | Net book value |
| | \$ | \$ | \$ |
| Computer equipment | 488,336 | 249,586 | 238,750 |
| Office equipment | 1,091,650 | 344,841 | 746,809 |
| Leasehold improvements | 779,852 | 241,555 | 538,297 |
| | 2,359,838 | 835,982 | 1,523,856 |
| | 2018 | | |
| | Cost | Accumulated amortization | Net book value |
| | \$ | \$ | \$ |
| Computer equipment | 327,484 | 114,437 | 213,047 |
| Office equipment | 389,026 | 165,979 | 223,047 |
| Leaschold improvements | 1,079,485 | 230,532 | 849,132 |
| | 1,795,995 | 510,948 | 1,285,226 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

11. Foreign exchange gains and losses

Realized foreign exchange gains and losses are gains and losses that have been converted into cash, while unrealized gains relate to non-cash financial assets and liabilities denominated in foreign currencies.

| | 2019 \$ | 2018 \$ |
|------------|--------------------|--------------------|
| Realized | (576,404) | 155,056 |
| Unrealized | (4,854,679) | (4,294,254) |
| | <u>(5,431,083)</u> | <u>(4,139,198)</u> |

12. Long-term debt

The Company had the following Debt obligations:

| | 2019 \$ | 2018 \$ |
|---|------------|------------------|
| Ardenton Capital Corporation | | |
| Note payable bearing 0% interest repayable in semi-annual installments of \$1,587,860 due December 31, 2020. The Company agreed with the counterparty to defer payment of the amount due on December 31, 2019 to January 30, 2020 | 4,763,552 | 6,351,438 |
| Note payable bearing 0% interest, repayable in five equal payments of \$794,680 with final payment made April 15, 2019. | - | 2,384,040 |
| Total long-term debt | - | 8,735,478 |
| Less current portion | 4,763,552 | (2,384,045) |
| Non-current portion of long-term debt | - | <u>6,351,433</u> |

13. Redeemable preferred shares and securities

| Preferred shares | Authorized | Preferential cumulative annual dividend % | Issue price per security \$ | Redemption term |
|------------------|------------|--|-----------------------------------|---------------------|
| Series A | Unlimited | 12.0 | 10 | On request, 5 years |
| Series B | Unlimited | 12.0 | 10 | On request, 5 years |
| Series C | Unlimited | 12.0 | 10 | On request, 5 years |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| Preferred securities | Preferential cumulative annual interest % | Issue price per security \$ | Redemption term |
|----------------------|--|-----------------------------------|-----------------------------|
| Series I | 14.0 | 10 | On request, 5 years |
| Series II | 10.0 | 1,000 | On request, 2 years |
| Series III | 14.0 | 10 | On request, 5 years |
| Series IV | 10.0 | 1,000 | On request, 3 years |
| Series V | 12.9 | 1,000 | On request, 5 years |
| Series VI | 12.0 | 1,000 | On request, 3 years |
| Series VII | 14.0 | 1,000 | On request, August 31, 2020 |

| Hybrid Securities | Preferential cumulative annual interest % | Issue price per security \$ |
|-------------------|--|-----------------------------------|
| Series I [2018] | 8.0 | 1,000 |
| MBI Series | 8.4 | 1,000 |
| Series I [2019] | 9.0 | 1,000 |

The Series I preferred securities are also issued in United States Dollars at the rate of 10 foreign currency units per security. The Series V preferred securities are also issued in United States Dollars and British Pounds at the rate of 1,000 foreign currency units per security. Preferred securities issued in foreign currencies are translated to Canadian dollars on the date of issuance and the value of the securities are recalculated based on the spot rate at each reporting date. Changes in value as a result of foreign currency fluctuations are recorded in the statement of net income (loss).

All shares and securities are redeemable at the option of the holder, at the issue price plus all accrued and unpaid interest and dividends, on the term anniversary of the issue date. Redemptions can be demanded for up to 25% of the outstanding balance. The remaining balance can be redeemed up to a further 25% per year in the three years succeeding the term anniversary date. The Company may, at any time after the term anniversary date of the issue date, redeem any outstanding preferred shares or securities by paying the holder of the shares or securities the issue price plus any outstanding dividends calculated to the date of redemption.

Dividends and interest on preferred shares and preferred securities are payable in equal monthly instalments. \$27,972,140 [2018 – \$17,088,844] was paid in interest and dividends on redeemable preferred shares and securities during the year ended December 31, 2019.

Issuance of Hybrid Security units

During the year ended December 31, 2019, the Company issued new securities in the form of the Series 1 [2019] Units. These Hybrid securities include both a debenture and warrant element. The debentures are redeemable at the option of the holder or issuer at par after 5 years.

The warrants attached to the debentures expire 8 years after the hybrid security issuance and can be redeemed by way of put options available in 2025 [year 6] or 2027 [year 8]. The debenture redeemable amount is the issue price plus all accrued and unpaid interest and dividends at the date of redemption.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Upon exercise, Warrants convert to 1.46 Class F non-voting common share of the Company at an exercise price of \$255.78 per share and rank pari passu with other common shareholders.

The table below sets out the change in the preferred shares, preferred securities and hybrid securities outstanding:

2019

| No. of shares/securities | Opening balance | Issued | Redeemed | Closing balance |
|--------------------------------------|------------------|---------------|----------------|------------------|
| Series A [CAD] | 2,500 | - | 2,500 | - |
| Series B [CAD] | - | - | - | - |
| Series C [CAD] | 157,400 | - | 157,400 | - |
| Series I [CAD] | 5,523,819 | - | 332,500 | 5,191,319 |
| Series I [USD] | 1,826,800 | - | - | 1,826,800 |
| Series II [CAD] | 950 | - | 950 | - |
| Series III [CAD] | - | - | - | - |
| Series IV [CAD] | 750 | - | 300 | 450 |
| Series V [CAD] | 15,056 | - | - | 15,056 |
| Series V [USD] | 5,600 | - | - | 5,600 |
| Series V [GBP] | 400 | - | - | 400 |
| Series VI [CAD] | 1,850 | - | 1,500 | 350 |
| Series VII [CAD] | 4,000 | - | - | 4,000 |
| Series I – 2018 [5 Year] [CAD] | 6,050 | 6,000 | - | 12,050 |
| Series I – 2018 [5 Year] [USD] | 15,798 | 4,225 | - | 20,023 |
| Series I – F – 2018 [5 Year] [CAD] | - | - | - | - |
| Series I – F – 2018 [5 Year] [USD] | 13,400 | 250 | - | 13,650 |
| Series I – F – 2018 [3 Year] [USD] | 3,500 | 250 | - | 3,750 |
| Series I [CAD, 2018] Hybrid [CAD] | 5,425 | 7,105 | - | 12,350 |
| Series I [2018] Hybrid [USD] | 3,050 | 3,800 | - | 6,850 |
| Series I [CAD, 2019] Hybrid [CAD] | - | 1,250 | - | 1,250 |
| Series I - 2019 (5 Year) [CAD] | - | 8,590 | - | 8,590 |
| Series I - 2019 (5 Year) [USD] | - | 4,750 | - | 4,750 |
| Series I - 2019 (3 Year) [CAD] | - | 750 | - | 750 |
| Series I - 2019 (3 Year) [USD] | - | 500 | - | 500 |
| Series I - 2019 (5 Year) Notes (USD) | - | 37,800 | - | 37,800 |
| MBI Series [USD, 2018] Hybrid [USD] | - | - | - | - |
| Notes | - | 17,000 | - | 17,000 |
| Series II - 2018 (5 Year) CAD | - | 230 | - | 230 |
| | 7,586,348 | 92,500 | 495,150 | 7,183,698 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

2018

| No. of shares/securities | Opening balance | Issued | Redeemed | Closing balance |
|------------------------------------|--------------------|--------|-----------|--------------------|
| Series A [CAD] | 40,500 | — | (38,000) | 2,500 |
| Series B [CAD] | 97,000 | — | (97,000) | — |
| Series C [CAD] | 277,400 | — | (120,000) | 157,400 |
| Series I [CAD] | 5,523,819 | — | — | 5,523,819 |
| Series I [USD] | 1,826,800 | — | — | 1,826,800 |
| Series II [CAD] | 1,800 | — | (850) | 950 |
| Series III [CAD] | — | — | — | — |
| Series IV [CAD] | 750 | — | — | 750 |
| Series V [CAD] | 12,463 | 2,593 | — | 15,056 |
| Series V [USD] | 4,850 | 954 | — | 5,600 |
| Series V [GBP] | 400 | — | — | 400 |
| Series VI [CAD] | 1,850 | — | — | 1,850 |
| Series VII [CAD] | 4,000 | — | — | 4,000 |
| Series I – 2018 [5 Year] [CAD] | — | 6,050 | — | 6,050 |
| Series I – 2018 [5 Year] [USD] | — | 15,798 | — | 15,798 |
| Series I – F – 2018 [5 Year] [CAD] | — | — | — | — |
| Series I – F – 2018 [5 Year] [USD] | — | 13,400 | — | 13,400 |
| Series I – F – 2018 [3 Year] [USD] | — | 3,500 | — | 3,500 |
| Series I [CAD, 2018] Hybrid [CAD] | — | 5,425 | — | 5,425 |
| Series I [2018] Hybrid [USD] | — | 3,050 | — | 3,050 |
| | 7,791,632 | 62,146 | (340,000) | 7,586,348 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

2019

| Value of shares [CAD\$] | Opening balance | Issued | Redeemed | FX adjustment | Closing balance |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Series A [CAD] | 25,000 | - | (25,000) | - | - |
| Series B [CAD] | - | - | - | - | - |
| Series C [CAD] | 1,574,000 | - | (1,574,000) | - | - |
| Series I [CAD] | 55,238,190 | - | (3,325,000) | - | 51,913,190 |
| Series I [USD] | 24,921,206 | - | - | (1,048,584) | 23,872,622 |
| Series II [CAD] | 950,000 | - | (950,000) | - | - |
| Series III [CAD] | - | - | - | - | - |
| Series IV [CAD] | 750,000 | - | (300,000) | - | 450,000 |
| Series V [CAD] | 15,056,000 | - | - | - | 15,056,000 |
| Series V [USD] | 7,639,520 | - | - | (321,440) | 7,318,080 |
| Series V [GBP] | 697,560 | - | - | (11,880) | 685,680 |
| Series VI [CAD] | 1,850,000 | - | (1,500,000) | - | 350,000 |
| Series VII [CAD] | 4,000,000 | - | - | - | 4,000,000 |
| Series I – 2018 [5 Year] [CAD] | 6,050,000 | 6,000,000 | - | - | 12,050,000 |
| Series I – 2018 [5 Year] [USD] | 21,551,632 | 5,567,683 | - | (953,258) | 26,166,057 |
| Series I – F – 2018 [5 Year] [CAD] | - | - | - | - | - |
| Series I – F – 2018 [5 Year] [USD] | 18,280,215 | 328,875 | - | (771,270) | 17,837,820 |
| Series I – F – 2018 [3 Year] [USD] | 4,774,700 | - | - | 125,000 | 4,900,500 |
| Series I [2018] Hybrid [CAD] | 5,425,000 | 7,105,000 | - | - | 12,530,000 |
| Series I [2018] Hybrid [USD] | 4,161,115 | 7,049,690 | - | 184,491 | 11,395,296 |
| Series I [CAD, 2019] Hybrid [CAD] | - | 1,250,000 | - | - | 1,250,000 |
| Series I - 2019 (5 Year) [CAD] | - | 8,590,000 | - | - | 8,590,000 |
| Series I - 2019 (5 Year) [USD] | - | 6,291,995 | - | (868,775) | 5,423,220 |
| Series I - 2019 (3 Year) [CAD] | - | 750,000 | - | - | 750,000 |
| Series I - 2019 (3 Year) [USD] | - | 659,125 | - | (5,725) | 653,400 |
| Series I - 2019 (5 Year) Notes (USD) | - | 49,924,200 | - | (527,160) | 49,397,040 |
| MBI Series [USD, 2018] Hybrid [USD] Notes | - | 20,808,250 | - | (1,036,366) | 19,771,884 |
| Series II - 2018 (5 Year) CAD | - | 230,000 | - | - | 230,000 |
| Unamortized issuance costs | (3,641,243) | - | - | - | - |
| Unamortized Issuance costs – Hybrid series | - | - | - | - | (5,074,881) |
| | 169,302,895 | 114,554,818 | (7,674,000) | (5,234,167) | 265,675,752 |

Represented as:

Current portion of redeemable preferred shares and securities
 Redeemable preferred shares and securities

5,675,000
220,128,453

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| Value of shares [CAD\$] | Opening balance | Issued | Redeemed | FX adjustment | Closing balance |
|------------------------------|-----------------|--------|----------|---------------|-------------------|
| Redeemable hybrid securities | | | | | <u>39,872,299</u> |

2018

| Value of shares [CAD\$] | Opening balance | Issued | Redeemed | FX adjustment | Closing balance |
|------------------------------------|--------------------|-------------------|--------------------|------------------|--------------------|
| Series A [CAD] | 405,000 | — | (380,000) | — | 25,000 |
| Series B [CAD] | 970,000 | — | (970,000) | — | — |
| Series C [CAD] | 2,774,000 | — | (1,200,000) | — | 1,574,000 |
| Series I [CAD] | 55,238,190 | — | — | — | 55,238,190 |
| Series I [USD] | 22,917,206 | — | — | 2,004,000 | 24,921,206 |
| Series II [CAD] | 1,800,000 | — | (850,000) | — | 950,000 |
| Series III [CAD] | — | — | — | — | — |
| Series IV [CAD] | 750,000 | — | — | — | 750,000 |
| Series V [CAD] | 12,463,000 | 2,593,000 | — | — | 15,056,000 |
| Series V [USD] | 6,084,325 | 954,425 | — | 600,770 | 7,639,520 |
| Series V [GBP] | 678,440 | — | — | 19,120 | 697,560 |
| Series VI [CAD] | 1,850,000 | — | — | — | 1,850,000 |
| Series VII [CAD] | 4,000,000 | — | — | — | 4,000,000 |
| Series I – 2018 [5 Year] [CAD] | — | 6,050,000 | — | — | 6,050,000 |
| Series I – 2018 [5 Year] [USD] | — | 20,727,310 | — | 824,322 | 21,551,632 |
| Series I – F – 2018 [5 Year] [CAD] | — | — | — | — | — |
| Series I – F – 2018 [5 Year] [USD] | — | 17,551,823 | — | 728,392 | 18,280,215 |
| Series I – F – 2018 [3 Year] [USD] | — | 4,683,800 | — | 90,900 | 4,774,700 |
| Series I [2018] Hybrid [CAD] | — | 5,425,000 | — | — | 5,425,000 |
| Series I [2018] Hybrid [USD] | — | 4,161,115 | — | — | 4,161,115 |
| Unamortized issuance costs | (4,351,530) | — | — | — | (3,641,243) |
| | <u>105,578,631</u> | <u>62,146,473</u> | <u>(3,400,000)</u> | <u>4,267,504</u> | <u>169,302,895</u> |

Represented as:

| | |
|---|--------------------|
| Current portion of redeemable preferred shares and securities | <u>8,024,000</u> |
| Redeemable preferred shares and securities | <u>151,692,780</u> |
| Redeemable hybrid securities | <u>9,586,115</u> |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As disclosed in notes 6 and 7, the Company has several subsidiaries and joint ventures. These are therefore related parties with amounts recorded in the financial statements as outlined below:

| Due from related parties | 2019 | 2018 |
|---|--------------------|-------------|
| | \$ | \$ |
| Ardenton Capital Investments Limited | 108,118,668 | 42,231,761 |
| Ardenton Capital (USA) Inc. | 17,400,516 | 18,234,532 |
| Ardenton Equity Partners Inc. | 4,293,968 | 4,201,886 |
| Ardenton Capital (Canada) Inc. | 25,592,731 | - |
| Ardenton Employee Equity Inc. | 4,727,326 | - |
| Go Plumbing & HVAC | 1,700,755 | 1,710,660 |
| Ardenton Partners Inc. | 27,148,213 | 13,426 |
| Ardenton Growth Partners | - | 1,135,485 |
| Stevenson Industrial Refrigeration Ltd. | 904,651 | 874,432 |
| Combat Land Holdings | 13,412 | - |
| Leone Group of companies | - | 790 |
| Ardenton Financial Inc. | 327,169 | 1,743,318 |
| The Pipe Yard | 1,232,800 | 1,151,433 |
| Ardenton Capital Bridging | 31,768,035 | - |
| Ardenton Capital Bridging 2. | - | 971,844 |
| Other related parties | 19,124 | 19,109 |
| Total due from related parties | 223,247,368 | 72,288,676 |

Due from shareholder

| | 2019 | 2018 |
|-----------------------------------|----------------|-------------|
| | \$ | \$ |
| Livingstone Holdings Inc. | 473,036 | 409,569 |
| Total due from shareholder | 473,036 | 409,569 |

The amount due from Stevenson bears interest at 5% per annum and is due on demand. The amounts due from ACIL bear interest at 12% per annum with the entire amount due to be repaid on the fifth anniversary and some due to be paid on the tenth anniversary of the loan note. All amounts due from related parties or shareholder are non-interest bearing and without specific terms of repayment.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| | 2019 \$ | 2018 \$ |
|-------------------------------------|-------------------|-------------------|
| Due to related parties | | |
| Subsidiaries | | |
| Ardenton Equity Partners Inc. | 4,266,667 | 4,266,667 |
| Ardenton Investment Inc. | 90,458 | - |
| Ardenton Growth Partners | 26,048,442 | — |
| Ardenton Capital (USA) Inc. | 1,624,891 | — |
| The Pipe Yard Ltd. | 81,368 | — |
| Ardenton Capital Bridging Inc. | 47,362,711 | 12,785,724 |
| Blakie Land Holdings | 430,000 | 357,383 |
| Combat Land Holdings | 53,042 | 14,000 |
| Ardenton Financial Inc. | 354,294 | — |
| Ardenton Capital (Canada) Inc. | 1,611,193 | — |
| Other | 56 | 56 |
| Total due to related parties | 81,923,122 | 17,423,830 |

All amounts due to related parties are non-interest bearing and without specific terms of repayment.

During the year, the Company had the following transactions with related parties:

| | 2019 \$ | 2018 \$ |
|-------------------------------------|------------|------------|
| Dividend revenue | | |
| Subsidiaries | | |
| TVE Industrial | - | 723,334 |
| Interpro Technical Services Limited | - | 500,000 |
| The Pipe Yard Ltd. | - | 345,600 |
| | - | 1,568,934 |

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Interest income | | |
| Subsidiaries | | |
| Ardenton Capital Investments Limited. | 6,179,848 | 2,170,540 |
| Stevenson Industrial Refrigeration Ltd. | 97,659 | 97,659 |
| Combat Networks Inc. | 223,672 | 239,326 |
| OES Inc. | 379,259 | 95,594 |
| Leone Group of Companies | 185,310 | 185,309 |
| Comtrad Strategic Sourcing Inc. | - | 75,545 |
| TVE Industrial Services Inc | - | 186,664 |
| Other | 66,724 | 351,055 |
| | <u>7,132,472</u> | <u>3,401,692</u> |

| | 2019 | 2018 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Management fee revenue | | |
| Subsidiaries | | |
| Combat Networks Inc. | 150,000 | 125,000 |
| OES Inc. | 130,000 | 110,000 |
| Leone Group of Companies | 75,000 | 75,000 |
| Comtrad Strategic Sourcing Inc. | 150,000 | 150,000 |
| Ardenton Financial Inc. | 1,500,000 | - |
| Ardenton Capital (USA) Inc. | 890,110 | 1,133,404 |
| Ardenton Capital Investments Limited | 764,327 | 650,610 |
| | <u>3,659,437</u> | <u>2,244,014</u> |

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$ | \$ |
| Expenses | | |
| Subsidiaries | | |
| The Pipe Yard Ltd. | - | 1,008 |
| Stevenson Industrial Refrigeration Ltd. | - | - |
| Combat Networks Inc. | - | 32,464 |
| OES Inc. | - | 20,699 |
| Leone Group of Companies | - | - |
| Comtrad Strategic Sourcing Inc. | - | 3,661 |
| Other parties | | |
| Livingstone Holdings Inc. [Management fees] | 240,000 | 251,500 |
| | <u>240,000</u> | <u>309,332</u> |

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The management fees of \$240,000 are allocated \$60,000 to management fee operating expense and \$180,000 to transaction costs.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

15. Share capital

Authorized

Unlimited Class A voting common shares
 Unlimited Class B non-voting common shares
 Unlimited Class C voting common shares
 Unlimited Class D non-voting common shares
 Unlimited Class E series 1 and 2 common shares
 Unlimited Class G common shares

Issued

| | 2019 | 2018 |
|---------------------------------------|-------------------|-------------------|
| | \$ | \$ |
| 462,173 Class A common shares | 450 | 450 |
| 32,393 Class C common shares | 902,633 | 902,633 |
| 8,489 Class D common shares | 325,000 | 325,000 |
| 82,841 Class E series 1 common shares | 15,000,002 | 15,000,002 |
| 587 Class E series 2 common shares | 150,328 | - |
| 18,482 Class G common shares | 4,727,326 | - |
| | 21,105,739 | 16,228,085 |

As part of the Amalgamation dated January 2, 2018 between ACC and LAI, the issued share capital of the pre-amalgamated entities was restructured [note 5].

Prior to the amalgamation, the Company agreed to purchase 75,000 Common Non-Voting shares of LAI and 150,000 Class B Non-Voting shares of ACC. The purchase was effected on January 1, 2018. Per the agreement the Company will pay the previous shareholders an aggregate purchase consideration of \$10,585,730. This consideration will be settled through bi-annual installments with the final payment owing on 31 December 2020.

During the year ended December 31, 2018, the Company also repurchased 21,945 Class C common shares for consideration of \$3,973,400 in accordance with the holder's put option that was exercised.

During 2018, the Company started to issue a new class of shares, Class E common shares. These shares will have no dividend distributions during the first 5 years and are redeemable by the holder, or the issuer, after the 5th anniversary at the then fair market value based on a third-party equity valuation.

At any time on or after Dec. 1, 2021, any Class A and C shareholder has the right by notice to the Company requiring the Company to repurchase all of his/her shares at the then fair market value.

Commencing Jan. 1, 2021, on an annual basis, any Class D shareholder has the right to sell to the Company all of his/her shares at the then fair market value during a "Put Notice Delivery Period" of 60 days commencing on May 1 of that year.

Ardenton Capital Corporation

Notes to non-consolidated financial statements

December 31, 2019

Class E shareholders can redeem shares held on a biennial basis during a "Redemption Period" commencing on the fifth anniversary of the share issuance date.

Class G common shares - Restricted Share Awards

The fair value of restricted share awards is estimated by Class E series 2 common shares. Restricted stock activity during the years ended December 31, 2019 are as follows:

| | Number of Shares | Year Ended December 31, 2019 Weighted-Average Grant- Date Fair Value per Share |
|---------------------------------|---------------------|---|
| Non-vested, beginning of period | - | - |
| Granted | 18,482 | 255.78 |
| Vested | - | - |
| Cancelled and forfeited | - | - |
| Non-vested, at end of period | 18,482 | 255.78 |

Awards are being amortized to expense over the vesting period. 20% of the Restricted Shares will become vested on January 1st of the year in which the third anniversary of the Award Date occurs. 30% of the Restricted Shares will become vested on January 1st of the year in which the fourth anniversary of the Award Date occurs. 50% of the Restricted Shares will become vested on January 1st of the year in which the fourth anniversary of the Award Date occurs.

16. Income taxes

The Company has accumulated losses of \$58,616,366 for income tax purposes which may be deducted in the calculation of taxable income in future years. The losses expire as follows:

| | \$ |
|------|-------------------|
| 2027 | 21,785 |
| 2028 | 14,042 |
| 2029 | 14,856 |
| 2030 | 969 |
| 2031 | 54,893 |
| 2032 | 253,765 |
| 2033 | 566,129 |
| 2034 | 1,551,038 |
| 2035 | 9,150,138 |
| 2036 | 19,709,639 |
| 2037 | 7,823 |
| 2038 | 27,256,137 |
| 2039 | 30,796,382 |
| | <u>89,397,596</u> |

Ardenton Capital Corporation**Notes to non-consolidated financial statements**

December 31, 2019

The potential tax benefit which may result from application of these losses is not reflected in these non-consolidated financial statements.

17. Commitments and contingencies

The Company has entered into operating leases for its office facilities, equipment and furniture. Future lease payments under non-cancelable operating leases are:

| | \$ |
|------------|------------------|
| 2020 | 452,377 |
| 2021 | 437,528 |
| 2022 | 453,026 |
| 2023 | 456,127 |
| 2024 | 458,042 |
| Thereafter | 858,467 |
| | <u>3,115,567</u> |

Ardenton Capital Corporation Balance Sheet (in CAD)

Reporting Book: ACCRUAL
As of Date: 12/31/2020
Location: Ardenton Capital Corporation


Month Ending
12/31/2020

Assets

| | |
|-------------------------------------|--------------------------|
| Current Assets | |
| Cash and Cash Equivalents | 253,969.18 |
| Accounts Receivable, Net | 58,388.47 |
| Intercompany Receivable | 158,710,396.59 |
| Other Current Assets | 119,666.73 |
| Total Current Assets | 159,142,420.97 |
| Fixed Assets, Net | |
| Fixed Assets | 2,503,978.79 |
| Accumulated Depreciation | 796,170.31 |
| Total Fixed Assets, Net | 1,707,808.48 |
| Intangible Assets, Net | |
| Intangible Assets | 4,759,016.47 |
| Amortization | 376,557.03 |
| Total Intangible Assets, Net | 4,382,459.44 |
| Investments | |
| Investment in Subsidiary | 27,960,996.49 |
| Total Investments | 27,960,996.49 |
| Other Assets | |
| Deposits and Prepayments | 307,425.86 |
| Other Assets | 666,123.40 |
| Total Other Assets | 973,549.26 |
| Total Assets | \$ 194,167,234.64 |

Liabilities and Equity

| | |
|----------------------------------|----------------------|
| Current Liabilities | |
| Accounts Payable | 1,544,913.26 |
| Accrued Liabilities | 20,423,397.05 |
| Deferred Revenue | 7,830.22 |
| Sales & Used Tax Payable | (210.65) |
| Note Payable - Current Portion | 5.17 |
| Short Term Debts | 52,238,580.00 |
| Other Current Liabilities | 1,222,252.34 |
| Total Current Liabilities | 75,436,767.39 |

This is Exhibit "F" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March, 2021.

A Commissioner/Notary Public for the
Province of British Columbia

| | |
|-------------------------------------|--|
| Long Term Liabilities | |
| Loans | 248,226,228.03 |
| Total Long Term Liabilities | <u>248,226,228.03</u> |
| Stockholders Equity | |
| Capital Stock | 6,813,304.48 |
| Common Stock | 17,955,351.80 |
| Deferred Stock Compensation | 755,818.34 |
| Retained Earnings | (157,779,319.89) |
| Net Income (Loss) | 2,759,084.49 |
| Total Stockholders Equity | <u>(129,495,760.78)</u> |
| Total Liabilities and Equity | <u><u>\$ 194,167,234.64</u></u> |

Created on: 02/23/2021 1:42 PM PST

Ardenton Capital Corporation
A2 - Profit and Loss - 12 Months history (in CAD)

Reporting Book:

ACCRUAL

As of Date:

12/31/2020

Location:

Ardenton Capital Corporation

Year To Date

12/31/2020

Revenue

| | |
|--------------------------------|-------------------|
| 420000 - Support Fees Revenues | 3,300,000 |
| 430000 - Interest Income | 12,633,232 |
| Total Revenue | 15,933,232 |

Operating Expenses

General and Administrative Expenses

| | |
|--|---------|
| 631000 - IT Infrastructure Expense | 683,163 |
| 631500 - IT Software/Systems/Support Expense | 151,241 |
| 632000 - IT Hardware Expense | 68 |
| 637000 - Subscriptions | 20,604 |
| 637500 - Regulatory Fees | 2,632 |
| 638000 - Professional Membership Dues | 182,718 |
| 638500 - Training and Development | 3,546 |
| 623000 - Bank Charges & Interest | 46,663 |

Travel, Meals and Entertainment

| | |
|--|------------------|
| 681000 - Airfare | 97,121 |
| 682000 - Other Travel | 3,443 |
| 683000 - Hotel | 56,072 |
| 685000 - Other Transportation | 39,067 |
| 686000 - Parking | 123 |
| 688000 - Client Meals & Entertainment | 13,169 |
| 634000 - Staff Meals and Entertainment | 76,272 |
| 636000 - Social Team Engagement | 2,368 |
| 636500 - HR Employee Engagement | 5,381 |
| 633000 - Courier/Postage | 662 |
| 633500 - Printing/Photocopying | 1,721 |
| 638600 - Employee cellphone and internet | 3,976 |
| 639000 - Office Supplies | 1,594 |
| 639500 - Miscellaneous Office Expense | 139,553 |
| 679000 - Office telephone and internet | 25,461 |
| Total General and Administrative Expenses | 1,556,618 |

Marketing and Advertising Expenses

| | |
|---|----------------|
| 621000 - Marketing/Promotion/Networking | 182,694 |
| 621500 - Corporate Conferences | 50,172 |
| Total Marketing and Advertising Expenses | 232,866 |

| | |
|---|------------------|
| Depreciation and Amortization Expense | |
| 734000 - Depreciation - Leasehold Improvements | 26,418 |
| 735000 - Depreciation - Real Estate and Building | 287,289 |
| 736000 - Depreciation - Office Equipment | 21,715 |
| 738000 - Depreciation - IT Infrastructure | (7,334) |
| 731000 - Depreciation - Computer Software/Systems/Support | 8,656 |
| 732000 - Amortization - Share Issuance Cost | 1,917,230 |
| Total Depreciation and Amortization Expense | 2,253,974 |

Payroll and Related Expenses

Benefits

| | |
|----------------------------|---------|
| 614000 - Vacation | 416,494 |
| 615000 - Pension Expense | 85,186 |
| 616000 - Employee Benefits | 144,131 |

Payroll Expenses

| | |
|---------------------------------|---------|
| 617010 - Payroll Expenses - EI | 173,302 |
| 617020 - Payroll Expenses - CPP | 5,300 |
| 617070 - Payroll Expenses | 601 |

Payroll Taxes

| | |
|-----------------------------------|--------|
| 617050 - COPRHLT Employer Expense | 2,855 |
| 617500 - Workers Compensation | 37,802 |
| 617550 - Government Healthcare | 2,916 |

Salary and Wages

| | |
|---|-----------|
| 610000 - Salaries & Wages | 4,238,367 |
| 611000 - Commissions | (180,500) |
| 612000 - Bonus | 84,551 |
| 613000 - Severance | 291,635 |
| 618000 - Parking & Other Taxable Benefits | 535 |

Stock-based Compensation

| | |
|---|---------|
| 619000 - Share Based Compensation Expense | 576,080 |
|---|---------|

| | |
|--|------------------|
| Total Payroll and Related Expense | 5,879,255 |
|--|------------------|

Utilities and Facilities

| | |
|---|---------|
| 655000 - Base Rent | 431,407 |
| 656000 - Operating Expenses Related To Rent | 69,422 |

| | |
|---------------------------------------|----------------|
| Total Utilities and Facilities | 500,829 |
|---------------------------------------|----------------|

Operating and Maintenance Expenses

| | |
|---|-----------|
| 622000 - Bad Debts expense | (92,959) |
| 761000 - Support Fees Expense | 240,000 |
| 762000 - Commission Fee Brokerage Expense | 2,307,205 |
| 624000 - Consulting Fees | 5,933 |
| 641000 - Audit & Accounting | 195,070 |
| 642000 - Legal | 357,063 |
| 643000 - Tax | 49,979 |
| 644000 - Other Professional Fees | 208,546 |
| 645000 - Recruitment Fees - Agency | 58,313 |
| 646000 - Recruitment Fees - Direct | 16,723 |
| 690600 - Advisory Board Expenses | 58,581 |

| | |
|---|--------------------------|
| Total Operating and Maintenance Expenses | <u>3,404,454</u> |
| Taxes and Insurance | |
| 625000 - Insurance Expenses | 293,391 |
| 690000 - Expensed GST/HST | <u>29,141</u> |
| Total Taxes and Insurance | <u>322,532</u> |
| Total Operating Expenses | <u><u>14,150,528</u></u> |

Other Income (Expense)

| | |
|---|------------------|
| Other Income | |
| 752000 - Unrealized FX (Gain)/Loss | 5,203,347 |
| 751000 - Realized FX (Gain)/Loss | (12,196) |
| 792000 - Secondary market transaction fee Revenue | 3,974 |
| 793000 - Misc Revenue | 15,285 |
| Total Other Income | <u>5,210,410</u> |

| | |
|---|---------------------|
| Other Expense | |
| 601000 - Interest expense on Preferred Securities | (31,629,016) |
| 603000 - Interest expense on Hybrid Securities | (4,417,021) |
| 711000 - Active Transaction Costs | 0 |
| 712000 - Closed Transaction Costs | (424) |
| 713000 - Dead Transaction Costs | (81) |
| 721000 - Fines and penalties | (884) |
| 782000 - Other Expenses | 0 |
| 794000 - Clearing/Suspense Account | 460 |
| Total Other Expense | <u>(36,046,966)</u> |

| | |
|-------------------------------------|----------------------------|
| Total Other Income (Expense) | <u><u>(30,836,556)</u></u> |
|-------------------------------------|----------------------------|

Net Income (Loss) (29,053,852)

ESC Corporate Services Transaction Result

Transaction Id: 15429825
Province: BC
Date Requested: Mon Mar 1 11:52 2021
Date Generated: Mon Mar 1 11:53 2021
Ref #: 0064103.00003
Debtor: ARDENTON CAPITAL

Debtor Name

- ARDENTON CAPITAL (CANADA) INC
- ARDENTON CAPITAL CORPORATION
- ARDENTON CAPITAL CORPORATION
- ARDENTON CAPITAL CORPORATION
- ARDENTON CAPITAL CORPORATION

No more selections to be displayed

***** P P S A S E C U R I T Y A G R E E M E N T *****

| | |
|-------------------------|---------------------------|
| Reg. Date: OCT 26, 2016 | Reg. Length: 5 YEARS |
| Reg. Time: 15:32:19 | Expiry Date: OCT 26, 2021 |
| Base Reg. #: 623643J | Control #: D4059063 |


This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: THE TORONTO-DOMINION BANK
1933 WILLINGDON AVENUE, 2ND FL
BURNABY BC V5C 5J3

=D0001 Base Debtor: ARDENTON CAPITAL CORPORATION
(Business) 1021 WEST HASTINGS, 9TH FLOOR
VANCOUVER BC V6E 0C3

This is Exhibit "G" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March, 2021.


A Commissioner/Notary Public for the
Province of British Columbia

General Collateral:

ALL OF THE SHARES OF EACH CLASS OF SHARES IN THE CAPITAL OF 2525612 ONTARIO INC. NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY THE DEBTOR TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF AND SUBSTITUTIONS THEREFOR (COLLECTIVELY THE "PLEGDED INVESTMENT PROPERTY") INCLUDING, WITHOUT LIMITATION ALL OF THE DEBTOR'S RIGHT, TITLE, CLAIM AND INTEREST IN AND TO THE MONIES OTHERWISE DUE AND PAYABLE OR TO BECOME DUE AND PAYABLE TO THE DEBTOR UNDER THE TERMS OF ANY OF THE PLEDGED INVESTMENT PROPERTY AND ALL DISTRIBUTIONS OF INCOME OR CAPITAL THEREOF, THEREON OR THEREFROM OR PROCEEDS (INCLUDING PROCEEDS OF SALE) THEREFROM AND UNDER ANY FURTHER PLEDGED INVESTMENT PROPERTY EVIDENCING REINVESTMENT OF THE WHOLE OR ANY PART OF THE MONIES PAID UNDER ANY OF THE PLEDGED INVESTMENT PROPERTY, WHETHER BY SALE THEREOF OR OTHERWISE.
PROCEEDS: ALL PROCEEDS INCLUDING, WITHOUT LIMITATION, MONEY,

CHATTEL PAPER, INTANGIBLES, GOODS, DOCUMENTS OF TITLE,
INSTRUMENTS AND INVESTMENT PROPERTY AND FINANCIAL ASSETS.

Registering

Party: BULL, HOUSSER & TUPPER LLP
SUITE 1800-510 WEST GEORGIA ST
VANCOUVER BC V6B 0M3

*** Name/Address Changed on January 10, 2017 to:

Registering

Party: NORTON ROSE FULBRIGHT CANADA LLP
SUITE 1800-510 WEST GEORGIA ST
VANCOUVER BC V6B 0M3

Continued on Page 2

Search Criteria: ARDENTON CAPITAL

Page: 2

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: FEB 09, 2017 Reg. Length: 5 YEARS
Reg. Time: 13:49:48 Expiry Date: FEB 09, 2022
Base Reg. #: 815741J Control #: D4321127

This registration was selected and included for your protection
because of close proximity to your search criteria.

Block#

S0001 Secured Party: THE TORONTO-DOMINION BANK - 96560
1933 WILLINGDON AVENUE
BURNABY BC V5C 5J3

=D0001 Base Debtor: ARDENTON CAPITAL CORPORATION
(Business) 1021 HASTINGS W 9TH FLOOR
VANCOUVER BC V6E 0C3

General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY AND
PROCEEDS THEREOF.

Registering

Party: THE TORONTO-DOMINION BANK - 96560
1933 WILLINGDON AVENUE
BURNABY BC V5C 5J3

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: JUL 20, 2016 Reg. Length: 5 YEARS
 Reg. Time: 16:30:10 Expiry Date: JUL 20, 2021
 Base Reg. #: 427982J Control #: D3924828

This registration was selected and included for your protection because of close proximity to your search criteria.

Block#

S0001 Secured Party: THE TORONTO-DOMINION BANK
 1933 WILLINGDON AVENUE, 2/F
 BURNABY BC V5C 5J3

D0001 Base Debtor: REGIMEN CAPITAL PARTNERS INC.
 (Business) 570-1285 WEST PENDER STREET
 VANCOUVER BC V6E 4B1

General Collateral:

ALL PRESENT AND AFTER ACQUIRED RIGHT, TITLE AND INTEREST OF THE DEBTOR IN AND TO ALL SHARES IN THE CAPITAL OF STEVENSON INDUSTRIAL REFRIGERATION LTD. (THE "SHARES") AND ALL MONEY, INVESTMENT PROPERTY, GOODS, RIGHTS ARISING OUT OF OR PROPERTY COLLECTED ON OR DISTRIBUTED ON ACCOUNT OF THE SHARES, AND ALL PROCEEDS THEREOF. PROCEEDS: ALL GOODS, INVESTMENT PROPERTY, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES OR MONEY NOW OR HEREAFTER FORMING PROCEEDS OF THE FOREGOING COLLATERAL. TERMS USED IN THIS GENERAL COLLATERAL DESCRIPTION WHICH ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT (BRITISH COLUMBIA) SHALL HAVE THE MEANINGS SPECIFIED IN THAT ACT, UNLESS THE CONTEXT OTHERWISE INDICATES.

Continued on Page 3

Search Criteria: ARDENTON CAPITAL

Page: 3

Registering

Party: SYNERGY BUSINESS LAWYERS
 2300-925 WEST GEORGIA STREET
 VANCOUVER BC V6C 3L2

----- AMENDMENT / OTHER CHANGE -----

Reg. #: 817190J Reg. Date: FEB 10, 2017
 Reg. Time: 08:17:04
 Control #: D4322586
 Base Reg. Type: PPSA SECURITY AGREEMENT
 Base Reg. #: 427982J Base Reg. Date: JUL 20, 2016

Details Description:

ADD DEBTOR.

Block#

*** ADDED ***

=D0002 Bus. Debtor: ARDENTON CAPITAL CORPORATION
1021 HASTINGS W 9TH FLOOR
VANCOUVER BC V6E 0C3

Registering

Party: D & H LIMITED PARTNERSHIP
4126 NORLAND AVENUE, SUITE 201
BURNABY BC V5G 3S8

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: SEP 10, 2019 Reg. Length: 10 YEARS
Reg. Time: 08:30:58 Expiry Date: SEP 10, 2029
Base Reg. #: 755186L Control #: D6297918

This registration was selected and included for your protection
because of close proximity to your search criteria.

Block#

S0001 Secured Party: HSBC BANK CANADA
PERSONAL LENDING
2ND FLOOR 885 WEST GEORGIA ST
VANCOUVER BC V6C 3G1

=D0001 Base Debtor: ARDENTON CAPITAL CORPORATION
(Business) 2400-1021 WEST HASTINGS STREET
VANCOUVER BC V6E 0C3

General Collateral:

THE ENTIRE RIGHT, TITLE, CLAIM AND INTEREST OF THE DEBTOR
IN AND TO ALL MONIES WHICH ARE NOW OR WHICH MAY FROM TIME
TO TIME IN THE FUTURE STAND TO THE CREDIT OF THE DEBTOR IN
ANY ACCOUNT AT THE BRANCH OF THE SECURED PARTY LOCATED AT
885 WEST GEORGIA STREET, VANCOUVER, BC V6C 3G1 AND ALL
PROCEEDS INCLUDING, WITHOUT LIMITATION, ALL GOODS,
SECURITIES, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER,
INTANGIBLES AND MONEY (ALL AS DEFINED IN THE PERSONAL
PROPERTY SECURITY ACT, ANY REGULATIONS THEREUNDER AND ANY
AMENDMENTS THERETO).

Continued on Page 4

Search Criteria: ARDENTON CAPITAL

Page: 4

Registering

Party: HSBC BANK CANADA
885 W GEORGIA ST CONCOURSE LEV
VANCOUVER BC V6C 3G1

Search ID #: Z13513294

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881
Phone #: 780 429 5969
Reference #: 118-161819-KP1760

Search ID #: Z13513294

Date of Search: 2021-Feb-12

Time of Search: 09:19:37

Business Debtor Search For:

ARDENTON CAPITAL CORPORATION


No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.

Result Complete

This is Exhibit "H" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March, 2021.


A Commissioner/Notary Public for the
Province of British Columbia





087

Saskatchewan Personal Property Registry Search Result

Searching Party: PPSA Canada Inc.
Search Date: 12-Feb-2021 10:19:47
Search Type: Standard

Search #: 203487420
Client Reference: 118-161819-KP1760
Control #:

Search Criteria

Search By: Business Debtor Name
Business Name

ARDENTON CAPITAL CORPORATION

The following list displays all matches & indicates the ones that were selected.
1 Registration(s) Found: Exacts (1) - Similar (0)

| Selected | Match | Reg # | Registration Type | Debtor Name | City | Enforcement Instruction Reg # |
|----------|-------|-----------|--------------------------------------|------------------------------|-----------|-------------------------------|
| Yes | Exact | 301854926 | Personal Property Security Agreement | ARDENTON CAPITAL CORPORATION | VANCOUVER | N/A |

This is Exhibit "I" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March, 2021.
[Signature]
A Commissioner/Notary Public for the
Province of British Columbia



088

Saskatchewan Personal Property Registry Search Result

Current - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 02-Jan-2019 15:11:15

Registration #: 301854926
Expiry Date: 02-Jan-2024

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: NO

Registrant

| | | | |
|---------------------|--|-----------------|---------------------------|
| Party ID: | 150000519-1 | Address: | 4126 Norland Avenue |
| Entity Type: | Business | | Burnaby, British Columbia |
| Name: | Canadian Securities Registration Systems | | V5G3S8 Canada |

Secured Party

| | | | |
|---------------------|-----------------------------------|-----------------|---------------------------|
| Item #: | 1 | Address: | 1933 WILLINGDON AVENUE |
| Party ID: | 151016243-1 | | Burnaby, British Columbia |
| Entity Type: | Business | | V5C5J3 |
| Name: | THE TORONTO-DOMINION BANK - 96560 | | Canada |

Debtor Party

| | | | |
|---------------------|---|-----------------|----------------------------------|
| Item #: | 1 | Address: | 2917B MINERS AVE |
| Party ID: | 150867645-1 | | SASKATOON, Saskatchewan |
| Entity Type: | Business | | S7K4Z6 |
| Name: | STEVENSON INDUSTRIAL REFRIGERATION LTD. | | Canada |
| * Item #: | 2 | Address: | 1021 WEST HASTINGS ST SUITE 2400 |
| Party ID: | 153153276-1 | | VANCOUVER, British Columbia |
| Entity Type: | Business | | V6E0C3 |
| Name: | ARDENTON CAPITAL CORPORATION | | Canada |
| Item #: | 3 | Address: | 2917B MINERS AVE |
| Party ID: | 153153277-1 | | SASKATOON, Saskatchewan |
| Entity Type: | Person | | S7K4Z6 |
| Name: | FRANCOEUR, GREGORY | | Canada |
| Item #: | 4 | Address: | 2917B MINERS AVE |
| Party ID: | 153153278-1 | | SASKATOON, Saskatchewan |
| Entity Type: | Person | | S7K4Z6 |
| Name: | STEVENSON, ROBERT | | Canada |

General Property

All present and after acquired accounts, debts, monies, claims and liabilities, of any type or kind, including but not limited to intangibles owing to debtor by STEVENSON INDUSTRIAL REFRIGERATION LTD., ARDENTON CAPITAL CORPORATION, GREGORY FRANCOEUR, ROBERT STEVENSON.



**Saskatchewan
Personal Property Registry
Search Result**

End of Search Result

Business Debtor

Search by Business Debtor

Date: 2021-02-12
Time: 10:23:04 AM
Transaction Number: 10258510125

Business Name: ARDENTON CAPITAL CORPORATION

0 exact matches were found.

0 similar matches were found.

This is Exhibit "2" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at

Vancouver, B.C.
this 2 day of March, 2021.


A Commissioner/Notary Public for the
Province of British Columbia



SECURITY IS EVERYTHING
Phone: (416) 225-5511

Ontario Search Results
ID 1809025
Search Type [BD] Business Debtor

091

Your Ref No. 118-161819-JY

Searched : 12FEB2021 10:02 AM
Printed : 12FEB2021 10:04 AM

PSSME01 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 02/12/2021
CCCL369 ENQUIRY REQUEST 10:02:08

FILE CURRENCY 11FEB 2021
CHANGE ACCOUNT (Y/N) : N ACCOUNT NUMBER : 009233 0001 ACCOUNT CODE : LIEBNWE

SEARCH TYPE (BD,IN,IS,MV) :
SEARCH CRITERIA :

SUB-SEARCH

RETRIEVE REGISTRATIONS RECORDED SINCE (DDMMYYYY) :
RESPONSE TYPE (V,P) : V RESPONSE LANGUAGE (E,F) : E PICK-UP CODE :
RESPONSE MAILING ADDRESS


NAME :
ADDRESS :
CITY : PROV :
POSTAL CODE :

PRINT RESPONSE LOCALLY (Y/N) : N
ENQUIRY FOR "ARDENTON CAPITAL BRIDGING INC." ENDED

NO MATCH

**"NO MATCH" MEANS THAT NO LIENS WERE FOUND IN THE ONTARIO
PERSONAL PROPERTY REGISTRY BASED ON THE SEARCH CRITERIA YOU SPECIFIED**

END OF REPORT

This is Exhibit "K" referred to in the
Affidavit of J. Livingston
sworn (or affirmed) before me at
Vancouver, B.C.
this 1 day of March, 2021.

A Commissioner/Notary Public for the
Province of British Columbia

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4562)

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

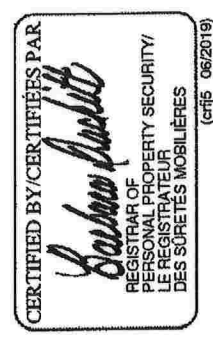
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION

FILE CURRENCY : 11FEB 2021

ENQUIRY NUMBER 20210212100223.82 CONTAINS 7 PAGE(S), 4 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.

AIRD & BERLIS LLP
ATTN: JENAYA MCLEAN
HOLD FOR PICKUP
TORONTO ON M5J2T9



CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
FILE CURRENCY : 11 FEB 2021

FORM IC FINANCING STATEMENT / CLAIM FOR LITEN

FILE NUMBER
730217367

00 CAPTION PAGE TOTAL REGISTRATION NUMBER REGISTERED REGISTRATION PERIOD
FILING NO. OF PAGES SCHEDULE 20170726 1243 1862 0689 P PFSA 6

01 DEBTOR NAME ARDENTON CAPITAL CORPORATION
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02 ARDENTON CAPITAL CORPORATION
03 1021 WEST HASTINGS STREET, 9TH FLOOR VANCOUVER
04 BUSINESS NAME INITIAL SURNAM
ONTARIO CORPORATION NO. BC V6E 0C3

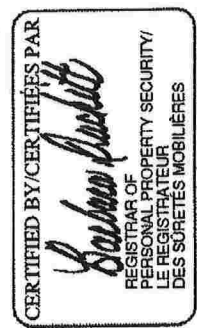
05 DEBTOR NAME COMBAT NETWORKS INC.
DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAM
06 COMBAT NETWORKS INC.
07 BUSINESS NAME ADDRESS
236 WESTBROOK ROAD OTTAWA
ONTARIO CORPORATION NO. ON K8A 1L0

08 SECURED PARTY / THE TORONTO-DOMINION BANK
09 LITEN COMPANY ADDRESS
55 KING STREET WEST, BRANCH #1957 TORONTO ON M5K 1A2

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF NO-FIXED
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

11 MOTOR YEAR MAKE MODEL VIN
12 VEHICLE
13 GENERAL POSTPONEMENT AND ASSIGNMENT OF CLAIM FROM ARDENTON CAPITAL
14 COLLATERAL CORPORATION IN FAVOUR OF SECURED PARTY IN RESPECT OF COMBAT NETWORKS
15 DESCRIPTION INC.

16 REGISTERING BLANEY MCMURTRY LLP (J.C. PAPADAKIS)
17 AGENT ADDRESS 2 QUEEN STREET EAST, SUITE 1500 TORONTO ON M5C 3G5
*** FOR FURTHER INFORMATION CONTACT THE SECURED PARTY ***
CONTINUED... 3



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
FILE CURRENCY : 11 FEB 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR BIEN

FILE NUMBER
722415677

00 CHARGION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE MEMBER UNDER PERIOD
001 001 20161110 1536 1862 0393 P PFSA 6

01 DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO.
FIRST GIVEN NAME ARDENTON CAPITAL CORPORATION BC V6E 0C3
BUSINESS NAME 1021 WEST HASTINGS, 9TH FLOOR VANCOUVER

02 DEBTOR DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO.
NAME BUSINESS NAME ARDENTON CAPITAL CORPORATION BC V6E 0C3
ADDRESS 1021 WEST HASTINGS, 9TH FLOOR VANCOUVER

03 DEBTOR DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO.
NAME BUSINESS NAME ARDENTON CAPITAL CORPORATION BC V6E 0C3
ADDRESS 1021 WEST HASTINGS, 9TH FLOOR VANCOUVER

04 SECURED PARTY / INITIAL SURNAME ONTARIO CORPORATION NO.
FILE CLAIMANT THE TORONTO-DOMINION BANK ON M5K 1A2
ADDRESS 55 KING STREET WEST, BRANCH #1020 TORONTO

05 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO-FIXED
CONSUMER INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

06 YEAR MAKE MODEL VULIN
MOTOR VEHICLE YEAR MAKE MODEL VULIN

07 GENERAL PLEDGE OF SHARES IN THE CAPITAL STOCK OF OES INC.
COMATERIALS BLANEY MCMDURY LLP (J.C. PAPADAKIS)
DESCRIPTION 2 QUEEN STREET EAST, SUITE 1500 TORONTO ON M5C 3G5

08 REGISTERING AGENT BLANEY MCMDURY LLP (J.C. PAPADAKIS)
ADDRESS 2 QUEEN STREET EAST, SUITE 1500 TORONTO ON M5C 3G5
FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY

CONTINUED... 4



RUN NUMBER : 043
 RUN DATE : 2021/02/12
 ID : 20210212100223.82

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 4
 (4565)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
 FILE CURRENCY : 11 FEB 2021

FORM IC FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
 722417814

00 CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
 FILING NO. OF PAGES SCHEDULE NUMBER ENDER PERIOD
 001 001 20161110 1605 1862 0405 P PPSA 6

01 DEBTOR DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO.
 02 NAME BUSINESS NAME ARDENTON CAPITAL CORPORATION V6E 0C3
 03 ADDRESS 1021 WEST HASTINGS STREET, 9TH FLOOR VANCOUVER

04 DEBTOR DATE OF BIRTH INITIAL SURNAME ONTARIO CORPORATION NO.
 05 NAME BUSINESS NAME THE TORONTO-DOMINION BANK TORONTO M5K 1A2
 06 ADDRESS 55 KING STREET WEST, BRANCH #1020 TORONTO

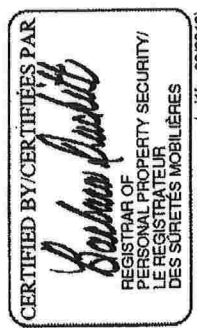
07 SECURED PARTY / LIEN CLAIMANT ADDRESS
 08 MOTOR VEHICLE AMOUNT DATE OF MOTOR VEHICLE NO-FIXED
 09 INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MAINTENANCE OR MAINTENANCE DATE

10 COGNATE CLASSIFICATION
 11 YEAR MAKE MODEL YEAR
 12 MOTOR VEHICLE

13 GENERAL PLEDGE OF SHARES IN THE CAPITAL OF COMBAT NETWORKS INC.
 14 COLLATERAL DESCRIPTION
 15 REGISTERING AGENT

16 BLANEY MCMURTRY LLP (J.C. PAPADAKIS)
 17 ADDRESS 2 QUEEN STREET EAST, SUITE 1500 TORONTO ON M5C 3G5

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
 CONTINUED... 5



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
FILE CURRENCY : 11 FEB 2021

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

FILE NUMBER
721330131

00 CAPTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED REGISTRATION
FILING NO. OF PAGES SCHEDULE NUMBER UNDER PERIOD
001 001 20161027 0943 1862 9191 P PFSA 5

01 DATE OF BIRTH INITIAL SURNAME
02 DEBTOR FIRST GIVEN NAME INITIAL SURNAME
03 NAME BUSINESS NAME ARDENTON CAPITAL CORPORATION ONTARIO CORPORATION NO. V6E 0C3
04 ADDRESS 1021 WEST HASTINGS STREET, 9TH FLOOR VANCOUVER

05 DEBTOR DATE OF BIRTH INITIAL SURNAME
06 NAME BUSINESS NAME ONTARIO CORPORATION NO.
07 ADDRESS

08 SECURED PARTY THE TORONTO-DOMINION BANK
09 LIEN CLAIMANT ADDRESS 1933 WILLINGDON AVENUE, 2ND FLOOR BURNABY BC V5C 5J3

10 COLLATERAL CLASSIFICATION MOTOR VEHICLE AMOUNT DATE OF NO. FILED
CONSUMER LAYENWAY EQUIPMENT ACCOUNTS OTHER INCLUDED MATURITY OR MATURITY DATE

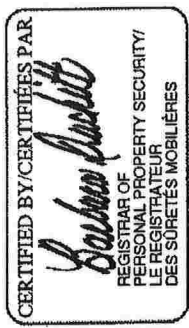
11 YEAR MAKE MODEL WEIGHT
12 MOTOR VEHICLE

13 GENERAL WEIRFOULDS LLP (M.MCISAAC)
14 GENERAL 66 WELLINGTON STREET WEST, SUITE 4100 TORONTO ON M5K 1B7
15 DESCRIPTION

16 REGISTERING WEIRFOULDS LLP (M.MCISAAC)
17 AGENT ADDRESS 66 WELLINGTON STREET WEST, SUITE 4100 TORONTO ON M5K 1B7

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

CONTINUED... 6



RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 6
(4567)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
FILE CURRENCY : 11 FEB 2021

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CASHION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
KILLING NO. OF PAGES SCHEDULE NUMBERS UNDER
001 001 20161103 1147 1862 9861

01 RECORD FILE NUMBER 721930131

21 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED REMARVAL CORRECT
001 X A AMENDMENT YEARS PARULOS

22 FIRST-GIVEN NAME INITIAL SURNAME
ARDENTON CAPITAL CORPORATION

23 BUSINESS NAME ARDENTON CAPITAL CORPORATION

24 OTHER CHANGE TO DELETE THE COLLATERAL CLASSIFICATIONS "INVENTORY", "EQUIPMENT"
25 REASON/ AND "MOTOR VEHICLE".
26 DESCRIPTION
27
28

02/ DEBTOR/ DATE-OF-BIRTH FIRST-GIVEN NAME INITIAL SURNAME
05 TRANSFEREE BUSINESS NAME ADDRESS

03/ ADDRESS ONTARIO CORPORATION NO.
06

29 ASSIGNOR SECURED PARTY/LIEN-CLAIMANT/ASSIGNER

08 COLLATERAL CLASSIFICATION ADDRESS

09 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OF MATUREITY DATE
YEAR MAKE MODEL Y-T-N

10 MOTOR VEHICLES GENERAL COLLATERAL DESCRIPTION

11 SECURED PARTY/ ADDRESS WEIRFOULDS LLP (M. MCISAAC)

12 GENERAL COLLATERAL DESCRIPTION WEIRFOULDS LLP (M. MCISAAC)

13 SECURED PARTY/ ADDRESS 66 WELLINGTON STREET WEST, SUITE 4100 TORONTO

14 LIEN CLAIMANT

15

16

17

ON MSK 1B7

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

CONTINUED...

7





REPORT : PSSR060
PAGE : 7
(4568)

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100223.82

TYPE OF SEARCH : BUSINESS DEPTOR
SEARCH CONDUCTED ON : ARDENTON CAPITAL CORPORATION
FILE CURRENCY : 11FEB 2021

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

| FILE NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER | REGISTRATION NUMBER |
|-------------|-------------------------|-------------------------|---------------------|
| 730217367 | 20170726 1243 1862 0689 | | |
| 722415627 | 20161110 1536 1862 0393 | | |
| 722417814 | 20161110 1605 1862 0405 | | |
| 721930131 | 20161027 0943 1862 9191 | 20161103 1147 1862 9861 | |

5 REGISTRATON(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

099

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: New Brunswick
Type of Search: Debtors (Enterprise)
Search Criteria: ARDENTON CAPITAL CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm): 2021-02-12 12:20 (Atlantic)
Transaction Number: 21293023
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------|-----------------|-------|
| | | | | |

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts


- 0 registration(s) contained information that **exactly** matched the search criteria you specified.
- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This is Exhibit "L" referred to in the Affidavit of J. Livingstone sworn (or affirmed) before me at Vancouver, B.C. this 2 day of March, 2021.

 A Commissioner/Notary Public for the Province of British Columbia

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)
Search Criteria: ARDENTON CAPITAL CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm): 2021-02-12 12:19 (Atlantic)
Transaction Number: 21293012
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------|-----------------|-------|
|-------|----------|------------------------------|-----------------|-------|

An "*" in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts


- 0 registration(s) contained information that **exactly** matched the search criteria you specified.
- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This is Exhibit "N" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 7 day of March, 2021.

A Commissioner/Notary Public for the
Province of British Columbia

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Prince Edward Island
Type of Search: Debtors (Enterprise)

Search Criteria: ARDENTON CAPITAL CORPORATION

Date and Time of Search (YYYY-MM-DD hh:mm): 2021-02-12 12:21 (Atlantic)
Transaction Number: 21293034
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------|-----------------|-------|
|-------|----------|------------------------------|-----------------|-------|

An "*" in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.
- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

END OF REPORT

This is Exhibit "N" referred to in the Affidavit of J. Livingstone sworn (or affirmed) before me at Vancouver, B.C. this 2 day of March, 2021.

[Signature]
A Commissioner/Notary Public for the Province of British Columbia

102

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Newfoundland and Labrador
Type of Search: Debtors (Enterprise)
Search Criteria: ARDENTON CAPITAL CORPORATION
Date and Time of Search (YYYY-MM-DD hh:mm): 2021-02-12 12:21 (Atlantic)
Transaction Number: 21293031
Searched By: W175316

The following table lists records that match the Debtors (Enterprise) you specified.

| Exact | Included | Original Registration Number | Enterprise Name | Place |
|-------|----------|------------------------------|-----------------|-------|
|-------|----------|------------------------------|-----------------|-------|

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.


- 0 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca


END OF REPORT

This is Exhibit " 0 " referred to in the
 Affidavit of J. Livingstone
 sworn (or affirmed) before me at
Vanouver, B.C.
 this 2 day of March 2021.

 A Commissioner/Notary Public for the
 Province of British Columbia

PROVINCE OF BRITISH COLUMBIA
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM

| | |
|---------------------|--------------------------------|
| Search Date: | 03/01/2021 |
| File Currency Date: | 03/01/2021 |
| Search Start Date: | |
| Client Reference: | 0064103.00003 |
| Type of Search: | DEBTOR SEARCH |
| Search Criteria: | ARDENTON CAPITAL BRIDGING INC. |

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE

This is Exhibit "P" referred to in the
 Affidavit of J. Livingstone
 sworn (or affirmed) before me at
Vancouver, B.C.
 this 7 day of March, 2021.

 A Commissioner/Notary Public for the
 Province of British Columbia

TRANSACTION ID: 15429826
 ESC CORPORATE SERVICES LTD.
 445 KING STREET WEST, SUITE 400
 TORONTO ON M5V 1K4

BC OnLine: PPRS SEARCH RESULT 2021/02/12
Lterm: XPSP0050 For: PA14549 PPSACANADA.COM 10:38:37

Attn./Ref. No.: (001242265)

Index: BUSINESS DEBTOR

Search Criteria: REGIMEN CAPITAL PARTNERS INC.

105

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: JUL 20, 2016 Reg. Length: 5 YEARS
Reg. Time: 16:30:10 Expiry Date: JUL 20, 2021
Base Reg. #: 427982J Control #: D3924828

Block#

S0001 Secured Party: THE TORONTO-DOMINION BANK
1933 WILLINGDON AVENUE, 2/F
BURNABY BC V5C 5J3

=D0001 Base Debtor: REGIMEN CAPITAL PARTNERS INC.
(Business) 570-1285 WEST PENDER STREET
VANCOUVER BC V6E 4B1

General Collateral:

ALL PRESENT AND AFTER ACQUIRED RIGHT, TITLE AND INTEREST OF THE DEBTOR IN AND TO ALL SHARES IN THE CAPITAL OF STEVENSON INDUSTRIAL REFRIGERATION LTD. (THE "SHARES") AND ALL MONEY, INVESTMENT PROPERTY, GOODS, RIGHTS ARISING OUT OF OR PROPERTY COLLECTED ON OR DISTRIBUTED ON ACCOUNT OF THE SHARES, AND ALL PROCEEDS THEREOF. PROCEEDS: ALL GOODS, INVESTMENT PROPERTY, INSTRUMENTS, DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES OR MONEY NOW OR HEREAFTER FORMING PROCEEDS OF THE FOREGOING COLLATERAL. TERMS USED IN THIS GENERAL COLLATERAL DESCRIPTION WHICH ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT (BRITISH COLUMBIA) SHALL HAVE THE MEANINGS SPECIFIED IN THAT ACT, UNLESS THE CONTEXT OTHERWISE INDICATES.

Registering

Party: SYNERGY BUSINESS LAWYERS
2300-925 WEST GEORGIA STREET
VANCOUVER BC V6C 3L2

----- A M E N D M E N T / O T H E R C H A N G E -----

Reg. #: 817190J Reg. Date: FEB 10, 2017
Reg. Time: 08:17:04
Control #: D4322586

Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 427982J Base Reg. Date: JUL 20, 2016

Details Description:

ADD DEBTOR.

Block#

*** ADDED ***

D0002 Bus. Debtor: ARDENTON CAPITAL CORPORATION
1021 HASTINGS W 9TH FLOOR
VANCOUVER BC V6E 0C3

RUN NUMBER : 043
RUN DATE : 2021/02/12
ID : 20210212100215.74

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(4561)

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 : ARDENTON CAPITAL BRIDGING INC.

FILE CURRENCY : 11FEB 2021

ENQUIRY NUMBER 20210212100215.74 CONTAINS 1 PAGE(S), 0 FAMILY(IES).

NO REGISTRATIONS ARE REPORTED IN THIS ENQUIRY RESPONSE.

AIRD & BERLIS LLP
ATTN: JENAYA MCLEAN
HOLD FOR PICKUP
TORONTO ON M5J2T9



IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. (collectively, the "Petitioners") have developed the assumptions and prepared the attached statement of projected cash flow as of the 2nd day of March, 2021 for the period March 3, 2021 to May 9, 2021 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Petitioners and provide a reasonable basis for the Cash Flow.

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

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Vancouver this 2nd day of March, 2021.

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

James Livingstone

This is Exhibit "2" referred to in the
Affidavit of J. Livingstone
sworn (or affirmed) before me at
Vancouver, B.C.
this 2 day of March, 2021.

A Commissioner/Notary Public for the
Province of British Columbia

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

Projected Statement of Cash Flow

For the Period Ending May 9, 2021

(Unaudited; \$C)

| Notes | Weeks Ending | | | | | | | | | | Total | |
|--|----------------|----------------|---------------|-----------|----------------|-----------|----------------|------------------|----------------|----------------|------------------|--|
| | 07-Mar-21 | 14-Mar-21 | 21-Mar-21 | 28-Mar-21 | 04-Apr-21 | 11-Apr-21 | 18-Apr-21 | 25-Apr-21 | 02-May-21 | 09-May-21 | | |
| Receipts | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | |
| 2 | 634,825 | - | - | - | 353,030 | - | - | 2,888,796 | 318,280 | 220,000 | 4,414,931 | |
| 3 | - | - | - | - | - | - | - | - | 151,089 | - | 151,089 | |
| 4 | - | - | - | - | - | - | - | - | 42,375 | - | 42,375 | |
| Total Receipts | 634,825 | - | - | - | 353,030 | - | - | 2,888,796 | 511,744 | 220,000 | 4,608,395 | |
| Disbursements | | | | | | | | | | | | |
| 5 | - | 90,017 | 66,662 | - | 29,528 | - | 210,149 | - | 11,649 | - | 408,006 | |
| 6 | - | 112,222 | - | - | 132,330 | - | 96,398 | - | 104,999 | - | 445,948 | |
| 7 | - | - | - | - | 41,500 | - | - | - | 41,500 | - | 83,000 | |
| | - | - | - | - | 27,000 | - | - | - | 27,000 | - | 54,000 | |
| | 64,467 | - | - | - | 10,000 | - | - | - | 10,000 | - | 84,467 | |
| | - | 2,500 | 10,500 | - | 7,500 | - | 10,500 | - | 7,500 | - | 36,000 | |
| | - | - | - | - | 23,500 | - | 2,500 | - | 23,500 | - | 52,000 | |
| Total Disbursements | 64,467 | 204,739 | 77,162 | - | 271,357 | - | 319,547 | - | 226,148 | - | 1,163,421 | |
| Net cash flow before the undermoted | | | | | | | | | | | | |
| | 570,358 | (204,739) | (77,162) | - | 81,672 | - | 2,569,249 | - | 285,596 | 220,000 | 3,444,973 | |
| Restructuring fees | | | | | | | | | | | | |
| | - | - | 200,000 | - | 200,000 | - | 200,000 | - | 200,000 | - | 800,000 | |
| Net cash flow | | | | | | | | | | | | |
| | 570,358 | (204,739) | (277,162) | - | (118,328) | - | 2,369,249 | - | 85,596 | 220,000 | 2,644,973 | |
| Opening Cash Balance | | | | | | | | | | | | |
| | 252,992 | 823,349 | 618,610 | 341,448 | 341,448 | 223,120 | 223,120 | 2,592,369 | 2,592,369 | 2,677,965 | 252,992 | |
| Net cash flow | | | | | | | | | | | | |
| | 570,358 | (204,739) | (277,162) | - | (118,328) | - | 2,369,249 | - | 85,596 | 220,000 | 2,644,973 | |
| Closing Cash Balance | | | | | | | | | | | | |
| | 823,349 | 618,610 | 341,448 | 341,448 | 223,120 | 223,120 | 2,592,369 | 2,592,369 | 2,677,965 | 2,897,965 | 2,897,965 | |

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.
Notes to Projected Statement of Cash Flow
For the Period Ending May 9, 2021
(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Petitioners for the period from March 3, 2021 to May 9, 2021 (the "Period") in respect of their potential proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions

2. Represent receipts from the Petitioners' subsidiaries, including interest, management fees, and other receipts. Receipts for the week ending March 7, 2021 include \$542,000 from a transaction the Petitioners completed prior to the filing to sell 15% of Ardenton Capital (Canada) Inc.'s interest in Combat Networks Inc. Receipts also include proceeds from the refinancing of OES Inc. in the amount of \$2.9 million in the week ending April 18, 2021.
3. Represents interest received from Comtrad Strategic Sourcing Inc. ("Comtrad"), a subsidiary of Ardenton Capital Bridging Inc. ("ACBI")
4. Represents management fees paid by Comtrad to ACBI.

Probable Assumptions

5. Represents operating disbursements to the Petitioners' subsidiaries, including disbursements for payroll, professional fees, mortgage, and taxes.
6. Represents the Petitioners' payroll, payroll remittances and related fees.
7. Includes accounting, legal, and consulting fees not related to the Petitioners' restructuring.
8. Includes estimated payments to the Monitor, its counsel and the Petitioners' insolvency counsel.



S-211985

No: _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36

AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

CONSENT TO ACT AS MONITOR

KSV RESTRUCTURING INC. consents to act as monitor of the Petitioners, Ardenton Capital Corporation and Ardenton Capital Bridging Inc., pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.

DATED at Toronto this 1st day of March, 2021.

KSV RESTRUCTURING INC.

Per: _____
Name: Robert Kofman
Title: President



**Pre-Filing Report of
KSV Restructuring Inc.
as Proposed CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 3, 2021

| Contents | | Page |
|-----------------|-------------------------------------|-------------|
| 1.0 | Introduction..... | 1 |
| 2.0 | Background | 4 |
| 3.0 | Cash Flow Forecast..... | 7 |
| 4.0 | Court Ordered Charges | 9 |
| 5.0 | Creditor Notification | 10 |
| 6.0 | Conclusion and Recommendation | 11 |

| Appendix | | Tab |
|-----------------|--|------------|
| | KSV's Consent to Act as Monitor | A |
| | Corporate Chart..... | B |
| | Cash Flow and Management's Report on Cash Flow Forecast..... | C |
| | KSV's Report on Cash Flow Forecast..... | D |



COURT FILE NO.: _____

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

PRE-FILING REPORT OF KSV RESTRUCTURING INC. AS
PROPOSED MONITOR

MARCH 3, 2021

1.0 Introduction

1. KSV Restructuring Inc. ("KSV") understands that Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Petitioners") intend to make an application to the Supreme Court of British Columbia (the "Court") under the *Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended* (the "CCAA"), for an initial order (the "Initial Order") granting the Petitioners' protection under the CCAA, and appointing KSV as the monitor in these proceedings ("Monitor"). The Petitioners and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton."
2. The principal purpose of the CCAA proceedings is to provide the Petitioners with the opportunity to restructure their debt obligations in a stable environment with the breathing space afforded by filing for protection under the CCAA. The proceedings will provide a forum to allow the Petitioners to develop a plan of compromise or arrangement that is intended to provide creditors with a better outcome than an immediate liquidation of the Petitioners' assets and business. The Petitioners intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern at the earliest possible opportunity.
3. Pursuant to the terms of the Initial Order, the Petitioners are seeking:
 - a) Court-ordered Administration and D&O Charges (as each term is defined below); and
 - b) a stay of proceedings for the statutory ten (10) day period;
4. At a comeback motion to be scheduled within the initial statutory ten (10) day stay period (the "Comeback Motion"), the Petitioners intend to seek an increase to each of the Administration Charge and D&O Charge in amounts to be determined.

5. As discussed further in paragraph 3.6 below, at the Comeback Motion, or subsequently, the Petitioners may seek approval of a debtor-in-possession loan facility (a “DIP Facility”), the need for which is dependent on the Petitioners’ cash flow generated from its portfolio companies (collectively the “PCs” and each a “PC”), as more fully detailed below, and certain transactions that ACC’s management is presently negotiating.
6. The Affidavit of James Livingstone, the Chief Executive Officer and President of ACC, and the President of ACBI, sworn March 2, 2021 in support of the CCAA application (the “Affidavit”), provides, *inter alia*, background information and an overview of each of the Petitioners and their respective businesses, including the reasons for the commencement of these proceedings.
7. If the Court grants the relief set out in the Initial Order, the Court materials filed in these proceedings will be made available by KSV on its website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>. The case website will also include additional information concerning these proceedings, including “Frequently Asked Questions”.
8. KSV is filing this Report as proposed Monitor.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV’s qualifications to act as Monitor;
 - b) provide background information about Ardenton;
 - c) report on the Petitioners’ cash flow projection for the period March 3, 2021 to May 9, 2021 (the “Cash Flow Forecast”);
 - d) discuss the rationale for:
 - a charge in the amount of \$350,000 on each of the Petitioners’ current and future property, assets and undertaking (collectively, the “Property”) to secure the fees and disbursements of the Petitioners’ counsel, as well as the fees and disbursements of the Monitor and its independent counsel (the “Administration Charge”);
 - a charge in the amount of \$110,000 on the Property in favour of the sole director and the officers of the Petitioners (the “D&O Charge”) in respect of liabilities that accrue after the making of the Initial Order;
 - the proposed priority in the Initial Order of the Administration Charge and the D&O Charge; and
 - e) recommend that this Court grant the relief sought by the Petitioners in its CCAA application materials.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon Ardenton's unaudited financial information, books and records and discussions with Ardenton's management and legal counsel.
2. KSV has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Petitioners' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
4. This report does not consider the potential future impact of the COVID-19 pandemic (the "Pandemic") on Ardenton's business and operations. Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars. US Dollar and Great British Pounds have been converted to Canadian dollars at \$1.30 and \$1.72, respectively.

1.4 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada).
2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached as Appendix "A".
3. Pursuant to an engagement letter dated December 24, 2020, KSV was engaged to assist ACC to consider restructuring options and conduct certain financial analyses of its business. As a result of its engagement, KSV has acquired significant knowledge of Ardenton's business and operations, including the key issues and challenges presently facing the Petitioners. KSV will be able to assist Ardenton without delay following the issuance of the Initial Order as a result of the knowledge it has gained since the outset of its engagement.

4. Neither KSV nor any of its representatives or affiliates has been at any time in the past two years: (a) a director, officer or employee of any member of the Petitioners; (b) related to any member of the Petitioners, or to any director or officer of any member of the Petitioners; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Petitioners.

2.0 Background

1. ACC is the parent company of an integrated multinational private equity business. Through various holding companies, including ACBI, ACC acquires, with monies raised from its investors, majority ownership interests in the PCs, which are privately-owned mid-market businesses.
2. ACC currently has indirect majority ownership interests in fourteen (14) PCs located in Canada, the United States and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "B".
3. ACC was incorporated in British Columbia on May 3, 2010 as Regimen Capital Partners Inc. ("Regimen"). Regimen changed its name to Ardenton Capital Corporation on August 31, 2016, and subsequently amalgamated with its parent, Livingstone Acquisitions Inc., on January 2, 2018.
4. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investments. Rather, ACC raised the majority of its capital by issuing unsecured debt through instruments which pay annual interest of between 8% and 14% (weighted average of approximately 12%). ACC also issued common equity, but it is a comparatively small amount versus the amount it raised under its debt instruments. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Petitioners have raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity component), preferred securities and promissory notes (collectively the "Securities" and each a "Security"). The monies raised by ACC and ACBI were used, together with the PC Distributions (as defined below), to purchase the PCs, pay Ardenton's operating expenses, fund interest payments on existing debt obligations and redeem Securities. Generally, the Petitioners' debtholders have limited recourse against the issuer in the event of a default.
6. ACC's interest in the PCs is owned indirectly through its subsidiaries. ACC's acquisitions are funded through a combination of equity and debt advanced by ACC indirectly to the PCs through the holding companies that own the PCs. ACC indirectly receives interest, management fees and dividends or distributions from the PCs (collectively "PC Distributions"), although the PC Distributions have not historically been a major source of capital for ACC. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (through a 12% preferred security) with bank debt priced less expensively than the preferred security (the "PC Refinancing Transaction"). ACC is presently working to complete another such PC Refinancing Transaction.

7. ACC had not missed an interest payment on its debt obligations prior to the onset of the Pandemic; however, the Pandemic has negatively affected the ability of the PCs to make PC Distributions to ACC, and ACC's ability to continue to raise capital through the issuance of new Securities. Accordingly, the Petitioners are now significantly in arrears on their respective debt service obligations and neither can meet its obligations in the ordinary course. Interest arrears on the Petitioners' debt totalled approximately \$24 million as at February 28, 2021, which amount continues to accrue.
8. ACC's business model has historically been capital intensive. As a result, Ardenton recently implemented several significant cost reductions, including reducing its headcount from a peak of 82 employees to 25¹ presently, and closing its offices in the US and the UK, and most of them in Canada. Ardenton intends to disclaim its remaining office leases in Vancouver and Toronto shortly after the commencement of the contemplated proceedings. Ardenton intends to operate from a single, less costly, leased office in Vancouver.
9. The Petitioners' cash balance is presently insufficient to meet their liabilities in the ordinary course, and they are facing a liquidity crisis. The Petitioners are significantly in arrears on their interest obligations and cannot meet their redemption obligations which are now due or coming due. Additionally, ACC is unable to pay its vendor obligations in the normal course². Filing for CCAA protection will alleviate the Petitioners' immediate liquidity pressures and provide a forum for them to restructure their debt obligations.

2.1 Financial Position

1. A summary of the financial position of the Petitioners as at December 31, 2020 is provided below.

| (unaudited; \$000s) | ACC | ACBI |
|------------------------------|-----------|---------|
| Current assets | | |
| Intercompany receivables | 158,710 | 16,089 |
| Other current assets | 433 | 772 |
| Total current assets | 159,143 | 16,861 |
| Investments | 27,961 | 8,745 |
| Other assets | 7,063 | - |
| Total assets | 194,167 | 25,606 |
| Current liabilities | | |
| Accrued interest | 18,981 | 178 |
| Current portion of loans | 52,239 | - |
| Accounts payable | 1,545 | 9 |
| Other | 2,672 | 9 |
| Total current liabilities | 75,437 | 196 |
| Loans | 248,226 | - |
| Promissory notes | - | 22,201 |
| Total liabilities | 323,663 | 22,397 |
| Equity | | |
| Common stock | 24,769 | 8,745 |
| Other | 756 | 808 |
| Retained earnings | (155,021) | (6,344) |
| Total equity | (129,496) | 3,209 |
| Total liabilities and equity | 194,167 | 25,606 |

¹ Of the 25 employees, 15 are employed by the Petitioners.

² ACBI's vendor obligations are presently insignificant.

2. The balance sheets reflect that:
 - a) substantially all of the Petitioners' assets are illiquid – they largely consist of investments in the PCs, which were funded through intercompany loans and direct investments;
 - b) the Petitioners had liabilities totalling approximately \$346 million, mainly owing to debtholders; and
 - c) both Petitioners have significant negative retained earnings, reflecting a history of accumulated losses.
3. A summary as at December 31, 2020³ of the amounts owing under each type of Security issued by the Petitioners (including accrued and unpaid interest) is provided in the table below.

| (unaudited; \$000s) | ACC | ACBI | Total |
|----------------------|----------------------|--------|---------|
| Preferred securities | 240,784 | - | 240,784 |
| Hybrid securities | 59,681 | - | 59,681 |
| Accrued interest | 18,981 | 178 | 19,159 |
| Promissory notes | - | 22,201 | 22,201 |
| Total | 319,446 ⁴ | 22,379 | 341,825 |

2.2 Secured Creditors

1. Toronto Dominion Bank (“TD”) has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan *Personal Property Security Acts*. HSBC has registered a financing statement against ACC under the British Columbia *Personal Property Security Act*.
2. KSV has been advised that TD’s registrations were made in respect of limited recourse guarantees supported by share pledges that ACC had previously made in support of loans by TD to certain PCs. Shares in the PCs pledged to TD Bank are now held by Ardenton Capital Canada Inc. (“ACCI”), a non-applicant subsidiary of ACC, after an internal reorganization completed by Ardenton in 2019. KSV understands that ACC is working with TD to reflect the correct owner of the pledged PC shares.
3. HSBC is not a lender to the Petitioners. ACC maintains bank accounts at HSBC. The HSBC registration against ACC relates to HSBC’s security for ACC’s obligations in relation to account management and related services. Presently, there are no material obligations owed by ACC in respect of such services.

³ Balances are based on ACC and ACBI’s unaudited financial statements as at December 31, 2020.

⁴ Reconciles to the balance sheet as follows: loans (\$248,226) + accrued interest (\$18,981) + current portion of loans (\$52,239) = \$319,446.

2.3 Unsecured Creditors

1. As at December 31, 2020, the amounts owing by the Petitioners, including accrued interest, to their debtholders is provided in the table in paragraph 2.1.3 above. Interest has continued to accrue on those obligations since December 31, 2020.
2. As at February 28, 2021, ACC's vendor obligations totalled approximately \$1.6 million. ACC's vendor obligations relate to operating expenses, professional fees and broker fees, as further detailed below.

| (unaudited; \$000s) | ACC |
|-----------------------------------|--------------|
| Montrusco Bolton Investments Inc. | 311 |
| Ernst & Young LLP | 193 |
| Linedata Services Inc. | 127 |
| Lawson Lundell LLP | 51 |
| LinkedIn Ireland Company | 49 |
| Other | 886 |
| Total | 1,617 |

3. Other unsecured creditors of ACC as at February 28, 2021 include former employees and former shareholders pursuant to an agreement to purchase their shares dated December 30, 2017, as further detailed below:

| (unaudited; \$000s) | ACC |
|---------------------|--------------|
| Former shareholders | 1,588 |
| Various employees | 900 |
| Total | 2,488 |

4. Further information concerning the Petitioners' liabilities is provided in the Affidavit.

3.0 Cash Flow Forecast

1. The Petitioners have prepared the Cash Flow Forecast for the period March 3, 2021 to May 9, 2021. The Cash Flow Forecast and the Petitioners' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "C".
2. The Cash Flow Forecast reflects that the Petitioners should have sufficient liquidity to pay post-filing expenses to May 9, 2021, as reflected in the table below.

| (unaudited; \$000s) | March 3 – May 9 |
|-----------------------|-----------------|
| Receipts | |
| Intercompany | 4,415 |
| Interest | 151 |
| Management fees | 42 |
| | 4,608 |
| Disbursements | |
| Intercompany | 408 |
| Payroll and benefits | 446 |
| Professional services | 83 |
| IT | 54 |
| Rent | 84 |
| Insurance | 36 |
| Restructuring fees | 800 |
| Other | 52 |
| | 1,963 |
| Net Cash Flow | 2,645 |
| Opening Cash Balance | 253 |
| Net Cash Flow | 2,645 |
| Closing Cash Balance | 2,898 |

3. Based on KSV's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "D".
4. An overview of Ardenton's cash management system is as follows:
 - a. the PCs pay PC Distributions to ACC's subsidiaries, including Ardenton Capital (Canada) Inc., Ardenton Capital (USA) Inc., ACBI and Ardenton Capital Investments Limited (collectively, the "ACC Subsidiaries");
 - b. the PC Distributions are then distributed by the ACC Subsidiaries directly and indirectly to ACC; and
 - c. ACC then funds all the operating costs of the ACC Subsidiaries, including their normal course operating costs.
5. During the course of the CCAA proceedings, the ACC Subsidiaries intend to maintain sufficient cash received from the PCs to pay their operating costs, with the residual amount distributed to ACC. If, however, the ACC Subsidiaries require funding for operating expenses, ACC intends to make advances through intercompany loans. Other than ACBI, none of the ACC Subsidiaries have any significant third-party debt. In the case of ACBI, the Monitor understands that the Petitioners may seek a Court-ordered intercompany charge at the Comeback Motion to protect ACBI's creditors for any distributions made by ACBI to ACC.
6. If ACC continues to receive its expected normal course distributions from the PCs, and is able to complete the PC Refinancing Transaction referenced in paragraph 2.1.3 above, the Petitioners project that they will have sufficient liquidity to fund their operations and the costs of these proceedings for at least the next six months. If ACC is unable to source the liquidity it requires, the Petitioners may require a DIP Facility. On a contingency basis, the Petitioners have commenced discussions with prospective lenders. Further information regarding the need for a DIP Facility will be addressed in due course, if necessary.

4.0 Court Ordered Charges

4.1 Administration Charge

1. The Petitioners are seeking an Administration Charge in an amount not to exceed \$350,000 until the date of the Comeback Motion to secure the fees and expenses of the Monitor, its counsel and the Petitioners' counsel.
2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by the professionals engaged to assist a debtor company in the CCAA proceedings and to protect them if the debtor is unable to pay professional fees and costs during the CCAA process.
3. The Petitioners worked with KSV to estimate the proposed amount of the Administration Charge.
4. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Petitioners' business, including its global operations and its large number of investors. Additionally, the professionals involved in these proceedings have significant accrued and unpaid fees at this time due to the Petitioners' illiquidity. Accordingly, the professionals require the benefit of the Administration Charge to protect them for their pre-filing fees related to preparing for these proceedings, as well as for their fees and costs during these proceedings. Without such protection, the professionals are unlikely to be prepared to continue to provide services in these proceedings.

4.2 D&O Charge

1. KSV understands that the Petitioners are current on their normal course payroll obligations (including withholding taxes) and sales taxes, other than certain accrued and unpaid bonuses totaling approximately \$654,000. The unpaid bonuses are not projected to be paid in the Cash Flow Forecast.
2. The Cash Flow Forecast contemplates payroll and sales taxes will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the directors and officers should the Petitioners fail to pay certain obligations which may give rise to liability for directors and officers.
3. The directors and officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, to the extent such coverage is insufficient to pay an indemnified amount as described above, or to the extent that such coverage is denied by the insurance provider.
4. The amount of the D&O Charge was estimated by the Petitioners in consultation with KSV, taking into consideration the payroll obligations of ACC. The Petitioners are generally in a sales tax refund position. The amount of payroll in one payroll cycle is approximately \$110,000, which represents the proposed amount of the D&O Charge until the date of the Comeback Motion.⁵

⁵ Excludes pre-filing bonuses.

5. KSV is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Petitioners and these proceedings.

4.3 Priority of Charges

1. The Petitioners propose the Court-ordered charges have the following priority:
 - a) First, the Administration Charge; and
 - b) Second, the D&O Charge.

5.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
 - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
 - b) within five days of the granting of the Initial Order to:
 - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
 - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated confidentially.
2. ACC's management has advised KSV that its investors have an expectation of privacy and would therefore be averse to having their addresses and amounts invested in the Petitioners made publicly available. Accordingly, the Initial Order contemplates that the addresses and the amounts invested by investors will be not be disclosed on the creditors' list that will be made available on the Monitor's website or elsewhere. As a result of the privacy expectations of the investors, the Monitor supports this relief.
3. If appointed Monitor, KSV will also post the Initial Order and all motion materials on a its case website.

6.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Sections 1.0 (3) and 1.1 (1)(e) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
AS PROPOSED MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

No: _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36**

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.**

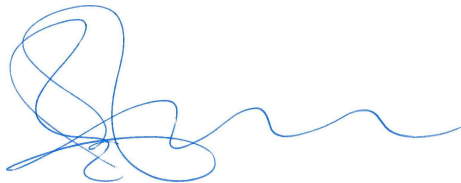
PETITIONERS

CONSENT TO ACT AS MONITOR

KSV RESTRUCTURING INC. consents to act as monitor of the Petitioners, Ardenton Capital Corporation and Ardenton Capital Bridging Inc., pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.

DATED at Toronto this 1st day of March, 2021.

KSV RESTRUCTURING INC.



Per: _____

Name: Robert Kofman

Title: President

Appendix “B”

Organizational Chart as of December 31, 2020

Last modified: Jan 13, 2021

Ardenton Capital Corporation

Amalgamated January 2, 2018
Class A Voting Common Shares:
Livingstone Holdings Inc. (80.67%)
Pushkin Holdings Inc. (5.20%)
Robert Macpherson (7.32%)
Scott Ryan (0.29%)
Class C Voting Common Shares:
2540832 Ontario Inc. (2.11%)
Jeffrey Charbonneau (4.44%)
Director:
James Livingstone
Officers:
James Livingstone

Ardenton Capital (Canada) Inc.
Incorporated May 8, 2018
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officers:
James Livingstone

Ardenton Capital Bridging Inc.
Incorporated September 22, 2017
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officers:
James Livingstone

Ardenton Capital Limited
Incorporated in the United Kingdom (October 28, 2016)
Common Shares:
Ardenton Capital Corporation (100%)
Directors:
James Livingstone, Michael Bradbury
Officer:
James Livingstone

Ardenton Employee Equity Inc.
Incorporated September 7, 2017
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officers:
James Livingstone

Ardenton Equity Partners Inc.
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officer:
James Livingstone

Ardenton Financial Inc.
Incorporated August 29, 2017
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officers:
James Livingstone, Martha Kane,

Ardenton Partners Inc.
Incorporated August 20, 2010
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officer:
James Livingstone

Go Plumbing and HVAC Services Ltd.
Acquired January 1, 2015
Common Shares:
Ardenton Capital Corporation (100%)
Director:
James Livingstone
Officer:
James Livingstone

Regimen Equity Partners Limited Partnership
Ardenton Capital Corporation (3.29%)

1971035 Ontario Inc. (Leone)
Amalgamated February 28, 2017
Common Shares:
Ardenton Capital (Canada) Inc. (51%)
Leone Financial Corp. (49%)
Directors:
Giuseppe Leone, James Livingstone, Greg Palmer
Officer:
Giuseppe Leone, Anthony Leone, Michael Leone

Blakie Land Holdings Inc.
Amalgamated January 1, 2019
Common Shares:
Ardenton Capital (Canada) Inc. (100%)
Director:
James Livingstone
Officer:
James Livingstone

Ardenton Capital (USA), Inc.
Incorporated February 27, 2017
Common Shares:
Ardenton Capital Bridging Inc. (100%)
Director:
James Livingstone
Officers:
James Livingstone

Comtrad Strategic Sourcing Inc.
Acquired October 12, 2017
Common Shares:
Ardenton Capital Bridging Inc. (100%)
89.9%
Jim Long 10.1%
Directors:
Greg Palmer, Jim Long, James Livingstone
Officers:
James Long, Greg Palmer

Ardenton Capital Investments Limited
Incorporated in the United Kingdom (October 20, 2016)
Common Shares:
Ardenton Capital Limited (100%)
Directors:
James Livingstone, Michael Bradbury, Allan Dunn
Officer:
James Livingstone

G.K. Mechanical Ltd.
Acquired February 20, 2012
Common Shares:
Ardenton Partners Inc. (100%)
Director:
James Livingstone
Officers:
James Livingstone, Greg Palmer

Leader Mechanical Contracting Ltd.
Incorporated June 10, 2013
Common Shares:
Ardenton Partners Inc. (100%)
Director:
James Livingstone
Officer:
Greg Palmer

Canadian Posters International Inc.
Acquired December 20, 2019 Common shares:
Ardenton Capital (Canada) Inc. (75%)
1632833 Ont. Inc. (18.6%)
Richie Cohen (3.2%)
Andrew Cohen (3.2%)
Directors:
Karim Karji, Jeff Charbonneau, Jonathan Draycott, Richard Cohen, Andrew Cohen
Officers:
Richard Cohen, Andrew Cohen, Darouny Marcus, Karim Karji

Combat Land Holdings Inc.
Incorporated March 29, 2017
Common Shares:
Ardenton Capital (Canada) Inc. (99%)
James Livingstone (1%)
Director:
James Livingstone
Officer:
James Livingstone

Achieve 1 Holdings LLC
Acquired March 5, 2018
Common Shares:
Ardenton Capital (USA) Inc. (70%)
Michael Thomas (20%)
Frank Jenkins (10%)
Directors:
Thom Green, Patrick Barry, Jeff Charbonneau, Michael Thomas, Frank Jenkins
Officers:
Michael Thomas, Frank Jenkins

Aghoco 1507 Limited
Incorporated in the United Kingdom (January 31, 2017)
Common Shares:
Ardenton Capital Investments Limited (99%)
Sophie Williams (5%)
Directors:
Sophie Williams, Michael Bradbury, Allan Dunn, Andrew Doodwell

Ardenton Care Holdings Limited
Incorporated in the United Kingdom (September 27, 2019)
Common Shares:
Ardenton Capital Investments Limited (99%)
Michael Walsh (1%)
Directors:
Michael Bradbury, Liam Bain, Allan Dunn, Michael Walsh

BGC Investco Limited
Incorporated in the United Kingdom (January 23, 2019)
Common Shares:
Ardenton Capital Investments Limited (100%)
Directors:
Michael Bradbury, Allan Dunn

FIBG Holdco Limited
Incorporated in the United Kingdom (May 2, 2019)
Common Shares:
Ardenton Capital Investments Limited (51%)
Robert Brace (16.33%)
Bruce Murray (16.33%)
Simon Woodhouse (16.33%)
Directors:
Michael Bradbury, Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

PPCA Holdco Limited
Incorporated in the United Kingdom (May 2, 2018)
Common Shares:
Ardenton Capital Investments Limited (85%)
David Fox (5%)
Anthony Hague (10%)
Directors:
Anthony Hague, Allan Dunn, Michael Bradbury

Shaftec Topco Limited
Incorporated in the United Kingdom (October 23, 2018)
Common Shares:
Ardenton Capital Investments Limited (100%)
Directors:
Michael Bradbury

Combat Networks Inc.
Acquired November 10, 2016
Common Shares:
Ardenton Capital (Canada) Inc. (70%)
Robert Finucan (30%)
Directors:
Jeff Charbonneau, Rob Finucan, Karim Karji
Officer:
Robert Finucan

The Pipe Yard Properties Ltd.
Incorporated December 13, 2012
Common Shares:
Ardenton Capital (Canada) Inc. (25%)
763372 Alberta Ltd. (25%)
1694313 Alberta Ltd. (25%)
KTV Consulting Ltd. (25%)
Directors:
Dave LeMoine, Joseph Pobihushchy, Lorne Bradshaw, James Livingstone
Officers:
Dave LeMoine, Joseph Pobihushchy, Lorne Bradshaw, James Livingstone

Achieve 1 LLC
Acquired March 5, 2018
Common Shares:
Achieve 1 Holdings LLC (100%)
Directors:
Michael Thomas, Frank Jenkins
Officers:
Michael Thomas, Frank Jenkins

W. Corbett & Co. (Galvanizing) Limited
Incorporated in the United Kingdom
Acquired April 7, 2017
Common Shares:
Aghoco 1507 Limited (100%)
Directors:
Sophie Williams, Andrew Doodwell

Pebble Holdco Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Ardenton Care Holdings Limited (100%)
Directors:
Liam Bain, Michael Walsh

BGC Bidco Limited
Incorporated in the United Kingdom (February 20, 2019)
Common Shares:
BGC Investco Limited (51%)
Paul Lavery (49%)
Directors:
Allan Dunn, Michael Bradbury, Paul Lavery

Food Innovations Baking Group Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
FIBG Holdco Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

PP Control & Automation Limited
Incorporated in the United Kingdom
Acquired June 7, 2018
Common Shares:
PPCA Holdco Limited (100%)
Directors:
Anthony Hague, Sean James Cayley, Allan Dunn, Ian Robert Knight, Stewart Robertson, Garry Myatt

Shaftec Holdco Limited
Incorporated in the United Kingdom (October 17, 2018)
Common Shares:
Shaftec Topco Limited (60%)
Robert Jones (18%)
Thomas Curtis (18%)
Scott Marshall (4%)
Directors:
Allan Dunn, Michael Bradbury, Robert Jones, Thomas Curtis, Scott Marshall

Stevenson Industrial Refrigeration Ltd.
Acquired July 25, 2016
Common Shares:
Ardenton Capital (Canada) Inc. (59%)
10130514 Saskatchewan Ltd. (21%)
SauGoodman Holdings Inc. (14%)
Directors:
James Livingstone, Bob Stevenson, Greg Palmer
Officer:
Bob Stevenson

The Pipe Yard Ltd.
Acquired November 30, 2012
Common Shares:
Ardenton Capital (Canada) Inc. (68%)
David LeMoine (12%)
763372 Alberta Ltd. (10%)
1694313 Alberta Ltd. (10%)
Directors:
Dave LeMoine, Joseph Pobihushchy, Greg Palmer
Officer:
Joseph Pobihushchy

Care Holdings Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Pebble Holdco Limited (100%)
Director:
Liam Bain, Michael Walsh

Ardenton Care Propco Limited
Incorporated in the United Kingdom (January 8, 2020)
Common Shares:
Pebbles Care Limited (100%)
Directors:
Liam Bane, Michael Walsh, Michael Bradbury, Allan Dunn

Pebbles Care Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Pebble Holdco Limited (100%)
Directors:
Liam Bain, Michael Walsh

Budget Greeting Cards (Ireland) Limited
Incorporated in the United Kingdom
Acquired March 5, 2019
Common Shares:
BGC Bidco Limited (100%)
Directors:
Allan Dunn, Paul Lavery

Budget Trading Limited
Incorporated in the United Kingdom
Acquired March 5, 2019
Common Shares:
BGC Bidco Limited (100%)
Directors:
Allan Dunn, Paul Lavery

Doric Cake Crafts Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Food Innovations Baking Group Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Doric Crimped Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Food Innovations Baking Group Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Doric FPD Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Food Innovations Baking Group Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Food Innovations Holdings Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Food Innovations Baking Group Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

M&B of London Limited
Incorporated in the United Kingdom
Dormant Entity
Common Shares:
Food Innovations Baking Group Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Shaftec Automotive Components Limited
Incorporated in the United Kingdom
Acquired November 30, 2018
Common Shares:
Shaftec Holdco Limited (100%)
Directors:
Allan Dunn, Robert Jones, Thomas Curtis, Mitesh Thanki, Andrew Doodwell

OES Inc.
Acquired November 24, 2016
Common Shares:
Ardenton Capital (Canada) Inc. (71.5%)
The Ngo Family Trust (7.5%)
The Reeve Family Trust (7.5%)
Jeff Stewart (6.0%)
The Thompson Family Trust (7.5%)
Directors:
Linda Russell, Karim Karji, Jeff Charbonneau, Carl Thompson, Thom Green
Officers:
Jeff Stewart, Linda Russell, Carl Thompson, Kiet Ngo

Partners in Care Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Care Holdings Limited (100%)
Director:
Liam Bain, Michael Walsh

Radical Services Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Care Holdings Limited (100%)
Director:
Liam Bain, Michael Walsh

A Significant Other Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Pebble Care Limited (100%)
Director:
Liam Bain, Michael Walsh

Crossway Services Limited
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Pebble Care Limited (100%)
Director:
Liam Bain, Michael Walsh

No. 57 Ltd.
Incorporated in the United Kingdom
Acquired November 8, 2019
Common Shares:
Pebble Care Limited (100%)
Directors:
Liam Bain, Michael Walsh

Budget Greeting Cards Limited
Incorporated in the United Kingdom (March 8, 1984)
Common Shares:
Budget Trading Limited (100%)
Directors:
Allan Dunn, Paul Lavery

Xquisite Gift Dressings Limited
Incorporated in the United Kingdom (November 7, 2014)
Common Shares:
Budget Trading Limited (100%)
Directors:
Allan Dunn, Paul Lavery

Doric Crimped Properties Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Doric Crimped Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Food Innovations (Manufacturing) Limited
Incorporated in the United Kingdom
Acquired May 30, 2019
Common Shares:
Food Innovations Holdings Limited (100%)
Directors:
Allan Dunn, Robert Brace, Bruce Murray, Simon Woodhouse

Shaftec Automotive Components Ltd.
Incorporated in the United Kingdom
Acquired November 30, 2018
Common Shares:
Shaftec Automotive Components Holdings Limited (100%)
Directors:
Allan Dunn, Robert Jones, Thomas Curtis, Mitesh Thanki, Andrew Doodwell

Direct Greetings Limited
Incorporated in the United Kingdom (September 22, 2004)
Common Shares:
Budget Greeting Cards Limited (100%)
Directors:
Allan Dunn, Paul Lavery

Appendix “C”

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

Projected Statement of Cash Flow

For the Period Ending May 9, 2021

(Unaudited; \$C)

| | Notes | Weeks Ending | | | | | | | | | | Total |
|--|-------|----------------|------------------|------------------|----------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|
| | | 07-Mar-21 | 14-Mar-21 | 21-Mar-21 | 28-Mar-21 | 04-Apr-21 | 11-Apr-21 | 18-Apr-21 | 25-Apr-21 | 02-May-21 | 09-May-21 | |
| <i>Receipts</i> | | | | | | | | | | | | |
| | 1 | | | | | | | | | | | |
| Intercompany | 2 | 634,825 | - | - | - | 353,030 | - | 2,888,796 | - | 318,280 | 220,000 | 4,414,931 |
| Interest | 3 | - | - | - | - | - | - | - | - | 151,089 | - | 151,089 |
| Management Fees | 4 | - | - | - | - | - | - | - | - | 42,375 | - | 42,375 |
| <i>Total Receipts</i> | | <u>634,825</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>353,030</u> | <u>-</u> | <u>2,888,796</u> | <u>-</u> | <u>511,744</u> | <u>220,000</u> | <u>4,608,395</u> |
| <i>Disbursements</i> | | | | | | | | | | | | |
| Intercompany | 5 | - | 90,017 | 66,662 | - | 29,528 | - | 210,149 | - | 11,649 | - | 408,006 |
| Payroll and benefits | 6 | - | 112,222 | - | - | 132,330 | - | 96,398 | - | 104,999 | - | 445,948 |
| Professional services | 7 | - | - | - | - | 41,500 | - | - | - | 41,500 | - | 83,000 |
| IT | | - | - | - | - | 27,000 | - | - | - | 27,000 | - | 54,000 |
| Rent | | 64,467 | - | - | - | 10,000 | - | - | - | 10,000 | - | 84,467 |
| Insurance | | - | - | 10,500 | - | 7,500 | - | 10,500 | - | 7,500 | - | 36,000 |
| Other | | - | 2,500 | - | - | 23,500 | - | 2,500 | - | 23,500 | - | 52,000 |
| <i>Total Disbursements</i> | | <u>64,467</u> | <u>204,739</u> | <u>77,162</u> | <u>-</u> | <u>271,357</u> | <u>-</u> | <u>319,547</u> | <u>-</u> | <u>226,148</u> | <u>-</u> | <u>1,163,421</u> |
| <i>Net cash flow before the undernoted</i> | | <u>570,358</u> | <u>(204,739)</u> | <u>(77,162)</u> | <u>-</u> | <u>81,672</u> | <u>-</u> | <u>2,569,249</u> | <u>-</u> | <u>285,596</u> | <u>220,000</u> | <u>3,444,973</u> |
| Restructuring fees | 8 | - | - | 200,000 | - | 200,000 | - | 200,000 | - | 200,000 | - | 800,000 |
| <i>Net cash flow</i> | | <u>570,358</u> | <u>(204,739)</u> | <u>(277,162)</u> | <u>-</u> | <u>(118,328)</u> | <u>-</u> | <u>2,369,249</u> | <u>-</u> | <u>85,596</u> | <u>220,000</u> | <u>2,644,973</u> |
| Opening Cash Balance | | 252,992 | 823,349 | 618,610 | 341,448 | 341,448 | 223,120 | 223,120 | 2,592,369 | 2,592,369 | 2,677,965 | 252,992 |
| Net cash flow | | 570,358 | (204,739) | (277,162) | - | (118,328) | - | 2,369,249 | - | 85,596 | 220,000 | 2,644,973 |
| Closing Cash Balance | | <u>823,349</u> | <u>618,610</u> | <u>341,448</u> | <u>341,448</u> | <u>223,120</u> | <u>223,120</u> | <u>2,592,369</u> | <u>2,592,369</u> | <u>2,677,965</u> | <u>2,897,965</u> | <u>2,897,965</u> |

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

Notes to Projected Statement of Cash Flow

For the Period Ending May 9, 2021

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Petitioners for the period from March 3, 2021 to May 9, 2021 (the "Period") in respect of their potential proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions

2. Represent receipts from the Petitioners' subsidiaries, including interest, management fees, and other receipts. Receipts for the week ending March 7, 2021 include \$542,000 from a transaction the Petitioners completed prior to the filing to sell 15% of Ardenton Capital (Canada) Inc.'s interest in Combat Networks Inc. Receipts also include proceeds from the refinancing of OES Inc. in the amount of \$2.9 million in the week ending April 18, 2021.
3. Represents interest received from Comtrad Strategic Sourcing Inc. ("Comtrad"), a subsidiary of Ardenton Capital Bridging Inc. ("ACBI")
4. Represents management fees paid by Comtrad to ACBI.

Probable Assumptions

5. Represents operating disbursements to the Petitioners' subsidiaries, including disbursements for payroll, professional fees, mortgage, and taxes.
6. Represents the Petitioners' payroll, payroll remittances and related fees.
7. Includes accounting, legal, and consulting fees not related to the Petitioners' restructuring.
8. Includes estimated payments to the Monitor, its counsel and the Petitioners' insolvency counsel.

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. (collectively, the "Petitioners") have developed the assumptions and prepared the attached statement of projected cash flow as of the 2nd day of March, 2021 for the period March 3, 2021 to May 9, 2021 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Petitioners and provide a reasonable basis for the Cash Flow.

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

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Vancouver this 2nd day of March, 2021.

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.



James Livingstone

Appendix “D”

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL
BRIDGING INC.**

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. (collectively, the "Petitioners"), as of the 2nd day March, 2021, consisting of a weekly projected cash flow statement for the period March 3, 2021, to May 9, 2021 ("Cash Flow") has been prepared by the management of the Petitioners for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

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

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

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

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 2nd day of March, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL CAPACITY**

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36

AND

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.

PETITIONERS

ORDER MADE AFTER APPLICATION

(Initial Order)

BEFORE THE HONOURABLE)
MR. JUSTICE MACINTOSH) March 5, 2021

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 5th day of March, 2021 (the "**Order Date**"); AND ON HEARING William E.J. Skelly and Kyle Plunkett, counsel for the Petitioners, and Colin Brousson, counsel for the proposed Monitor; AND UPON READING the material filed, including the First Affidavit of James Livingstone, sworn March 2, 2021 (the "**Livingstone #1 Affidavit**"), the Pre-Filing Report of KSV Restructuring Inc. (the "**Monitor**") dated March 3, 2021, and the consent of KSV Restructuring Inc. to act as Monitor; AND UPON BEING ADVISED that there are no secured creditors who are likely to be affected by the charges created herein; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

JURISDICTION

1. Each Petitioner is a company to which the CCAA applies.

SUBSEQUENT HEARING DATE

2. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 13 of this Order) and for any ancillary relief shall be held by MS Teams (or as the Court may direct) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at _____ .m. on _____, the _____ day of March, 2021 or such other date as this Court may order.

PLAN OF ARRANGEMENT

3. The Petitioners shall have the authority to file and may, subject to further order of this Court, file with this Court, a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to this Order and any further Order of this Court, each Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

5. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the Livingstone #1 Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioner of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioner, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and
- (b) the fees and disbursements of any Assistants retained or employed by the Petitioners which are related to either Petitioner's restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of:
 - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioners or any subsidiaries or affiliated companies of any Petitioner are domiciled;

- (ii) any litigation in which any Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
- (iii) any related corporate matters.

7. Except as otherwise provided herein, each Petitioner shall be entitled to pay all expenses reasonably incurred by such Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$25,000 shall be approved by the Monitor;
- (b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
- (c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.

8. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;

- (b) all goods and services or other applicable sales taxes (collectively, “Sales Taxes”) required to be remitted by any Petitioner in connection with the sale of goods and services by any Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between any Petitioner and the landlord from time to time (“Rent”), for the period commencing from and including the Order Date. On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein, the Petitioners are hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise

become liable in any manner with respect to any other person or entity except as authorized by this Order;

- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by any Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA, the Petitioners shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing for the Petitioners' Business or Property, in whole or part;

all of the foregoing to permit the Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), each Petitioner, in the course of these proceedings, is permitted to,

and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, “**Third Parties**”), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

13. Until and including _____, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of any Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of any Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of any Petitioner or the Monitor, or

affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

15. Nothing in this Order, including paragraphs 13 and 14, shall: (i) empower any Petitioner to carry on any business which such Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any Petitioner, except with the written consent of the Petitioners and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all Persons having oral or written agreements with any Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or any Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by any Petitioner, and that each Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services

received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to any Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of any Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of any Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

20. Each Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of any Petitioner after the commencement of the within

proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. The directors and officers of each Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$110,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

22. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) each Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioners' receipts and disbursements;

- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) advise the Petitioners in their preparation of the Petitioners' cash flow statements;
- (d) advise the Petitioners in their development of the Plan and any amendments to the Plan;
- (e) assist the Petitioners, to the extent required by the Petitioners, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

26. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the British Columbia *Environmental Management Act*, the British Columbia *Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. The Monitor shall provide any creditor of the Petitioners with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.

28. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

29. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the cost of these proceedings. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioners on a periodic basis.

30. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

31. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$350,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioners’ restructuring. The Administration Charge shall have the priority set out in paragraphs 32 and 34 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. The priorities of the Administration Charge, the Directors’ Charge and the Interim Lender’s Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$350,000); and

Second – Directors’ Charge (to the maximum amount of \$110,000).

33. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the Interim Lender’s Charge and the Directors’ Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be effective as against the Property

and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

34. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "Encumbrances"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA and/or secured creditors with properly perfected and valid security interests against the Property existing as of the date of the pronouncement of this Order.

35. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge and the Director's Charge.

36. The Administration Charge and the Director's Charge, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Charges**") and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by the Petitioners of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (c) the payments made by the Petitioners pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Petitioner's interest in such real property leases.

SERVICE AND NOTICE

38. The Monitor shall (a) without delay, publish in the national edition of the Globe and Mail, a notice containing the information prescribed under the CCAA, (b) within five days after Order Date, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against any Petitioner of more than \$1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated as confidential (unless otherwise consented to by the investor in writing), and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the Petitioners and that any such service or notice by courier, personal delivery or electronic

transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

40. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the “**Service List**”) to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

41. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

42. Notwithstanding paragraphs 39 and 41 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

43. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

44. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any Petitioner, the Business or the Property.

45. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America or the United

Kingdom to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

46. Each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of any Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended or pursuant to the *Insolvency Act*, 1986, (c. 45) of the United Kingdom.

47. Any Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioners determine that such a filing is appropriate.

48. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

49. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

50. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. Endorsement of the Interim Order by counsel appearing on this Petition, except for counsel for the Petitioners, is hereby dispensed with.

52. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of William E.J. Skelly
 Party Lawyer for the Petitioners

BY THE COURT

REGISTRAR

MODEL CCAA INITIAL ORDER

[Current to August 1, 2015]

No.
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36**

AND

~~**IN THE MATTER OF THE [CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44 and/or
the BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57 and/or any other applicable Provincial
Statute]**~~

AND

~~**IN THE MATTER OF [Petitioner(s)]**~~
**IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.**

PETITIONERS

PETITIONER(S)

~~**ORDER**~~¹**ORDER MADE AFTER APPLICATION**

(Initial Order)

BEFORE THE HONOURABLE

MR. JUSTICE MACINTOSH

)
)
)

~~dd/mm/yyyy~~ March 5, 20²¹

¹-This model Order is not in any way determinative of the applicant's entitlement to the relief provided for in this model Order. It is the responsibility of counsel to ensure that the form of Order they propose is appropriate in the circumstances of the case and to justify the relief they are seeking, including by providing the necessary evidentiary support and judicial authority.

²- Section 11(1) of the CCAA provides for notice of an application to be given. CCAA orders may, and in some cases must, be sought on notice to affected parties, if this is possible. Applications may be made without notice "as [the court] may see fit", although recent British Columbia cases have commented on the appropriateness of bringing

THE APPLICATION of the ~~Petitioner~~ Petitioners coming on for hearing at Vancouver, British Columbia, on the ~~_____~~ 5th day of ~~_____~~, ~~201~~ _____ March, 2021 (the “**Order Date**”); AND ON HEARING ~~_____~~ William E.J. Skelly and Kyle Plunkett, counsel for the ~~Petitioner and those other counsel listed on Schedule “A” hereto~~ Petitioners, and Colin Brousson, counsel for the proposed Monitor; AND UPON READING the material filed, including the First Affidavit of ~~_____~~ sworn _____, ~~201~~ _____ ~~and the consent of _____~~ James Livingstone, sworn March 2, 2021 (the “Livingstone #1 Affidavit”), the Pre-Filing Report of KSV Restructuring Inc. (the “Monitor”) dated March 3, 2021, and the consent of KSV Restructuring Inc. to act as Monitor; AND UPON BEING ADVISED that the there are no secured creditors ~~{and others}~~ who are likely to be affected by the charges created herein ~~were given notice~~³; AND pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the “**CCAA**”), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

JURISDICTION

1. ~~The~~ Each Petitioner is a company to which the CCAA applies.

SUBSEQUENT HEARING DATE

2. The hearing of the Petitioner’s application for an extension of the Stay Period (as defined in paragraph ~~[15]~~ 13 of this Order) and for any ancillary relief shall be held by MS Teams (or as the Court may direct) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at _____ .m. on _____, the _____ day of ~~_____~~, ~~201~~ _____ March, 2021 or such other date as this Court may order.

~~such applications without notice: Re Encore Developments Ltd. 2008 BCSC 13 and Re Marine Drive Properties Ltd. 2009 BCSC 145. If service has been abridged, the Order should reflect that.~~

~~³Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2)~~

PLAN OF ARRANGEMENT

3. The ~~Petitioner~~ Petitioners shall have the authority to file and may, subject to further order of this Court, file with this Court ~~-,~~ a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to this Order and any further Order of this Court, ~~the~~ each Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The ~~Petitioner~~ Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

~~{Cash Management System⁴}~~

5. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the Livingstone #1 Affidavit or replace it with another

~~⁴This provision but should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash. If to be included, the model wording for the provision is as follows: "THIS COURT ORDERS that the Petitioner shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioner of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioner, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System."~~

substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioner of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioner, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. ~~5.The Petitioner~~ The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date.⁵

⁵ ~~Paragraphs 5 and 6 were separated to make it clear that only very limited payments may be made on account of pre-filing accruals and expenses. The Petitioner may consider seeking authority to make other payments during the stay, such as an amendment to paragraph 5 allowing certain payments to creditors, including critical suppliers, on the following terms:~~

~~"..... with the written consent of the Monitor:~~

- ~~(i) — pay the entire amount of its obligations to any creditor if the amount of such obligations, as agreed between the Petitioner and the creditor, is \$ _____ or less as at the Order Date;~~
- ~~(ii) — pay \$ _____ to any other creditor to which the outstanding obligations of the Petitioner are greater than \$ _____ as at the Order Date, provided such creditor agrees to accept that amount in full satisfaction of all obligations of the Petitioner to such creditor as at the Order Date;~~
- ~~(iii) — pay amounts owing to creditors who hold possessory or statutory liens against any asset of the Petitioner where the value of such asset exceeds the amount of the possessory or statutory liens or where the asset is deemed critical by the Petitioner and the Monitor to the business operations of the Petitioner; and~~
- ~~(iv) — amounts outstanding to creditors for goods and services provided prior to the Order Date where expressly authorized by this Order or any further Order of this Court."~~

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively “Wages”);⁶ and
- (b) the fees and disbursements of any Assistants retained or employed by the ~~Petitioner~~ Petitioners which are related to ~~the either~~ Petitioner’s restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the ~~Petitioner~~ Petitioners, whenever and wherever incurred, in respect of:
 - (i) these proceedings or any other similar proceedings in other jurisdictions in which the ~~Petitioner~~ Petitioners or any subsidiaries or affiliated companies of ~~the any~~ Petitioner are domiciled;
 - (ii) any litigation in which ~~the any~~ Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
 - (iii) any related corporate matters.

7. ~~6.~~ Except as otherwise provided herein, ~~the each~~ Petitioner shall be entitled to pay all expenses reasonably incurred by ~~the such~~ Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures⁷ reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors’ and officers’ insurance),

⁶ ~~The Petitioner may wish to specifically apply to pay severance pay outstanding as at the Order Date.~~

⁷ ~~The Petitioner may wish to consider a limit on this prohibition to allow for flexibility: “.... provided that any capital expenditure exceeding \$ _____ shall be approved by the Monitor.”~~

maintenance and security services, provided that any capital expenditure exceeding \$ ~~_____~~ 25,000 shall be approved by the Monitor;

- (b) all obligations incurred by the ~~Petitioner~~ Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the ~~Petitioner~~ Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
- (c) fees and disbursements of the kind referred to in paragraph ~~[5(b)]~~ 6(b) which may be incurred after the Order Date.

8. ~~7.~~The ~~Petitioner is~~ Petitioners are authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;⁸
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by ~~the any~~ the any Petitioner in connection with the sale of goods and services by ~~the any~~ the any Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected

⁸ ~~The definition of Wages in paragraph 5(a) is intended to allow payment of these amounts even if owed prior to the Order Date in recognition of the fact that Wages are paid at the end of a stub period and that continued employment is critical to the ongoing operations of the Petitioner. The extension of the ability of the Petitioner to make payments in addition to just Wages in this paragraph is intended to : (a) protect directors and officers from statutory claims; and (b) recognize that Section 6(3) of the CCAA provides for the payment of some of these amounts in a restructuring in any event. It is anticipated that the magnitude of such obligations will be brought to the attention of the Court if significant.~~

prior to the Order Date but not required to be remitted until on or after the Order Date; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.

9. ~~8.~~ Until such time as a real property lease is disclaimed⁹ in accordance with the CCAA, the ~~Petitioner~~ Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between ~~the~~ any Petitioner and the landlord from time to time (“**Rent**”), for the period commencing from and including the Order Date, ~~twice monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears).~~ On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. ~~9.~~ Except as specifically permitted herein, the ~~Petitioner is~~ Petitioners are hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Petitioner~~ Petitioners to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interest¹⁰s;

⁹ ~~The term "resiliate" should be used if there are leased premises in the Province of Quebec — see also paras. 12 and 13.~~

¹⁰ ~~Counsel may wish to consider adding a provision allowing the granting of PMSI security after the Order Date.~~

- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by ~~the~~ any Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

FINANCIAL ARRANGEMENTS

~~10. Notwithstanding any other provision in this Order:~~

- ~~(a) the Petitioner is hereby authorized and empowered to borrow, repay and reborrow from [REDACTED] (the "Lender") such amounts from time to time as the Petitioner considers necessary, and the Lender shall be entitled to revolve its operating loan facility (the "Lender Loan Facility") and collect interest, fees and costs on the Lender Loan Facility, subject to such amendments as are agreed between the Lender and the Petitioner;~~
- ~~(b) the Lender Loan Facility shall be secured by the same charge (the "Lender Charge") as secured the Lender Loan Facility as at the Order Date; and~~
- ~~(c) the Petitioner is authorized to deal with the Lender in respect of the Lender Loan Facility on such terms as may be negotiated and agreed upon between the Petitioner and the Lender.~~

RESTRUCTURING

11. Subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined), the Petitioner,~~ the Petitioners shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets ~~and to dispose of redundant or non-material assets not exceeding \$ 50,000 in any one transaction or \$ 250,000 in the aggregate~~¹¹;
- (b) ~~terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~¹²; and
- (c) pursue all avenues of refinancing for ~~its~~ the Petitioners' Business or Property, in whole or part;

all of the foregoing to permit the ~~Petitioner~~ Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

~~12. The Petitioner shall provide each of the relevant landlords with notice of the Petitioner's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioner's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable~~

¹¹ Section 36 of the CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)), but rather requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or been made available at the initial CCAA hearing.

¹² It is not clear to the BCMIOC whether the termination of an employee is a "disclaimer or resiliation" of the employment agreement within the meaning of Section 32 of the CCAA. Since the termination of an employee may not be a matter governed by Section 32 of the CCAA (except to the extent that collective agreements are exempted from the application of that Section), the BCMIOC has left this provision in the Model Order.

~~secured creditors who claim a security interest in the fixtures, such landlord and the Petitioner, or by further Order of this Court upon application by the Petitioner, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioner disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioner's claim to the fixtures in dispute.~~

~~13. — If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioner and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioner, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioner of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.~~

12. ~~14.~~ Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the “**Relevant Enactment**”), ~~the~~ each Petitioner, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, “**Third Parties**”), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into

confidentiality agreements with the ~~Petitioner~~ Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the ~~Petitioner~~ Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the ~~Petitioner~~ Petitioners.¹³

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES¹⁴¹⁵

13. ~~15.~~ Until and including _____ ~~[MAX. 30 DAYS FROM ORDER DATE]~~ ___, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of ~~the~~ any ~~Petitioner~~ or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written

¹³ ~~Counsel should consider whether the inclusion of this paragraph concerning exemption from privacy legislation should be included as part of the Initial Order. The paragraph is intended to enable the Petitioner to disclose personal information in the course of its dealings with potential lenders, investors or purchasers. Section 18(1)(e) of the British Columbia *Personal Information Protection Act* allows the release of such information only when “required or authorized by law”. Accordingly, it may be appropriate to wait until such a transaction is contemplated before seeking to include this term in an order, and counsel may wish to consider whether it is necessary to adduce evidence showing the court that disclosure is necessary.~~

¹⁴ ~~In keeping with the underlying philosophy of the Model Order, these provisions include a succinct stay provision which is intended to encapsulate the very broad stay provisions authorized in Section 11 of the CCAA. These provisions are specifically subject to specific limitations, including to permit a regulatory body to continue its investigations of the Petitioner or to permit a lien or security holder to make filings and commence Proceedings necessary to preserve their lien or security. If a case can be made out that such a Proceeding would have the effect of prejudicing the Petitioner’s ability to restructure, then, on application based on the applicable facts, the Model Order can be amended to stay such Proceedings.~~

¹⁵ ~~In addition, counsel should consider clauses dealing with Section 81.1 and 81.2 of the BIA, as may be appropriate.~~

consent of the ~~Petitioner~~ Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of ~~the-any~~ Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

14. ~~16.~~ During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “Persons” and each being a “Person”) against or in respect of ~~the-any~~ Petitioner or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Petitioner~~ Petitioners and the Monitor or leave of this Court.

15. ~~17.~~ Nothing in this Order, including paragraphs ~~[15]~~ 13 and ~~[16]~~ 14, shall: (i) empower ~~the-any~~ Petitioner to carry on any business which ~~the-such~~ Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the ~~Petitioner~~ Petitioners.

NO INTERFERENCE WITH RIGHTS

16. ~~18.~~ During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by ~~the-any~~ Petitioner, except with the written consent of the ~~Petitioner~~ Petitioners and the Monitor or leave of this Court. ¹⁶

¹⁶ ~~The Petitioner may wish to consider whether an application should be made relating to the ongoing entitlement/benefit of any applicable volume rebates or discounts based upon volumes supplied during the period prior to the Order Date.~~

CONTINUATION OF SERVICES

17. ~~19.~~ During the Stay Period, all Persons having oral or written agreements with ~~the~~any Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or ~~the~~any Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by ~~the~~any Petitioner, and that ~~the~~each Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the ~~Petitioner~~Petitioners in accordance with normal payment practices of the ~~Petitioner~~Petitioners or such other practices as may be agreed upon by the supplier or service provider and the ~~Petitioner~~Petitioners and the Monitor, or as may be ordered by this Court. ¹⁷

NON-DEROGATION OF RIGHTS

18. ~~20.~~ Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to ~~the~~any

¹⁷ Counsel may wish to consider whether to seek an order deeming one or more suppliers "critical suppliers" in accordance with Section 11.4 of the CCAA. Notice of an application to deem a supplier a critical supplier must be given to the proposed critical supplier and any secured creditors likely to be affected by the security or charge granted in favour of the proposed critical supplier. Suggested wording for the additional paragraph is as follows: "THIS COURT ORDERS that [Name of supplier] is hereby deemed a critical supplier (the "Critical Supplier") in accordance with section 11.4 of the CCAA and shall, from the Order Date, continue to supply goods and services to the Petitioner on such terms and conditions as are consistent with the supply relationship between the Critical Supplier and the Petitioner. The Critical Supplier is hereby granted a charge (the "Critical Suppliers Charge") on the Property, which charge shall not exceed an aggregate amount of \$ _____, as security for any amounts for which the Petitioner becomes indebted to the Critical Supplier for the supply of goods or services after the Order Date. The Critical Suppliers Charge shall have the priority set out in paragraphs 40 and 42 herein."

Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCA¹⁸A.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. ~~21.~~ During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of ~~the~~ any Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Petitioner~~ Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Petitioner~~ Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Petitioner~~ Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of ~~the~~ any Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE ¹⁹

20. ~~The~~ Each Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of ~~22. the~~ any Petitioner after the commencement of the within proceedings²⁰, except to the extent that, with respect to any director

¹⁸ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

¹⁹ ~~Counsel should be aware that the provisions relating to Directors/Officers/Employees Indemnification and Charge may not be appropriate in all circumstances.~~

²⁰ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge) and the scope of the indemnity are discretionary matters that should be addressed with the Court.~~

or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. ~~23.~~ The directors and officers of ~~the each~~ Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")²⁴ on the Property, which charge shall not exceed an aggregate amount of \$~~_____~~110,000, as security for the indemnity provided in paragraph ~~[22]~~20 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[40]~~32 and ~~[42]~~34 herein.

22. ~~24.~~ Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) ~~the each~~ Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[22]~~20 of this Order.

APPOINTMENT OF MONITOR

23. ~~25.~~ ~~_____~~ KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Petitioner~~Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the ~~Petitioner~~Petitioners and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the ~~Petitioner~~Petitioners pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. ~~26.~~ The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

~~²⁴ Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Petitioner could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

- (a) monitor the ~~Petitioner's~~ Petitioners' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- ~~(c) assist the Petitioner, to the extent required by the Petitioner, in its dissemination, to the Interim Lender (as hereinafter defined)²² and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Petitioner and the Interim Lender which may be used in these proceedings including reporting on a basis to be agreed with the Interim Lender;~~
- ~~(c)~~ (d) advise the ~~Petitioner in its~~ Petitioners in their preparation of the ~~Petitioner's~~ Petitioners' cash flow statements ~~and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the Interim Lender;~~
- ~~(d)~~ (d) advise the ~~Petitioner in its~~ Petitioners in their development of the Plan and any amendments to the Plan;
- ~~(e)~~ (e) assist the ~~Petitioner~~ Petitioners, to the extent required by the ~~Petitioner~~ Petitioners, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- ~~(f)~~ (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Petitioner~~ Petitioners, to the extent that is necessary to adequately assess the

²² ~~This Model Order assumes that there is an Interim Lender.~~

~~Petitioner's~~ Petitioners' business and financial affairs or to perform its duties arising under this Order;

(g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

25. ~~27.~~ The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

26. ~~28.~~ Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**")²³, provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order

²³ ~~Counsel should consider whether the Petitioner has property in any other Provinces and, if so, consider whether it is appropriate to include a reference to the relevant environmental legislation of those Provinces.~~

or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. ~~29.~~The Monitor shall provide any creditor of the ~~Petitioner and the Interim Lender~~ Petitioners with information provided by the ~~Petitioner~~ Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Petitioner~~ Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the ~~Petitioner~~ Petitioners may agree.

28. ~~30.~~In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation. ²⁴

ADMINISTRATION CHARGE

29. ~~31.~~The Monitor, counsel to the Monitor, if any, and counsel to the ~~Petitioner~~ Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the ~~Petitioner~~ Petitioners as part of the cost of these proceedings. The ~~Petitioner is~~ Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the

²⁴ ~~Counsel should be aware that the provision exempting the Monitor in situations except for gross negligence may not be appropriate in all circumstances.~~

Monitor and counsel to the ~~Petitioner on a periodic basis and, in addition, the Petitioner is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioner, retainers in the amount[s] of \$ [redacted] [respectively] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~Petitioners on a periodic basis.

30. ~~32.~~The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

31. ~~33.~~The Monitor, counsel to the Monitor, if any, and counsel to the ~~Petitioner~~Petitioners shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$ ~~[redacted]~~350,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the ~~Petitioner’s~~Petitioners’ restructuring. The Administration Charge shall have the priority set out in paragraphs ~~{40}~~32 and ~~{42}~~34 hereof. ²⁵

INTERIM FINANCING

~~34. — The Petitioner is hereby authorized and empowered to obtain and borrow under a credit facility from [INTERIM LENDER'S NAME] (the “Interim Lender”) in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$ [redacted] unless permitted by further Order of this Court.~~

²⁵ ~~Counsel should be aware that the provision allowing for an Administration Charge in favour of the Petitioner’s counsel may not be appropriate in all circumstances.~~

~~35. — Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Petitioner and the Interim Lender dated as of [DATE] (the "**Commitment Letter**"), filed.~~

~~36. — The Petitioner is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioner is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~37. — The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs ~~[40]~~ and ~~[42]~~ hereof.~~

~~38. — Notwithstanding any other provision of this Order:~~

~~(a) — the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;~~

~~(b) — upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon days notice to the Petitioner and the Monitor, may exercise any and all of its rights and remedies against the Petitioner or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Petitioner and set~~

~~off and/or consolidate any amounts owing by the Interim Lender to the Petitioner against the obligations of the Petitioner to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioner and for the appointment of a trustee in bankruptcy of the Petitioner; and~~

~~(c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioner or the Property.~~

~~39. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioner under the CCAA, or any proposal filed by the Petitioner under the Bankruptcy and Insolvency Act of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. ~~40.~~ The priorities of the Administration Charge, the Directors' Charge and the Interim Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$ ~~_____~~ 350,000); and

Second – ~~Interim Lender's Charge~~; ~~Third~~ – Directors' Charge (to the maximum amount of \$ ~~_____~~ 110,000). ²⁶

²⁶ – The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.

33. ~~41.~~ Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the Interim Lender's Charge and the Directors' Charge (collectively, the "Charges") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable²⁷ for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

34. ~~42.~~ Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "Encumbrances"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA and/or secured creditors with properly perfected and valid security interests against the Property existing as of the date of the pronouncement of this Order.²⁸

35. ~~43.~~ Except as otherwise expressly provided herein, or as may be approved by this Court, the ~~Petitioner~~ Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the ~~Petitioner obtains~~ Petitioners obtain the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge and the Director's Charge.

36. ~~44.~~ The Administration Charge, ~~and~~ and the Director's Charge, ~~the Commitment Letter, the Definitive Documents and the Interim Lender's Charge~~ shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges

²⁷ ~~The term "opposable" should be included if there is Property in the Province of Quebec.~~

²⁸ ~~This Model Order is not intended to be determinative of whether the Court has the jurisdiction to grant the Administration Charge, the Interim Lender's Charge and the Director's Charge priority over the deemed trusts identified in subsection 37(2) of the CCAA. If the Petitioner seeks an order granting priority for such charges over any such deemed trusts, notice of the application should be given to the Federal and Provincial Crowns, as appropriate. If the Petitioner does not seek an order subordinating any such deemed trust to such charges, the following should be added to the end of paragraph 42: "with the exception of any deemed trust amounts provided for in subsection 37(2) of the CCAA."~~

(collectively, the “**Chargees**”) and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the ~~Petitioner~~Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall~~ shall not create or be deemed to constitute a breach by the ~~Petitioner~~Petitioners of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Petitioner entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents;~~ and
- (c) the payments made by the ~~Petitioner~~Petitioners pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. ~~45.~~ THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Petitioner’s interest in such real property leases.

SERVICE AND NOTICE

38. ~~46.~~ The Monitor shall (~~ia~~) without delay, publish in ~~[newspapers specified by the Court]~~ the national edition of the Globe and Mail, a notice containing the information prescribed under the CCAA, (~~ib~~) within five days after Order Date, (~~Ai~~) make this Order publicly available in the manner prescribed under the CCAA, (~~Bi~~) send, in the prescribed manner, a notice to every known creditor who has a claim against ~~the any~~ Petitioner of more than ~~\$1000~~1,000, and (~~Ciii~~) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated as confidential (unless otherwise consented to by the investor in writing), and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

39. ~~47.~~ The ~~Petitioner~~Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the ~~Petitioner's~~Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Petitioner~~Petitioners and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.²⁹

40. ~~48.~~ Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the “**Service List**”) to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: ~~[INSERT WEBSITE ADDRESS]~~<https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

²⁹~~In all instances, counsel should address the manner of service with the Court, including advising as to how service was or is proposed to be effected.~~

41. ~~49.~~ Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: ~~[INSERT WEBSITE ADDRESS]~~ <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

42. ~~50.~~ Notwithstanding paragraphs ~~[47]-39~~ and ~~[49]-41~~ of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns³⁰ in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.³¹

GENERAL

43. ~~51.~~ The ~~Petitioner~~ Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

³⁰ ~~Counsel should consider whether the Petitioner has property in any other Provinces and, if so, consider whether it is appropriate to include a reference to those Provinces and the relevant legislation of those Provinces with respect to service.~~

³¹ ~~The Crown Proceeding Act, R.S.B.C. 1996, c. 89, s. 8 provides for service on the British Columbia Crown, as follows:~~

~~8.—A document to be served on the government~~

~~(a) must be served on the Attorney General at the Ministry of the Attorney General in the City of Victoria, and~~

~~(b) is sufficiently served if~~

~~(i) left there during office hours with a solicitor on the staff of the Attorney General at Victoria, or~~

~~(ii) mailed by registered mail to the Deputy Attorney General at Victoria.~~

~~A similar provision relating to the Federal Crown is found at s. 23(2) of the *Crown Liability and Proceeding Act*, R.S. 1985, c. C-50, which provides for service on the Deputy Attorney General of Canada or the chief executive officer of the agency in whose name the proceedings are taken, as the case may be. The Federal Crown requests that service of documents be by delivery to Department of Justice, 900—840 Howe Street, Vancouver, B.C. V6Z 2S9.~~

44. ~~52.~~ Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of ~~the~~ any Petitioner, the Business or the Property.

45. ~~53.~~ THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, ~~or~~ the United Kingdom to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Petitioner~~ Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Petitioner~~ Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

46. ~~54.~~ Each of the ~~Petitioner~~ Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of ~~the~~ any Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended or pursuant to the *Insolvency Act, 1986, (c. 45) of the United Kingdom.*

47. ~~55.~~ ~~The~~ Any Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the ~~Petitioner determines~~ Petitioners determine that such a filing is appropriate.

48. ~~56.~~The ~~Petitioner is~~Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

49. ~~57.~~Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

50. ~~58.~~Any interested party (including the ~~Petitioner~~Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

51. ~~59.~~Endorsement of ~~this the Interim~~ Order by counsel appearing on this ~~application~~Petition, except for counsel for the Petitioners, is hereby dispensed with.³²

52. ~~60.~~This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.³³

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

³²~~Counsel should be aware that the final form of the Order may be modified before entry at the discretion of the Chambers Judge.~~

³³~~For a provision of this or any subsequent order in these proceedings to make any provincial law inapplicable or inoperative, notice must be given under s. 8 of the Constitutional Question Act R.S.B.C. 1996, c. 68. If notice is not given, the provision could later be challenged and set aside.~~

Signature of [William E.J. Skelly](#)
 Party Lawyer for the Petitioners

<Print Name>

Signature of
 Party Lawyer for <name of party(ies)>

<Print Name>

BY THE COURT

REGISTRAR

Schedule “A”

(List of Counsel)

| <u>Name of Counsel</u> | <u>Party Represented</u> |
|--|---|
| <u>William E.J. Skelly</u> <u>Kyle Plunkett</u> | <u>The Petitioners, Ardenton Capital Corporation and Ardenton Capital Bridging Inc.</u> |
| <u>Colin Brousson</u> | <u>The Proposed Monitor, KSV Restructuring Inc.</u> |

| Comparison Details | |
|---------------------|---------------------------------------|
| Title | compareDocs Comparison Results |
| Date & Time | 3/3/2021 12:29:12 PM |
| Comparison Time | 6.25 seconds |
| compareDocs version | v4.3.306.6 |

| Sources | |
|-------------------|---|
| Original Document | CCAA_Model_Initial_Order.docx |
| Modified Document | [#24273395] [v2] Draft Initial Order (MLTA edits) March 2 2021.docx |

| Comparison Statistics | |
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| Merged cells | |
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| Include Moves | Word | True |
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| Include Change Detail Report | Word | Separate |
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| Flatten Field Codes | Word | True |