



**First Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 10, 2021

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COURT FILE NO.: S-211985

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.
COMPANIES

FIRST REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

MARCH 10, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). A copy of the Initial Order is attached as Appendix "A". The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
 - a) granted a stay of proceedings until March 15, 2021; and
 - b) granted a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.
3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the "Comeback Motion").

4. The principal purpose of the CCAA proceedings is to provide the Companies 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 Companies to develop a plan of arrangement or compromise that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies' business and assets. The Companies intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern.
5. KSV's pre-filing report dated March 3, 2021 (the "Pre-Filing Report"), and the Affidavit of James Livingstone, the Chief Executive Officer and President of ACC sworn on March 2, 2021 in support of the CCAA application (the "Initial Affidavit"), discuss that the Companies may seek approval of a debtor-in-possession loan facility (a "DIP Facility"). The need for a DIP Facility is dependent on the Companies' cash flow generated from its portfolio companies (collectively the "PCs" and each a "PC") and a transaction that ACC management is presently negotiating, and which is referenced in the CCAA application materials as the "PC Refinancing Transaction". As the PC Refinancing Transaction is uncertain, the Companies intend to formalize a process to solicit offers from prospective lenders to provide a DIP Facility, as more fully discussed in Section 8 below. A copy of the Pre-Filing Report is provided in Appendix "B".

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) discuss the need to increase the Administration Charge from \$350,000 to \$1 million and the D&O Charge from \$110,000 to \$240,000;
 - c) discuss a proposed intercompany charge in favour of ACBI for any advances from ACBI to ACC (the "Intercompany Charge");
 - d) provide an update on the Companies' activities since the commencement of these proceedings;
 - e) provide an update on the Monitor's activities since its appointment; and
 - f) recommend that the Court issue an order (the "Amended and Restated Initial Order"):
 - extending the stay of proceedings from March 15, 2021 to May 7, 2021;
 - increasing the amount of the Administration Charge from \$350,000 to \$1 million;
 - increasing the D&O Charge from \$110,000 to \$240,000;

- approving the Intercompany Charge; and
- establishing the priority of the Administration Charge, D&O Charge and the Intercompany Charge, as among them.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. This report does not consider the potential future impact of the COVID-19 pandemic (the "Pandemic") on Ardenton's business and operations, including the PCs. Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars. US Dollars and Great British Pounds have been converted to Canadian dollars at \$1.30 and \$1.72, respectively.

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 "C".
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 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 Companies 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 Companies’ 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 debt and equity 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 these PC Distributions have not historically been a major source of capital for ACC. (The majority of the capital has been raised through the issuance of Securities, as discussed above.) In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the “PC Refinancing Transaction”). ACC is presently working on another PC Refinancing Transaction; however, it is unclear if and when this transaction will be completed.
7. ACC had not missed an interest payment on its debt obligations prior to the onset of the Pandemic; however, the Monitor has been advised by ACC’s management that the Pandemic negatively affected the ability of the PCs to make PC Distributions to ACC, as well as ACC’s ability to continue to raise capital through the issuance of new Securities. Accordingly, the Companies 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 Companies’ debt totalled approximately \$24 million as of February 28, 2021, which amount continues to accrue.
8. 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, UK and Canada. On March 10, 2021, ACC disclaimed its remaining office leases in Vancouver and Toronto. As of the date of this Report, ACC was in the process of entering into an inexpensive month-to-month lease just outside the downtown core in Vancouver.
9. Ardenton Financial Inc. (“AFI”) is a registered exempt market dealer that distributes the Securities under prospectus exemptions primarily in Canada. ACC is a related party issuer and the source of AFI’s revenues. As ACC sought and was granted protection under the CCAA, AFI is unable to continue its business operations as a registrant.
10. On March 8, 2021, staff of the British Columbia Securities Commission (“BCSC staff”), as AFI’s principal regulator, expressed concerns that AFI’s registration had become unsuitable and objectionable and accordingly took the position that to allow it to continue its registration was contrary to the public interest. Consequently, BCSC staff recommended to the Executive Director under section 40.1 (1) of the Securities Act, that he suspend AFI’s registration. Consistent with securities legislation in British Columbia, the Executive Director must not suspend a registration without first giving

¹ Of the 25 employees, 15 are employed by the Companies.

the registrant an opportunity to be heard. In discussions between AFI and BCSC staff, AFI's representatives confirmed that AFI would not object to the suspension of its registration and on March 8, 2021, AFI consented to the Executive Director taking this action. The Companies do not intend to raise capital in the near term, so this is not expected to affect the Companies' restructuring efforts.

11. Further information regarding the Companies was provided in the Pre-Filing Report, the Initial Affidavit and the affidavit of Mr. Livingstone dated March 10, 2021 in support of the relief sought by the Companies in this motion. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Cash Flow

1. The Companies have prepared the cash flow forecast for the period March 3, 2021 to May 9, 2021 (the "Cash Flow Forecast"). A copy of the Cash Flow Forecast is provided in Appendix "D" and was appended to the Pre-Filing Report. The Cash Flow Forecast has not been amended. The Cash Flow Forecast reflects that the Companies are projected to have sufficient liquidity until May 9, 2021, subject to the PC Refinancing Transaction, which, as stated, is presently uncertain.
2. An overview of Ardenton's cash management system was included in the Pre-Filing Report and is summarized as follows:
 - a) PC Distributions are made directly and indirectly from the PCs 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 to ACC; and
 - c) ACC then funds all the operating costs of the ACC Subsidiaries, including their normal course operating costs.
3. During these 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 material third-party debt obligations.

4.0 Court-Ordered Charges

4.1 Intercompany Charge

1. The Cash Flow Forecast reflects that approximately \$123,000 (net) will be advanced from ACBI to ACC during the Cash Flow Forecast period. These monies are required by ACC to fund its operating costs and the costs of these proceedings.
2. As discussed in the Pre-Filing Report, ACBI had approximately \$22 million of promissory notes outstanding as of December 31, 2020.

3. In order to ensure that there is no prejudice to ACBI's creditors resulting from cash transfers from ACBI to ACC, the Companies are seeking approval of the Intercompany Charge, which is to provide security to ACBI for any amounts transferred from it to ACC during these proceedings.
4. The Monitor recommends that this Court issue an order approving the Intercompany Charge for the following reasons:
 - a) ACC requires the funding available within ACBI to advance these proceedings;
 - b) the Intercompany Charge will protect the interests of the promissory note holders and any other creditors of ACBI;
 - c) ACBI has no employees or stand-alone corporate infrastructure and receives all of its management and support from ACC, which accrues to the benefit of the ACBI creditors; and
 - d) the ACBI creditors are not expected to suffer any prejudice if the Intercompany Charge is approved by the Court. ACC is projected to have materially more value than is required to cover any exposure under the Intercompany Charge.

4.2 Administration Charge

1. The Initial Order granted a \$350,000 Administration Charge to protect the fees and costs of the Administration Professionals. The Companies are seeking to increase the Administration Charge to \$1 million.
2. Ardenton has significant assets but has limited liquidity at this time. Professional fees are continuing to accrue and Ardenton may not have sufficient cash to pay these fees and costs as they come due. Additionally, there are significant pre-filing fees and costs owing to the Administration Professionals related to preparing for these proceedings. The Administration Professionals require an increase in the Administration Charge given Ardenton's illiquidity and the extent of their present exposure. Additionally, legal counsel for the sole director, Mr. Livingstone, is to be provided protection for his fees and costs under the Administration Charge to a limit of \$25,000, plus HST.
3. The Monitor is of the view that the increased Administration Charge is required and reasonable in the circumstances and that without it, the Administration Professionals may not be prepared to continue to provide services to the Applicants. The Administration Charge is a standard feature in CCAA proceedings designed to protect the professionals who assist a debtor during its restructuring proceedings.

4.3 D&O Charge

1. The Initial Order approved a D&O Charge in the amount of \$110,000 to provide the sole director (Mr. Livingstone) and the Companies' officers with protection for any liabilities that may accrue until the Comeback Motion. The Companies are seeking to increase the D&O Charge to \$240,000 representing Ardenton's estimated payroll liability for a full month. As with the Administration Charge, Mr. Livingstone and the officers are seeking this increase due to Ardenton's present liquidity situation.

2. The Cash Flow Forecast contemplates payroll will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the Companies' sole director and its officers should the Companies fail to pay this and other obligations which may give rise to liability for director and officers.
3. The amount of the D&O Charge was estimated by the Companies in consultation with the Monitor, taking into consideration the monthly payroll obligations of ACC. The Companies are generally in a sales tax refund position, so no exposure is anticipated under the D&O Charge for such amounts.
4. The Companies' director and officers are to be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any director's 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.
5. The Monitor is of the view that the increase in the D&O Charge is reasonable in the circumstances and that the continued involvement of the Companies' sole director and its officers will assist to advance these proceedings.

4.4 Secured Creditors

4.4.1 Toronto Dominion Bank

1. Toronto Dominion Bank ("TD") has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan *Personal Property Security Acts*.
2. The Monitor has been advised that TD's registrations were made in respect of:
 - a) 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. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
 - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the proposed Administration Charge, D&O Charge and the Intercompany Charge (collectively, the "Court-Ordered Charges") will rank in priority to the TD security interest, subject to a \$100,000 priority to be afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.
4. The priority of the Court-Ordered Charges will not prejudice TD, whose security interest is actually in respect of collateral now owned by the subsidiaries owned by ACCI, who themselves are not CCAA filing entities.

4.4.2 HSBC

1. HSBC has registered a financing statement against ACC under the British Columbia *Personal Property Security Act*. HSBC is not a lender to the Companies. 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. As the amounts that may be owing to HSBC at any point in time are not anticipated to be significant, the Court-Ordered Charges are not intended to rank in priority to the HSBC security interest.

4.5 Priority of Charges

1. The proposed priority of the Court-ordered charges is as follows:
 - a) first, the Administration Charge;
 - b) second, the D&O Charge; and
 - c) third, the Intercompany Charge.

5.0 Companies' Activities Since the Date of the Initial Order

1. The Companies' activities since the date of the Initial Order have included:
 - a) operating its business in the ordinary course;
 - b) rolling out a communication plan, including preparing answers to Frequently Asked Questions, convening an employee meeting, preparing and sending a letter to all employees to advise of the proceedings, convening dozens of investor video and conference calls and speaking with vendors, PC representatives and the banks which are lenders to the PCs;
 - c) considering Ardenton's liquidity issues and whether a DIP Facility will be required;
 - d) speaking with various parties about providing a DIP Facility;
 - e) communicating with suppliers to secure goods and services during these proceedings;
 - f) disclaiming the leases for Ardenton's two remaining office locations;
 - g) entering into a new month-to-month lease for a small office just outside the downtown core of Vancouver (monthly rent is approximately \$4,000);
 - h) dealing with regulators in Canada and the United States;
 - i) advancing its restructuring efforts;
 - j) preparing a multi-year pro-forma of the PCs;

- k) considering a claims procedure, which is expected to be the subject of a future motion; and
- l) keeping the Monitor apprised of all of the foregoing.

6.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
 - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
 - b) participating on numerous calls with investors;
 - c) working with Ardenton to prepare the stakeholder communication strategy and assisting to roll out same;
 - d) sending a notice to the Companies' creditors, as required pursuant to the CCAA;
 - e) making arrangements to have the CCAA notice published in the national edition of *The Globe and Mail* newspaper, in accordance with the CCAA;
 - f) corresponding with the Companies' creditors;
 - g) preparing a virtual data room ("Data Room") for potential interim lenders to perform diligence in respect of a DIP Facility;
 - h) monitoring the Companies' receipts and disbursements;
 - i) working with Ardenton to consider the structure of a restructuring plan and its underlying business model;
 - j) framing a creditor claims process for subsequent approval by the Court;
 - k) approving the Companies' disclaimers of two office leases;
 - l) drafting this Report; and
 - m) maintaining the service list.

7.0 Stay Extension

1. The stay of proceedings currently expires on March 15, 2021. The Companies are requesting an extension of the Stay Period until May 7, 2021.
2. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;

- c) it will allow the Companies time to restructure their debt obligations and develop a plan of arrangement or compromise;
- d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
- e) subject to the PR Refinancing Transaction or obtaining a DIP Facility, the Companies are projected to have sufficient liquidity to fund their operations until May 7, 2021.

8.0 Interim Financing

1. As it is uncertain when and if the PC Refinancing Transaction will be completed, the Companies intend to formalize the process for receiving bids to provide a DIP Facility. The Companies intend to set a deadline of March 20, 2021 (or thereabouts) for this purpose. Interested parties will be provided an opportunity to review information in the Data Room that has been set up for this purpose, subject to executing a confidentiality agreement. A template term sheet has been drafted and prospective lenders will be requested to provide their proposals in the form of that document, with changes to the term sheet blacklined against the original.

9.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(f) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “A”



No. **SE211985**
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)
) March 5, 2021
MR. JUSTICE MACINTOSH)

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 9 a.m. on Monday, the 15th 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 March 15, 2021, 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.

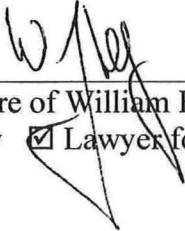
49. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

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.

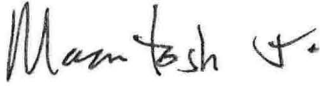
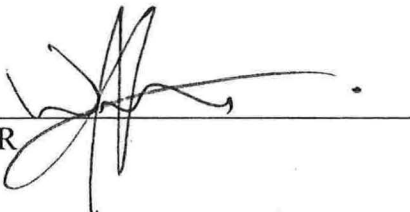
51. Endorsement of the Interim Order by counsel appearing on this Petition, except for counsel for the Petitioners, is hereby dispensed with.

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 "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.

Appendix “B”



**Pre-Filing Report of
KSV Restructuring Inc.
as Proposed CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 3, 2021

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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	319,446⁴	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 RESTRICTURING 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.

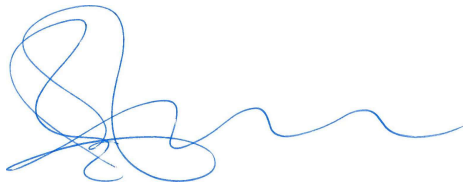
PETITIONERS

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>												
Intercompany	1											
	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**

Appendix “C”

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 (0.20%)
 Class C Voting Common Shares:
 254032 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
 Officers:
 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%)
 1620283 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%)
 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 “D”

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.



**Second Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 25, 2021

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COURT FILE NO.: S-211985

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

SECOND REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

MARCH 25, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
 - a) granted a stay of proceedings until March 15, 2021; and
 - b) granted a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the "Comeback Motion"). At the Comeback Motion, the Court issued an amended and restated Initial Order (the "Amended and Restated Initial Order") pursuant to which:
 - a) the stay of proceedings was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the "Intercompany Charge") (collectively, the Administration Charge, the D&O Charge and the Intercompany Charge are referred to as the "Court-Ordered Charges").

A copy of the Amended and Restated Initial Order is provided in Appendix "A".

4. The principal purpose of the CCAA proceedings is to provide the Companies 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 are intended to provide a forum to allow the Companies to develop a plan of arrangement or compromise (the "Plan") that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies' business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) discuss the rationale for the appointment of a committee comprised of seven investors (the "Investor Committee") which will work with the Monitor and the Companies to formulate a Plan that will be presented to creditors;
 - c) summarize the process (the "DIP Solicitation Process") carried out by the Monitor to solicit debtor-in-possession ("DIP") financing proposals for a \$5 million DIP facility (the "DIP Facility");
 - d) summarize the terms of the recommended DIP Facility between RCM Capital Management Ltd., or its designated assignee ("RCM"), as lender (the "Lender"), ACC, as borrower (the "Borrower") and ACBI as guarantor, including a court-ordered charge on the Companies' business and assets, which is a condition of the DIP Facility, subject only to the Administration Charge to a maximum of \$750,000 and the encumbrances in favour of Toronto Dominion Bank ("TD Bank") to a maximum of \$100,000 and HSBC Canada ("HSBC") (the "DIP Charge");

- e) summarize the proposed claims procedure (the "Claims Procedure") for soliciting and determining claims against the Companies and against the Companies' directors and officers;
- f) provide an update on the Companies' and the Monitor's activities since the Monitor's first report to Court dated March 11, 2021 (the "First Report"); and
- g) recommend that the Court issue an order or orders, *inter alia*:
 - i. approving the appointment of the Investor Committee and its members and providing the Investor Committee and its members with protections consistent with those afforded to the Monitor in the Initial Order;
 - ii. approving the DIP Facility and the DIP Charge;
 - iii. reducing the amount of the Administration Charge to \$750,000;
 - iv. approving the Claims Procedure and authorizing the Monitor to carry out the Claims Procedure on the basis set out in the proposed claims procedure order (the "Claims Procedure Order");
 - v. sealing the confidential appendices to this Report; and
 - vi. approving the Monitor's activities from the commencement of these proceedings to the date of this Report.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. This Report does not consider the potential future impact of the COVID-19 pandemic on the Companies' business and operations, including on the Companies' portfolio companies (collectively, the "PCs"). Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

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 US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "B".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its Investors. Rather, ACC raised 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.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity warrant component), preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations¹, by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952		263,952
Hybrid Securities	67,050		67,050
Total	332,315	18,205	350,520

7. ACC's interest in the PCs is owned indirectly through its holding company subsidiaries including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the "PC Refinancing Transaction").

¹ Includes accrued and unpaid interest at the date of the Initial Order.

8. Further information regarding the Companies and these proceedings can be found in the Monitor's prior reports issued in these proceedings, including its pre-filing report (the "Pre-Filing Report") and in affidavits sworn by James Livingstone, ACC's Chief Executive Officer. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Investor Committee

1. Since the commencement of these proceedings, Mr. Livingstone and representatives of the Monitor have engaged in discussions with a significant number of the Companies' investors. In light of feedback from these discussions, it became apparent to Mr. Livingstone and the Monitor that these proceedings would benefit from the establishment of a committee of investors. During those discussions, several investors expressed an interest in sitting on such a committee. The primary purpose of the Investor Committee is for the Companies and the Monitor to work with the Investor Committee to formulate a Plan that will be presented to creditors for their consideration.
2. On March 15, 2021, the Monitor sent an update letter to investors. The update letter advised of the Monitor's intention to form the Investor Committee and to have it approved by the Court by the end of March. In response to this letter, several additional individuals contacted the Monitor to advise that they have an interest in sitting on the Investor Committee. A copy of the March 15, 2021 letter to investors is provided in Appendix "C".
3. The Monitor has identified seven individuals for the Investor Committee. These individuals are significant investors and/or an advisor or representative of groups of investors. The Monitor believes these investors represent a broad cross-section of the various Securities issued by the Companies. A summary of the holdings of the Investor Committee members, or the investors they represent, is provided in the table below.

Name	Preferred Securities	Hybrid Securities	Promissory Notes
Montrusco Bolton Investors Inc.	X	X	X ²
Requisite Capital Management LLC	X	X	
Monkey Toes LLC	X	X	X ³
Birnam Wood Capital LLC	X		
Wood Group Capital Inc.	X		
Robert Maroney	X		
Donald Lang		X	

² Issued by ACBI.

³ Issued by ACC and ACBI.

4. The amounts owing to the Investor Committee members, or the investors that they represent, total, at least, approximately \$156 million, or 44% of the total outstanding Securities. The amount owing to each investor on the Investor Committee, or the investors they represent, is provided in Confidential Appendix "1". The balance of the Securities is owed to 284 investors comprising approximately \$200 million. A complete list of investors and the amounts owed to each is provided in Confidential Appendix "2".⁴
5. The Monitor has spoken with each prospective member of the Investor Committee. The Investor Committee members have diverse backgrounds that will provide various insights and perspectives into the restructuring process. Each of the Investor Committee members has significant financial and/or operational experience.
6. The Investor Committee is to have the following construct:
 - a) the Investor Committee is intended to perform an advisory and consultation function so that the goals and priorities of the Companies' creditors are considered and reflected in the Plan;
 - b) the decisions of the Investor Committee are not binding on the creditors, the Monitor or the Companies;
 - c) the members of the Investor Committee will not be compensated for sitting on the Investor Committee;
 - d) the Investor Committee is to consider the interests of all ACC and ACBI investors;
 - e) in the event that any member of the Investor Committee is unhelpful, disruptive or misses, without reasonable explanation, either two consecutive Investor Committee meetings, or three Investor Committee meetings in aggregate, the member can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members or the Monitor can bring a motion to have them removed;
 - f) there may be instances when Investor Committee members believe it would be helpful to discuss ideas and issues with stakeholders and/or the constituents that they represent or with whom they have a relationship. Generally, Investor Committee discussions are to be conducted on a confidential basis; however, the Monitor will work with the Investor Committee to agree to the scope of information that can be shared with other stakeholders. An Investor Committee member that breaches the Committee confidentiality rules can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members, or the Monitor can bring a motion to have them removed;

⁴ Pursuant to the terms of the Initial Order, the amount owing to each investor is confidential. Accordingly, that information has not been provided in this Report, except in the confidential appendices.

- g) members of the Investor Committee should not have any liability for sitting on the Investor Committee, except for their gross negligence or wilful misconduct. The Monitor is of the view that Investor Committee members should be afforded protections consistent with those provided to the Monitor or a court-appointed officer in an insolvency proceeding. It is contemplated that leave of the Court would be required to commence an action against the Investor Committee or any member of the Investor Committee; and
- h) The establishment of the Investor Committee will not obviate the need for the Companies to provide creditors with periodic updates concerning the performance of the PCs and other financial updates.

3.1 Recommendation Re Investor Committee

1. For the following reasons, the Monitor recommends that the Court issue an order approving the appointment of the Investor Committee and its initial members, and granting protections to the Investor Committee and its members consistent with those provided to the Monitor in the Initial Order:
 - a) the Investor Committee members own or represent a cross-section of Securities totaling, at least, approximately \$156 million (or 44%) of the total Securities outstanding as of the date of the Initial Order;
 - b) the Investor Committee will provide the Companies and the Monitor with the opportunity to engage with a single representative group of investors on the formulation of the Plan so that the goals and priorities of the investors are reflected in the Plan. This will assist to make these CCAA proceedings more efficient and will reduce the professional costs in these proceedings;
 - c) without the establishment of a single investor committee, it is likely that there will be several informal committees established, each advancing its own interests. This will make it difficult for the Monitor to build broad consensus for the Plan and could cause these proceedings to be unsuccessful. It is also likely to significantly increase professional costs and cause delay in reaching consensus concerning a Plan;
 - d) based on the Monitor's discussions with the prospective Investor Committee members, the members of the Investor Committee have significant financial and/or operational experience that should facilitate the restructuring process;
 - e) Investor Committee members should not have any liability for serving on the Investor Committee and accordingly, it is appropriate to grant them Court-ordered protections similar to those afforded to the Monitor in the Initial Order. If Investor Committee members are not provided appropriate protections, it is unlikely that investors would be prepared to sit on the committee, which would be to the detriment of the successful completion of these proceedings;

- f) Investor Committee members will not be compensated for sitting on the Investor Committee; and
- g) the decisions of the Investor Committee are not binding on the Companies' creditors, the Monitor and the Companies, but rather are intended to provide guidance to the Monitor and the Companies as to the structure of a Plan that addresses the key issues that will be considered by creditors so that the Plan has the best opportunity to be accepted by the creditors.

4.0 DIP Solicitation Process

1. The Monitor advised in its pre-filing report and in the First Report that the Companies may need DIP financing. Mr. Livingstone also foreshadowed the potential need for DIP financing in his affidavits sworn in these proceedings. These reports and affidavits discussed that ACC was at the date of the Initial Order working on a PC Refinancing Transaction, and if completed, the Companies would not require a DIP Facility, at least in the short-term.
2. Since the commencement of these proceedings, it has become apparent that the PC Refinancing Transaction will not be completed at this time and accordingly, given their lack of liquidity, the Companies require a DIP Facility to fund their operating expenses and professional costs during these proceedings. Additionally, the DIP Facility provides the Companies with liquidity if the Companies incur negative cash flow variances versus its cash flow forecasts. Accordingly, on March 10, 2021, the Monitor commenced the DIP Solicitation Process to obtain DIP Facility proposals by sending a letter (the "DIP Solicitation Letter") to prospective DIP lenders (the "Prospective Lenders"). A copy of the letter sent by the Monitor to Prospective Lenders is attached as Appendix "D".
3. An overview of the DIP Solicitation Process is as follows:
 - a) early in these proceedings, several Prospective Lenders contacted the Monitor to advise of their interest to provide a DIP loan to the Companies;
 - b) the Monitor sent the DIP Solicitation Letter to eight Prospective Lenders, including those which had contacted the Monitor;
 - c) to be permitted into the process, Prospective Lenders were required to sign a confidentiality agreement (the "CA"). Upon execution of the CA, Prospective Lenders were provided access to an online data room, which included financial information concerning the Companies and the PCs, as well as a draft term sheet for the DIP Facility prepared by the Monitor, in consultation with the Companies; and
 - d) Prospective Lenders were encouraged to submit proposals using the draft term sheet, with any changes blacklined against it.

4.1 DIP Solicitation Process Results

1. The results of the DIP Solicitation Process are summarized as follows:
 - a) eight parties executed the CA and were provided access to the data room; and
 - b) three offers were submitted.
2. A summary of the offers is provided in Confidential Appendix "3" (the "DIP Summary"). The Companies and the Monitor are of the view that the best DIP Facility proposal was submitted by the Lender.

4.2 DIP Facility⁵

1. The terms of the DIP Facility are set out in the term sheet (the "DIP Term Sheet"). A copy of the DIP Term Sheet is attached as Appendix "E". The significant terms of the DIP Facility are below.
 - a) Lender: RCM
 - b) Guarantor: ACBI
 - c) Amount: \$5 million
 - d) Maturity Date: ACC will repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the implementation of a Plan and by an order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) the date that is six months from the date of the Initial Advance, subject to the ability of the Borrower, with the reasonable consent of the Lender to extend the Maturity Date for an additional six month period by notice in writing to the Interim Lender delivered prior to the expiry of the initial six month term (the earliest of such dates being the "Maturity Date").
 - e) Interest rate: 10% per annum on outstanding advances (there are no unused facility fees, set up fees or other fees related to the DIP Facility).
 - f) DIP Charge: First-ranking Court ordered charge over the Borrowers' business and assets, subject to the Administration Charge to a maximum of \$750,000 and the secured claims of TD Bank (to a maximum of \$100,000) and HSBC.

⁵ Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.

- g) Budget: The Borrower has delivered, with consent of the Monitor, and the Lender has accepted, a current weekly line-item budget covering the period of at least ninety-one (91) days following the date of this Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the "Agreed Budget").

On Wednesday of each week by 4:00 p.m. (Vancouver time), commencing on the first week after the initial funding, ACC will deliver to the Lender: (i) a report showing actual cash receipts and actual expenditures for each line-item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line-item during such one week period, and (ii) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Lender in its sole discretion (if so approved by the Interim Lender, the "Revised Budget").

- h) Conditions, include:
- i. reduction in the Administration Charge to \$750,000;
 - ii. entry of the DIP Order and the granting of the DIP Charge; and
 - iii. no Default or Event of Default shall have occurred or, if applicable, will occur as a result of the requested Interim Advance;
- i) Events of Default, include:
- i. termination of the CCAA proceedings or lifting the CCAA stay of proceedings to permit (A) the enforcement of any Lien against Companies, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Companies; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens;
 - ii. the issuance of an order modifying the DIP Charge or any orders in a manner which adversely impacts the Lender without the prior consent of the Lender;
 - iii. failure of any of the Companies to comply with (i) any of the negative covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ten (10) Business Days or (ii) any of the positive covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of thirty (30) Business Days;

- iv. if the Companies' exposure to HSBC exceeds \$40,000;
- v. the occurrence of a Material Adverse Change⁶;
- vi. any material violation or breach of any Court Order by the Companies; and
- vii. any Revised Budget (A) contemplates or forecasts an adverse change from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency (each, an "Updated Budget Default").

4.3 Secured Creditors

1. The DIP Facility will not have priority over the following obligations owing to TD Bank to a maximum of \$100,000 and HSBC.

4.3.1 TD Bank

1. TD Bank has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan Personal Property Security Acts.
2. The Monitor has been advised that TD's registrations were made in respect of:
 - a) 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. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
 - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the Court-Ordered Charges rank in priority to the TD security interest, subject to a \$100,000 priority afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.

⁶ "Material Adverse Change" means any event which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change in: (a) the ability of the Companies to perform any obligation under the DIP Term Sheet or any Court Order, or the ability of ACC to carry out a Plan; (b) the validity or enforceability of any of the D&O Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Lender under the D&O Charge; (c) the rights and remedies of the Lender under the DIP Term Sheet; (d) the business of the Companies, on a consolidated basis, including without limitation a material adverse qualification (other than a "going concern" qualification resulting from the CCAA proceedings); (e) the ability of the Companies to carry on its business as conducted as of the date of this Term Sheet; or (f) the Collateral.

4. The Monitor understands that TD has recently terminated the Visa facilities and that the Companies intend to repay this obligation at their earliest opportunity.

4.3.2.HSBC

1. HSBC has registered a financing statement against ACC under the British Columbia Personal Property Security Act. HSBC is not a lender to the Companies. ACC maintains bank accounts at HSBC and has a Visa facility with HSBC. The HSBC registration against ACC relates to HSBC's security for ACC's obligations in relation to account management and related services, as well as any exposure under the Visa facility. The amounts that may be owing to HSBC at any point in time are not anticipated to be significant and the ranking of HSBC's security is not to be affected by the DIP Charge.

4.3.3.Priority of Charges

1. The proposed priority of the Court-ordered charges is as follows:
 - a) first, the Administration Charge;
 - b) second, the DIP Charge;
 - c) the D&O Charge; and
 - d) the Intercompany Charge.

4.4 Recommendation re DIP Facility

1. The Monitor considered the following factors regarding the terms of the DIP Facility, as well those set out in Section 11.2 of the CCAA:
 - a. the Companies are facing a liquidity crisis. They are projected to exhaust their cash balances by approximately mid-April. Absent DIP Financing, the Companies may not be able to pay operating costs and professional fees in relation to these proceedings. In the Monitor's view, the Companies require the DIP Facility to ensure that they have sufficient liquidity to continue to operate and to fund the costs of these proceedings for the benefit of all of the Companies' stakeholders;
 - b. the DIP Facility enhances the prospect that the Companies will be able to successfully restructure and will prevent a fire sale of certain of the PCs, which would be the Companies' only other option to generate liquidity, if required. Such option is not in the interest of the Companies' stakeholders;
 - c. the DIP Facility is for six months and can be extended by another six months by ACC, which may be necessary if these proceedings are not completed by the six-month anniversary of these proceedings;

- d. the DIP Facility has no fees, including an unused line fee, which is an important consideration as the full amount of the DIP Facility is not projected at this time to be drawn;
- e. the Companies are permitted to repay the DIP Facility at any time, without penalty; and
- f. based on the other DIP proposals received, and a comparison of the terms of the DIP Facility to the terms of other DIP facilities approved by Canadian courts in CCAA proceedings commenced between 2018 and 2021 (see Appendix "F"), the Monitor believes that the terms of the DIP Facility are reasonable for the following reasons:
 - the interest rate of the proposed DIP Facility is consistent with, and in many instances lower than, DIP facilities approved by Canadian courts in other CCAA and restructuring proceedings;
 - there are no fees payable under the DIP Facility, including an unused line fee; and
 - the DIP Facility is for a six-month term and can be extended at no cost for an additional six months, if required. The maximum term of the DIP Facility should be sufficient to complete or substantially complete these proceedings.

5.0 Claims Procedure⁷

1. **This Report summarizes the Claims Procedure. Interested parties are strongly encouraged to read the Claims Procedure Order in its entirety. To the extent there are inconsistencies between this Report and the Claims Procedure Order, the Claims Procedure Order shall prevail. The full details of the Claims Procedure have not been reproduced or summarized in this Report.**
2. The Monitor developed the Claims Procedure to solicit and determine any and all Claims, including Pre-Filing Claims, D&O Claims and Restructuring Claims.
3. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Report.

5.1 Notice to Creditors

1. The Claims Procedure requires a Notice to Claimants to be published in *The Globe and Mail* (National Edition) and the Vancouver Sun by the Monitor by no later than April 6, 2021.

⁷ Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

2. The Monitor will post the Notice to Claimants, the Claims Package and the Claims Procedure Order on its website as soon as possible. The Claims Package includes an Instruction Letter, a Proof of Claim and a Notice of Dispute.
3. The Monitor shall send a Known Claimant Claims Package to each Known Claimant and to Canada Revenue Agency, and any similar revenue or taxing authority of each and every province or territory of Canada in which the Companies carry on business within ten (10) Business Days following the granting of the Claims Procedure Order, by ordinary mail or electronic mail to the Known Claimant's last known address provided by the Companies, or the address provided to the Monitor by the Known Claimant.

5.2 Proof of Claims

1. Most of the creditors of the Companies are investors. To increase the efficiency of the Claims Procedure, the Monitor and the Companies will determine the claim amounts for all Known Claims as at the Filing Date, based on the Companies' books and records. Any Known Claimant that does not dispute the amount of its Known Claim is not required to take any further action and the Known Claim will be deemed to be the Claimant's proven claim for the purposes of voting and distribution under any Plan.
2. Any Known Claimant wishing to dispute the amount or other aspect of the Known Claim must file a Notice of Known Claim Dispute with the Monitor on or before the Pre-Filing Claims Bar Date, being 4:00 p.m. (PST) on May 14, 2021 or such other date as may be ordered by the Court.
3. Any Person who wishes to assert:
 - a. a Pre-Filing Claim (not set out in a Known Claimant Notice) must deliver a completed Proof of Claim to the Monitor on or before the Pre-Filing Claims Bar Date;
 - b. a Restructuring Claim⁸, must deliver a completed Proof of Claim form to the Monitor on or before the applicable Restructuring Claims Bar Date. The Restructuring Period Claims Bar Date is the later of (i) the Pre-Filing Claims Bar Date; and (ii) thirty (30) days after the Monitor sends a Claims Package with respect to a Restructuring Claim; and
 - c. a D&O Claim, must deliver a completed Proof of Claim form to the Monitor on or before the Pre-Filing Claims Bar Date, if in respect of a claim arising before the Filing Date, or the Restructuring Claims Bar Date if in respect of a Disclaimer, as applicable.

⁸ Any right or claim of any Person that may be asserted or made in whole or in part against the Companies in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Companies to such Person arising out of the Disclaimer of any lease, contract, or other arrangement, agreement or obligation (whether oral or written) by any of the Companies on or after the Filing Date, whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Procedure Order.

4. Any Person who does not file a Proof of Claim in accordance with this Claims Procedure Order with the Monitor by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, as applicable, shall:
 - a) not be entitled to receive further notice with respect to, and shall not be entitled to participate as a Claimant or creditor in, the Claims Procedure or the CCAA Proceeding in respect of such Claim;
 - b) with respect to a Pre-Filing Claim or a Restructuring Claim, upon approval of a Plan, be forever barred from asserting such Claim against the Companies and the Companies shall not have any liability in respect of such Claim and such Claim shall be extinguished;
 - c) with respect to a D&O Claim, upon approval of a Plan, be forever barred from asserting such Claim against any of the Directors or Officers and the Directors and Officers shall not have any liability in respect of such Claim and such Claim shall be extinguished;
 - d) not be permitted to vote on any Plan at any Meeting on account of such Claim; and
 - e) not be permitted to participate in any distributions under any Plan related to such Claim or under this CCAA Proceeding.

5.3 Determination of Claims

1. The Monitor, in consultation with the Companies (and in the case of a D&O Claim, in consultation with the respective Directors or Officers, if applicable) shall review all Proofs of Claim and Notices of Known Claim Dispute filed in accordance with this Claims Procedure Order, and at any time may, among other things:
 - a) attempt to resolve and settle any issue arising in a Proof of Claim or Notice of Known Claim Dispute or in respect of a Claim;
 - b) accept the claim; and
 - c) revise or disallow the amount of any Claim and so notify the Claimant in writing by way of a Notice of Revision or Disallowance.
2. The Monitor will not accept or revise any portion of a D&O Claim absent: (i) the consent of the applicable Director and Officer in consultation with the applicable insurer; or (ii) further Order of the Court.
3. Any Person who intends to dispute the amount set out in a Notice of Revision or Disallowance must deliver a Notice of Dispute to the Monitor in writing, with a copy to the Monitor, by 4:00 p.m. (PST) on the day that is no later than fourteen (14) calendar days after such Claimant received the Notice of Revision or Disallowance. If they do not submit a Notice of Dispute, the value and status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance, respectively, for the purposes of voting and distribution under any Plan.

4. In the event that the Monitor and the Claimant are unable to resolve any Disputed Claim in respect of any Pre-Filing Claim or Restructuring Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed Claim determined by the Court.
5. In the event that the Monitor, in consultation with the applicable Director or Officer, is unable to resolve any Disputed Claim in respect of any D&O Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed D&O Claim determined by the Court.

5.4 Excluded Claims

1. The only Excluded Claims are the secured claims of TD, HSBC and amounts secured by the Court-Ordered Charges.

5.5 Recommendation re: Claims Procedure

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
 - a) the filing of claims and the completion of the Claims Procedure is a gating issue to the timely completion of these proceedings. The Monitor has stated in its reports and in its discussions with investors, that it is its intention to advance these proceedings expeditiously. Commencing the Claims Procedure at this time is consistent with this objective;
 - b) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those commonly approved by Canadian courts in CCAA proceedings and are sufficient to allow creditors to file Claims in these proceedings, particularly as the Companies will be providing most of the creditors with the amounts of their claims as of the date of the Initial Order, as set out in the Companies' books and records;
 - c) in the Monitor's view, the Pre-Filing Claims Bar Date, being approximately 44 days from the date scheduled for this application, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor; and
 - d) in the Monitor's view, the basis on which the Claims Procedure proposes to address Known Claims, being by far the largest pool of creditors, will allow the Monitor to calculate Known Creditor claims on a consistent manner based on the Companies' books and records, and minimize the number of disputed claims, thereby streamlining the Claims Procedure and minimizing the professional costs of the Claims Procedure.

6.0 Professional Fees

1. At the Comeback Motion, there was a discussion concerning the Administration Charge and the professional fees incurred to-date. Additionally, one of the purposes of the DIP Facility is to fund the fees and costs of the Administration Professionals. Accordingly, the Monitor is providing an update on the estimated fees and costs of the Administration Professionals as of March 15, 2021, as summarized in the table below.

	(\$000s)
KSV	280
DLA Piper (Canada) LLP	61
Aird & Berlis LLP	200
MLT Aikins LLP	62
Nathanson Shachter & Thompson LLP (D&O counsel)	5
	608

2. Since the commencement of these proceedings, one of the Administration Professionals has received payment of one invoice in the amount of \$29,341, while none of the other Administration Professionals has received payment of their fees and costs since that time, including in respect of their activities related to preparing for these proceedings. Additionally, one of the Administration Professionals has an outstanding retainer of \$50,000. If the DIP Facility is approved, the Administration Charge will be reduced from \$1 million to \$750,000. The Administration Professional with a retainer intends to apply its retainer against its first invoice rendered in these proceedings.
3. As a result of the discussion at the Comeback Motion, and subject to the approval of the DIP Facility, the Administration Professionals have agreed to reduce the Administration Charge to \$750,000. This is also a condition of the DIP Facility.

7.0 Confidential Appendices

1. This Report discusses two sets of information that the Monitor believes should be sealed: information concerning the amounts owed to Investors and the DIP Summary.
2. As discussed in the Monitor's Pre-Filing Report and in the affidavit of Mr. Livingstone sworn March 2, 2021, the Companies' investors have an expectation of privacy as to the amounts owing to them by the Companies. The Initial Order authorizes the Companies to keep this information confidential and accordingly, the Monitor believes it is appropriate that the information provided in Confidential Appendices "1" and "2" be sealed on that basis. The Monitor does not believe any party will be prejudiced if this information is sealed.

3. The DIP Summary provided in Confidential Appendix "3" includes a summary of the DIP proposals. The Monitor believes that the DIP Summary should be filed with the Court on a confidential basis and be sealed ("Sealing Order"). If the DIP Facility transaction does not close for any reason, a subsequent DIP solicitation process would be prejudiced by the release of the information. The Monitor is not aware of any party that will be prejudiced if the information is sealed. Accordingly, the Monitor believes the proposed Sealing Order is appropriate in the circumstances.

8.0 Companies' Activities Since the Date of the Initial Order

1. The Companies' activities since the date of the Initial Order have included:
 - a) continuing to operate its business in the ordinary course;
 - b) engaging routinely with the Companies' investors and interested parties;
 - c) overseeing the operations of the PCs;
 - d) considering Ardenton's liquidity issues and assisting the Monitor to respond to questions from Prospective Lenders;
 - e) communicating with suppliers to secure goods and services during these proceedings;
 - f) dealing with regulators;
 - g) advancing its restructuring efforts and considering various restructuring options;
 - h) working on a multi-year pro-forma of the PCs;
 - i) providing feedback from investors concerning the Investor Committee and discussing same with the Monitor;
 - j) assisting the Monitor with the drafting of a claims procedure;
 - k) drafting an investor update (in progress);
 - l) dealing with its auditors;
 - m) restructuring its US operations;
 - n) preparing to move its Vancouver office effective April 1, 2021; and
 - o) keeping the Monitor apprised of all of the foregoing.

9.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
 - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
 - b) continuing to engage with investors;
 - c) working with the Companies to put in place the Investor Committee;
 - d) speaking with several individuals who expressed an interest in sitting on the Investor Committee;
 - e) drafting the Claims Procedure Order and discussing same with the Companies;
 - f) corresponding with the Companies' creditors;
 - g) preparing and updating a virtual data room for Prospective Lenders;
 - h) facilitating due diligence by Prospective Lenders;
 - i) negotiating and finalizing the DIP Term Sheet;
 - j) monitoring the Companies' receipts and disbursements;
 - k) working with the Companies to consider restructuring issues;
 - l) dealing with the Companies' auditors;
 - m) dealing with issues affecting the UK operations, including the UK PCs;
 - n) drafting the First Report and this Report; and
 - o) maintaining the service list.

10.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(g) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix "A"



No. S-211985
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

(Amended and Restated Initial Order)

BEFORE THE HONOURABLE)
MR. JUSTICE MACINTOSH) March 15, 2021

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 15th day of March, 2021; AND ON HEARING William E.J. Skelly and Kyle Plunkett, counsel for the Petitioners, Colin Brousson, counsel for the Monitor, and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the First Affidavit of James Livingstone, made on March 2, 2021 (the "**Livingstone #1 Affidavit**"), the Pre-Filing Report of KSV Restructuring Inc. (the "**Monitor**"), dated March 3, 2021, the Second Affidavit of James Livingstone, made on March 5, 2021, the Third Affidavit of James Livingstone, made on March 10, 2021 and the First Report of the Monitor, made on March 10, 2021; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; 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:

AMENDED AND RESTATED INITIAL ORDER

1. This Amended and Restated Initial Order amends and restates the Order of this Court (the “**Initial Order**”) made in these proceedings on March 5, 2021 (the “**Order Date**”).

JURISDICTION

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

SUBSEQUENT HEARING DATE

3. The hearing of the Petitioners’ application for an extension of the Stay Period (as defined in paragraph 16 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 _____, 2021 or such other date as this Court may order.

PLAN OF ARRANGEMENT

4. 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

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

11. 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

12. 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").

13. The Petitioners shall provide each of the relevant landlords with notice of the Petitioners' 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 Petitioners' 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 secured creditors who claim a security interest in the fixtures, such landlord and the Petitioners, or by further Order of this Court upon application by the Petitioners, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioners disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, they 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 Petitioners' claim to the fixtures in dispute.

14. 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 Petitioners 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 Petitioners, 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 Petitioners 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.

15. 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

16. Until and including May 7, 2021, 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.

17. 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.

18. 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

19. 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

20. 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

21. 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

22. 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

23. 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.

24. 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 \$240,000, as security for the indemnity provided in paragraph 23 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 36 and 38 herein.

25. 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 23 of this Order.

APPOINTMENT OF MONITOR

26. 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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

32. 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.

33. 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.

34. 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 \$1,000,000, 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.

7/2/11 ✓ The Administration Charge includes an amount not to exceed \$25,000, plus applicable taxes, to secure the fees and disbursements relating to services rendered or to be rendered by independent legal counsel to the directors and officers of the Petitioners. The Administration Charge shall have the priority set out in paragraphs 36 and 38 hereof. *9/2/11*

INTERCOMPANY CHARGE

35. The Petitioner, Ardenton Capital Bridging Inc. ("ACBI"), shall be entitled to the benefit of and is hereby granted a charge (the "**Intercompany Charge**") on the Property of the Petitioner, Ardenton Capital Corporation ("ACC"), as security for all advances or payments made by ACBI to ACC, from and after the date of the Initial Order. The Intercompany Charge shall have the priority set out in paragraphs 36 and 38 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

36. The priorities of the Administration Charge, the Directors' Charge and the Intercompany Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$1,000,000);

Second – Directors' Charge (to the maximum amount of \$240,000); and

Third – Intercompany Charge in the case of the Property of ACC.

37. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the Intercompany 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.

38. 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, the liens and encumbrances in favour of the Toronto-Dominion Bank against the Property to a maximum amount of \$100,000, and the liens and encumbrances in favour of HSBC Bank Canada against the Property existing as at the date of the Initial Order.

39. 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 and the beneficiaries of the Administration Charge and the Director's Charge.

40. The Administration Charge, the Directors' Charge and the Intercompany 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") 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.

41. 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

42. The time for service of the Notice of Application for this Order is hereby abridged and deemed good and sufficient and this Notice of Application is properly returnable today.

43. 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.

44. 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.

45. 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>.

46. 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>.

47. Notwithstanding paragraphs 44 and 46 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

48. 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.

49. 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.
50. 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.
51. 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.
52. 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.
53. 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.
54. 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

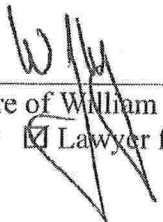
affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

55. 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.

56. Endorsement of this Order by counsel appearing on this Notice of Application, except for counsel for the Petitioners, is hereby dispensed with.

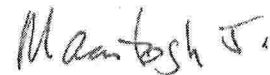
57. - This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

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



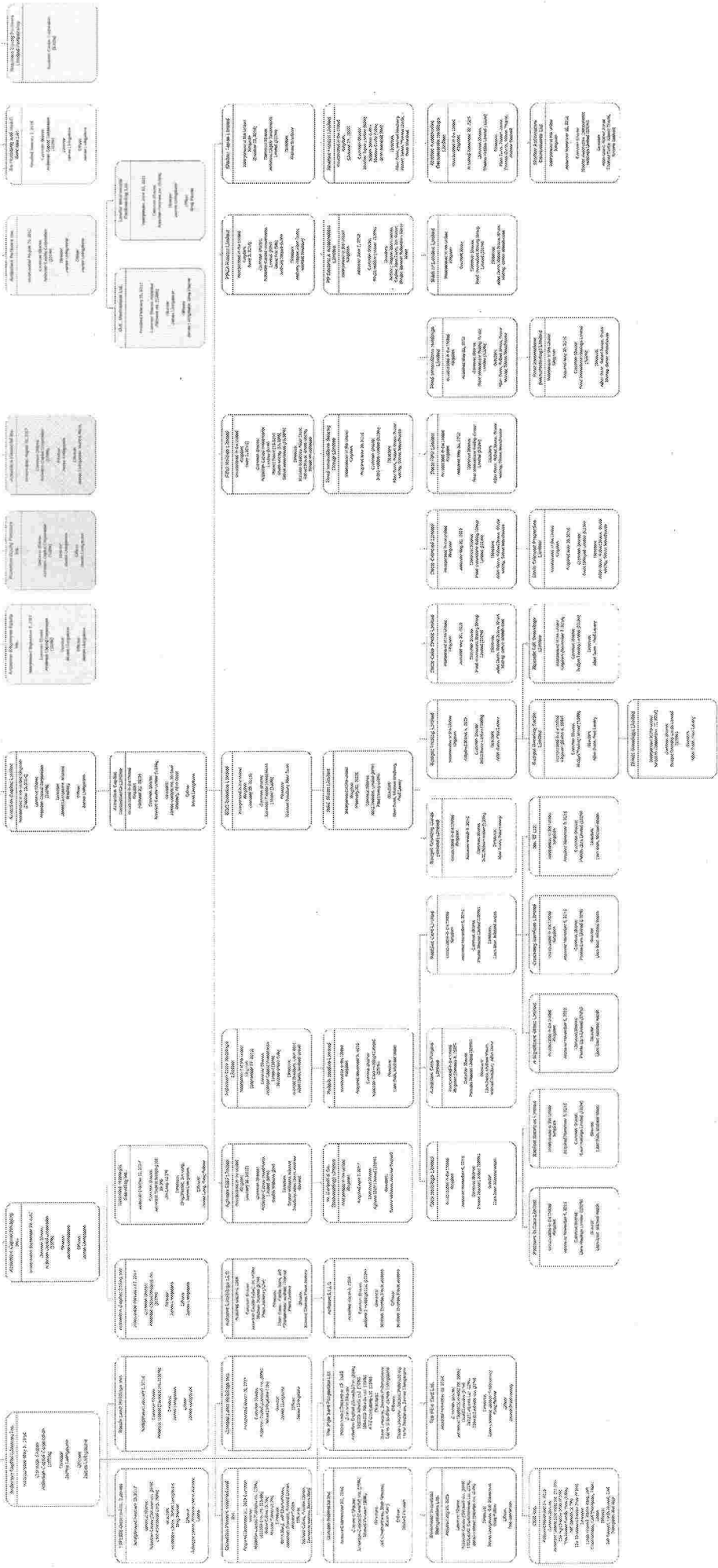
Schedule "A"

(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 Monitor, KSV Restructuring Inc.
Claire Hildebrand	Oxford Management Services Inc.
Kibben Jackson	Montrusco Bolton Investments Inc.
Adrienne Ho	Leone Financial Corporation

Appendix "B"

ORGANIZATIONAL CHART FOR
MAY 2010



Appendix "C"



ksw advisory inc.

150 King Street West, Suite 2308

Toronto, Ontario, M5H 1J9

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F +1 416 932 6266

ksvadvisory.com

March 15, 2021

DELIVERED BY EMAIL

**TO: INVESTORS OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.**

As you know, on March 5, 2021, the Supreme Court of British Columbia (the "Court") issued an order (the "Initial Order") granting Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI", and together with ACC, the "Companies") protection under the *Companies' Creditors Arrangement Act* ("CCAA"). KSV Restructuring Inc. was appointed as the Monitor in the CCAA proceedings.

We are writing to provide you with a brief update concerning the CCAA proceedings.

Pursuant to an order issued by the Court this morning, the stay of proceedings granted to the Companies pursuant to the Initial Order was extended to May 7, 2021. A copy of the order issued this morning will be available later today on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

The Companies and the Monitor are committed to advancing these proceedings expeditiously. In that regard, we are writing to advise you of the next steps in the proceedings.

- In the next few weeks, the Companies will be bringing a motion for the approval of a claims process, which is an important step in any CCAA process. Pursuant to this process, creditors will be able to confirm the amount of their claims against the Companies as of the date of the Initial Order. This is a gating issue to the timely completion of these proceedings, and it is helpful to complete it early in the proceedings.
- The Companies are presently preparing an update concerning the performance of the portfolio companies. It is expected that the update will be available by the end of March.
- In response to feedback received by the Monitor from investors since the commencement of these proceedings, the Monitor is in the process of putting together a five-person investor committee representing a cross section of investors who will, *inter alia*, provide advice and feedback to the Monitor and the Companies on a plan of arrangement or compromise that will ultimately be subject to a vote by creditors. The intention is to have a collaborative process with the investor committee that sees an acceptable plan presented to creditors and which reflects investor objectives and priorities. The Monitor will bring a motion in these proceedings for the approval by the Court of the investor committee and its members.

We will continue to be in touch throughout these proceedings.

Yours very truly,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “D”



kvs restructuring inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
T +1 416 932 6262
F +1 416 932 6266

ksvadvisory.com

March 10, 2021

DELIVERED BY EMAIL

•

Attention: •

Dear •:

Re: Ardenton Capital Corporation (“ACC”) and Ardenton Capital Bridging Inc. (“ACBI”, and together with ACC, the “Companies”)

Pursuant to an order made by Supreme Court of British Columbia (“Court”) dated March 5, 2021 (“Initial Order”), the Companies were granted protection under the *Companies’ Creditors Arrangement Act* (“CCAA”) and KSV Restructuring Inc. was appointed monitor (the “Monitor”). A copy of the Initial Order and other motion materials filed in these proceedings are available on the Monitor’s website at: <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

ACC is the parent company of an integrated multinational private equity business. None of ACC’s fourteen portfolio companies (collectively, the “PCs”) are subject to these proceedings. All of the PCs continue to operate in the normal course. The PCs are held through intermediary holding companies including ACBI (“Holdcos”). ACBI is the only Holdco that is subject to these proceedings.

The principal purpose of the CCAA proceedings is to provide the Companies 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 Companies to develop a plan of arrangement that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ interests in the PCs and other assets. The Companies intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern.

The Monitor is seeking proposals to provide debtor-in-possession financing (“DIP Financing”) to fund the working capital needs and professional costs of the Companies during these restructuring proceedings.

The key terms of the DIP facility are as follows:

Borrowers	ACC and ACBI
Committed Amount	\$5 million
Completion Date	Required to be in place by March 30, 2021
Collateral	The primary collateral offered is ACC’s interest in the Holdcos, and ACBI’s interest in the PCs owned by it.
Charge	A Court ordered, first-ranking charge on the assets of the Companies, subject to the Administration Charge and the D&O Charge
Term	Six months with a six-month renewal option, in the discretion of ACC

In connection with the terms of the confidentiality agreement you previously executed, information concerning ACC, the Holdcos and the PCs has been made available to you in an online data room. The data room contains, among other things, historical financial statements for the PCs, Holdcos and ACC, a draft DIP term sheet (the "Term Sheet") and six-month cash flow projection.

Should you be interested in submitting a proposal to provide the DIP Financing, you are encouraged to submit your proposal substantially in the form of the Term Sheet, with any changes blacklined against the original.

DIP Financing proposals must be submitted to the Monitor on or before 5 p.m. (Toronto time) on March 20, 2021.

The selected DIP Financing proposal will require Court approval. The Monitor and the Companies are not obliged to accept any offer. The Monitor and the Companies reserve the right to evaluate all offers, to negotiate their terms and to reject any and all offers and to amend the DIP Financing process as it considers appropriate.

If you have any questions, please do not hesitate to contact the undersigned.

Yours very truly,

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix "E"

CDN. \$5,000,000
INTERIM FINANCING TERM SHEET

March 23, 2021

WHEREAS on March 5, 2021, the Loan Parties (as defined below) obtained protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") to restructure its debts and affairs pursuant to an initial order (as amended and restated, the "Initial Order") of the Supreme Court of British Columbia (the "Court");

AND WHEREAS pursuant to the Initial Order, KSV Restructuring Inc. was appointed Monitor of the Loan Parties (in such capacity, the "Monitor") in the proceedings under the CCAA (the "CCAA Proceedings");

AND WHEREAS the Borrower has requested that the Interim Lender provide financing to fund certain cash requirements of the Borrower and certain of its affiliates during the pendency of the CCAA Proceedings;

AND WHEREAS the Interim Lender is willing to provide the Interim Facility herein to the Borrower in accordance with the terms and conditions set out in this Term Sheet

NOW THEREFORE in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **BORROWER** Ardenton Capital Corporation (the "Borrower").
2. **LENDER** RCM Capital Management Ltd. or its designated assignee (the "Interim Lender").
3. **GUARANTOR** Ardenton Capital Bridging Inc. (the "Guarantor" and together with the Borrower, the "Loan Parties" and individually, a "Loan Party").
4. **DEFINED TERMS** Capitalized terms used in this Interim Financing Term Sheet (including in the recitals above) (also referred to herein as "this Term Sheet") not otherwise defined herein shall have the meanings given thereto in **Schedule A**.
5. **CURRENCY** Except as otherwise expressly provided herein, all dollar amounts herein are in Canadian Dollars. All payments made hereunder shall be made in the currency in respect of which the obligation requiring such payment arose.
6. **PURPOSE** The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order,

in each case during and for the purposes of the Borrower's pursuit of a restructuring under its CCAA Proceedings:

- a) To fund professional fees of the Monitor and the legal fees of counsel to the Interim Lender, the Loan Parties and the Monitor. It is agreed to and acknowledged by the Loan Parties and the Interim Lender that those fees and expenses incurred to the date hereof, as and including those provided for in the Agreed Budget as of the date hereof are reasonable and can be funded from the Interim Facility.
- b) To fund the payment of interest and other amounts payable under the Interim Facility in accordance with the terms hereof.
- c) To finance (i) agreed operating expenses, including the operating expenses of the Borrower's affiliates, restructuring costs in the CCAA Proceedings, and (ii) agreed general corporate purposes of the Borrower, including the payment of insurance premiums and/or run-off coverage, in each case and all in accordance with the Agreed Budget.
- d) To fund such other costs and expenses as agreed to by the Interim Lender, in writing.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Loan Parties without the prior written consent of the Interim Lender; it being agreed by the Interim Lender that such consent is not required for the Borrower to pay (i) reasonable fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings owing to counsel to the Loan Parties, the Monitor and counsel to the Monitor (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget, or (iii) any other amounts owing by the Loan Parties to the extent specifically identified in the Agreed Budget.

7. INTERIM FACILITY,

A super-priority, debtor-in-possession interim, non-revolving credit facility (the "**Interim Facility**") up to a maximum principal amount of \$5,000,000 (the "**Maximum Amount**"), subject to the terms and conditions contained herein.

**MAXIMUM
AMOUNT**

Advances under the Interim Facility (collectively the "**Interim Advances**") and individually an "**Interim Advance**") shall be deposited into the Deposit Account and utilized by the Borrower in accordance with the Agreed Budget and the terms hereof.

8. GUARANTEES

All present and future obligations of the Borrower under or in connection with this Term Sheet and all other documents in connection with the Interim Facility will be guaranteed by unlimited guarantees granted by the Guarantor in form and substance satisfactory to the Interim Lender (the "**Guarantee**").

**9. CONDITIONS
PRECEDENT TO
EFFECTIVENESS
AND INTERIM
ADVANCES**

The effectiveness of this Term Sheet and the agreement of the Interim Lender to make advances of the Interim Facility shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

- a) The Court shall have issued an order in the CCAA Proceedings (the "**DIP Order**"), satisfactory to the Interim Lender, in its sole discretion, on notice to such parties as are acceptable to the Interim Lender, which shall: (i) approve this Interim Financing Term Sheet and the Interim Facility; (ii) grant the Interim Lender a first ranking charge (the "**Interim Lender Charge**") over all of the assets, undertaking and property (collectively, the "**Property**") of each of the Borrower and the Guarantor securing all obligations owing by the Borrower and the Guarantor to the Interim Lender under this Interim Financing Term Sheet and the Guarantee, respectively (collectively, the "**Interim Financing Obligations**"), which shall have super-priority over all Liens and encumbrances, whether registered or not, other than the Permitted Priority Liens; and (iii) treat the Interim Lender as an unaffected creditor in the CCAA Proceedings.
- b) The Interim Lender shall have received the Agreed Budget.
- c) The Guarantee shall be satisfactory to the Interim Lender, acting reasonably, and shall have been executed by the Guarantor;

The making of each Interim Advance by the Interim Lender shall be further subject to the satisfaction of the following conditions precedent (collectively, the "**Funding Conditions**") as determined by the Interim Lender:

- d) The DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or materially amended, restated or modified, without the consent of the Interim Lender and such DIP Order shall have become a final order not subject to appeal.
- e) All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Interim Lender shall have been made to pay such amounts.
- f) The Loan Parties shall be in compliance with all orders issued in the CCAA Proceedings;
- g) The Loan Parties shall have paid all statutory liens, trust and other priming government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- h) All of the representations and warranties of the Loan Parties as set forth herein shall be true and accurate in all material respects.
- i) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- j) No Material Adverse Change shall have occurred after the date hereof.
- k) There shall be no Liens ranking in priority to the Interim Lender Charge other than the Permitted Priority Liens.
- l) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as **Schedule B**, which shall be executed by a director

or officer of the Borrower, and shall certify, inter alia, that (i) the requested Interim Advance is within the Maximum Amount and is consistent with the Agreed Budget, (ii) has been approved by the Monitor and (iii) the Borrower and the other Loan Parties are in compliance with this Term Sheet and all Court Orders.

- m) The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender in their sole discretion (unless specified otherwise), unless otherwise waived in writing by the Interim Lender.

10. COSTS AND EXPENSES

The Borrower shall pay all of the reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any reasonable costs of the Interim Lender in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, or the CCAA Proceedings, and for certainty, including without limitation the preparation and negotiation of all of this Term Sheet and Court filings in connection with the CCAA Proceedings, any amendments thereto or analysis thereof or the assessment or enforcement of any rights and/or remedies of the Interim Lender thereunder or in connection with in connection with the CCAA Proceedings (collectively, the “**Interim Financing Fees and Expenses**”).

11. INTERIM LENDER CHARGE

All Interim Financing Obligations of the Borrower and Guarantor shall be secured by the Interim Lender Charge which shall be granted by the Court on terms and conditions satisfactory to the Interim Lender in their sole discretion. The

Loan Parties shall not permit any Liens to charge or affect any of the Collateral, except for the Permitted Liens.

12. MONITOR

The Court-appointed monitor in the CCAA Proceedings shall be KSV Restructuring Inc. (in such capacity, the "**Monitor**"). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor as may be requested by the Interim Lender from time to time. The Borrower represents and warrants that counsel for the Monitor is DLA Piper (Canada) LLP.

13. TERM AND MATURITY

All of the Interim Financing Obligations are required to be paid in full, and the Borrower shall repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a "**Plan**") which has been approved by the requisite majorities of the Loan Parties' creditors and by an order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) the date that is 6 months from the date of the Initial Advance, subject to the ability of the Borrower, with the reasonable consent of the Interim Lender to extend the Maturity Date for an additional 6 months period by notice in writing to the Interim Lender delivered prior to the expiry of the initial 6 months term. (the earliest of such dates being the "**Maturity Date**").

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date (unless otherwise extended in writing by the Interim Lender), without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan or Bankruptcy Sale shall not discharge or otherwise affect in any way any of the obligations of the Borrower and the Guarantor to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date such Plan is implemented or Bankruptcy Sale is completed.

**14. AGREED BUDGET
AND REVISED
BUDGETS**

The Borrower has delivered with consent of the Monitor, and the Interim Lender has accepted in their sole discretion, on the date hereof a current weekly line item budget covering the period of at least ninety-one (91) days following the date of this Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the "**Agreed Budget**"). The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Wednesday of each week by 4:00 p.m. (Vancouver time), commencing on the first week after the initial funding, the Borrower shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion (if so approved by the Interim Lender, the "**Revised Budget**").

**15. AVAILABILITY
UNDER INTERIM
FACILITY**

Provided that the Funding Conditions are satisfied to the satisfaction of the Interim Lender, each Interim Advance shall be made separately by the Interim Lender to the Borrower within four (4) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially in the form attached hereto as **Schedule B**.

Each Interim Advance shall be in a minimum aggregate amount that is no less than \$500,000 and in excess thereof in integral multiples of \$500,000.

All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

The initial Interim Advance shall be in an amount not in excess of \$5,000,000 (the "**Initial Advance**").

16. EVIDENCE OF INDEBTEDNESS

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender under the Interim Facility.

17. VOLUNTARY PREPAYMENTS AND MANDATORY PREPAYMENTS

Provided the Monitor is satisfied that there are sufficient cash reserves in the Loan Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date with at least two (2) Business Days' prior written notice, and provided that any such prepayment is not less than \$250,000 and in excess thereof in integral multiples of \$25,000. Any amounts prepaid can be re-borrowed prior to the Maturity Date.

Unless otherwise consented to in writing by the Interim Lender, and provided the Monitor is satisfied that the Loan Parties have sufficient cash reserves to satisfy amounts secured by the Permitted Priority Liens, the Interim Facility Obligations shall be promptly repaid upon (i) a sale of any of the Collateral out of the ordinary course of business and consented to in writing by the Interim Lender, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and expenses and applicable taxes in respect thereof) or (ii) the issuance of any shares, warrants or other equity interests or rights to acquire equity interests of the Borrower or any other Loan Party, in an amount equal to the net cash proceeds of such sale (for greater certainty, net of reasonable transaction fees and applicable taxes in respect thereof). Any amount repaid may be re-borrowed prior to the Maturity Date.

18. INTEREST RATE

The Interim Advances shall bear interest at a rate per annum equal to 10%. Such interest shall be calculated daily on the daily closing principal balance owing hereunder in respect of the Interim Facility, and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period. All interest shall be computed on the basis

of a 360-day year of twelve 30-day months, provided that, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis for such determination.

**19. REPRESENTATIONS
AND WARRANTIES**

Each of the Loan Parties jointly and severally represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender rely on entering into this Interim Financing Term Sheet, that:

- a) Subject to the granting of the DIP Order, the execution and delivery of, and transactions contemplated by, this Interim Financing Term Sheet:
 - (i) are within the powers of each of the Loan Parties;
 - (ii) have been duly authorized by all necessary corporate and, if required, shareholder approval of each of the Loan Parties;
 - (iii) have been duly executed and delivered by or on behalf of each of the Loan Parties;
 - (iv) constitute legal, valid and binding obligations of each of the Loan Parties; and
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority.
- b) The activities of the Loan Parties have been conducted in material compliance with all Applicable Law, subject to the provisions of the CCAA and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the

sanctions for non-compliance are stayed by a Court Order.

- c) Each of the Loan Parties has maintained its obligations for payroll, source deductions, goods and services tax and harmonized sales tax, and other taxes, as applicable, and is not in arrears in respect of payment of these obligations.
- d) The Agreed Budget is reasonable and prepared in good faith.
- e) No Default or Event of Default has occurred and is continuing.
- f) The Loan Parties have made full and complete disclosure in writing to the Interim Lender of (i) all litigation or other proceedings involving the Loan Parties (or any one or more of them) and (ii) all claims and/or threatened claims, litigation or proceedings against any one or more of the Loan Parties.

20. AFFIRMATIVE COVENANTS

Each of the Loan Parties jointly and severally covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- a) (i) Allow the Interim Lender or its advisors, on reasonable written notice during regular business hours, and at any time after and during the continuance of an Event of Default, to enter on and inspect each of the Loan Parties' assets and properties; (ii) provide the Interim Lender or its advisors, on reasonable written notice and during normal business hours, full access to the books and records of the Loan Parties; and (iii) cause management of the Loan Parties to fully co-operate with the Interim Lender and the Monitor or their respective agents and advisors, as applicable.
- b) Deliver to the Interim Lender the following reporting packages: (i) documents referred to in Section 14 above, on the dates and times

specified in Section 14; (ii) copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of any Loan Party with the Court, in each case in a reasonable period of time prior to filing such documents with the Court to the extent practicable in the circumstances; all such court filings by the Loan Parties shall be in form and substance satisfactory to the Interim Lender and their counsel to the extent that any such filings affect or can reasonably be expected to affect the rights and interests of the Interim Lender; (iii) prompt notice of material events, including, without limitation, defaults, new material litigation or changes in status of ongoing material litigation, regulatory and other filings; (iv) other reasonable information requested by the Interim Lender from time to time, (v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change and (vi) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Loan Parties shall deliver to the Monitor and the Interim Lender copies of any financial reporting which shows a material transaction or material expense, or a materially adverse financial position of the Loan Parties, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same.

- c) Use the proceeds of the Interim Facility only for the purposes described in Section 6, and in a manner consistent with the restrictions set out herein.
- d) Comply with the provisions of the Court orders made in the CCAA Proceedings (collectively, the “**Court Orders**” and each a “**Court Order**”);.
- e) Operate within the Agreed Budget.

- f) Forthwith notify the Interim Lender and the Monitor of the occurrence of any Default or Event of Default.
- g) Comply with all Applicable Laws except to the extent not required to do so pursuant to the Initial Order or any other Court Order.
- h) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating not expressly consented to in writing in advance by the Interim Lender, (x) in its sole discretion in respect of any appeal, reversal, modification, amendment stay or vacating relating to the Interim Facility or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other appeal, reversal, modification, amendment, stay or vacating.
- i) Promptly upon becoming aware thereof, provide details of the following to the Interim Lender: any pending, or threatened claims, potential claims, litigation, actions, suits, arbitrations, other proceedings or notices received in respect of same, against any Loan Party, by or before any court, tribunal, Governmental Authority or regulatory body, which would be reasonably likely to result in, individually or in the aggregate, in a judgment in excess of \$250,000 or the equivalent amount thereof in any other currency.
- j) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option and any information which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender; provided however, in no event shall any information subject to privilege be required to be provided to the Interim Lender.

**21. NEGATIVE
COVENANTS**

Each of the Loan Parties jointly and severally covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- a) Transfer, lease, farm-out or otherwise dispose of all or any part of its Property, except for Permitted Dispositions.
- b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- c) Make any payments or distributions of any kind other than as may be permitted by a Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.
- d) Create or permit to exist indebtedness, liabilities or obligations (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than (i) indebtedness, liabilities or obligations of the Borrower to HSBC Bank Canada, up to a maximum amount of \$40,000, (ii) any other existing (pre-filing) debt and disclosed to the Interim Lender in writing, (iii) debt contemplated by this Interim Financing Term Sheet, (iv) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (v) indebtedness, liabilities or obligations expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person including without limitation any Governmental Authority.

- f) Support or not oppose a motion by another Person to provide to any third party a Lien on the Collateral, other than the Permitted Liens.
- g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- h) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.
- i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this Term Sheet.
- j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Interim Lender or the Agent, without the prior consent of the Interim Lender.
- k) Enter into any contract or other agreement which involves potential expenditures in excess of \$100,000 or the equivalent amount thereof in any other currency without the prior written consent of the Interim Lender, provided that the payment of such amount must be permitted by and will not constitute a default under the Agreed Budget or any Court Order.
- l) Other than as provided for under the Agreed Budget, distributions between the Loan Parties or otherwise agreed to by the Interim Lender, make (i) any distribution, dividend, return of capital or other distribution in respect of equity securities (in cash, securities or other property or otherwise); or (ii) a retirement, redemption, purchase or repayment or other acquisition of equity securities or indebtedness (including any payment of principal, interest, fees or any other payments thereon).

- m) (i) Enter into, renew, amend or modify any transaction or contractual relationship with any Related Party; or (ii) make any payment with respect to, or perform any obligation under, an agreement with a Related Party other than in accordance with the Agreed Budget.
- n) Enter into, renew, amend, modify or assume any employment, consulting or analogous agreement or arrangement with any director, senior or executive officer or senior management of the Loan Parties or any Related Party, or make any payment to any such Person in respect of any bonus, change of control payment or severance package of any kind whatsoever other than (i) any court approved key employee retention plan, (ii) as consented to by the Monitor and approved by the Court on prior notice to the Interim Lender or (iii) as consented to by the Interim Lender, acting reasonably.
- o) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as reflected in the Agreed Budget.
- p) Other than the Monitor, its legal counsel and legal counsel to the Loan Parties, and the Interim Lender engaged as of the date hereof, pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements, as applicable, are reviewed and approved in advance by the Monitor and the Interim Lender.
- q) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens.
- r) Make any payments or expenditures (including capital expenditures) other than in accordance with the Agreed Budget.

- s) Seek, obtain or support (i) any Court Order or any amendment to a Court Order except with the prior written consent of the Interim Lender, (x) in their sole discretion in respect of any Court Order or amendment thereto relating to the Interim Facility, or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other Court Order or amendment thereto.
- t) Amalgamate, consolidate with or merge into or sell all or substantially all of their assets to another entity, or change its corporate or capital structure (including its organizational documents) or enter into any agreement committing to such actions except in connection with a Plan which will result in the repayment in full of all of the Interim Facility Obligations.

22. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Term Sheet:

- a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:
 - (i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against a Loan Party, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against any Loan Party; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens; or
 - (ii) staying, reversing, vacating or otherwise modifying any Court Order

without the prior consent of the Interim Lender (x) in the sole discretion of the Interim Lender in respect of any Court Order or amendment thereto relating to the Interim Financing Facility or any other matter that adversely affects the Interim Lender and (y) acting reasonably in respect of any other amendment;

- b) the filing of any pleading by any Loan Party seeking any of the matters set forth in paragraph a) above, or failure of the Loan Parties to diligently oppose any Person that brings an application or motion for the relief set out in paragraph a) above;
- c) failure of any of the Loan Parties to comply with (i) any of the negative covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ten (10) Business Days or (ii) any of the positive covenants in this Interim Financing Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of thirty (30) Business Days;
- d) any Revised Budget is not delivered to the Interim Lender when due;
- e) (i) any Revised Budget (A) contemplates or forecasts an adverse change from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency (each, an **“Updated Budget Default”**);
- f) the occurrence of a Material Adverse Change;

- g) any representation or warranty by a Loan Party in this Interim Financing Term Sheet is incorrect or misleading in any material respect;
- h) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;
- i) any material violation or breach of any Court Order;
- j) any proceeding, motion or application is commenced or filed by any of the Loan Parties, or if commenced by another party, supported or otherwise consented to by any Loan Party, (i) seeking the invalidation, subordination or other challenging of or is otherwise inconsistent with the terms of the Interim Facility, including without limitation the Interim Lender Charge, this Interim Financing Term Sheet; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; (iii) unless the Plan, Restructuring Option or Bankruptcy Sale provides for repayment in full of the Interim Facility Obligations, seeking the approval of any Plan, Restructuring Option or Bankruptcy Sale which does not have the prior consent of the Interim Lender; or (iv) could otherwise reasonably be expected to adversely affect the interests of the Interim Lender; the priority of the Liens created pursuant to the Interim Lender Charge is varied without the consent of the Interim Lender any Plan is sanctioned or any Bankruptcy Sale is consummated by any of the Loan Parties that is not consistent with or contravenes any provision of this Interim Financing Term Sheet, in a manner that is materially adverse to the interests of the Interim Lender, as determined by the Interim Lender, or would reasonably be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender have consented thereto;

- k) failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet when due;
- l) failure of the Borrower to pay (i) interest or any portion thereof owing under this Term Sheet when due and such Default shall remain unremedied for a period of five (5) Business Days or (ii) legal or other advisory fees and expenses of the Interim Lender within fifteen (15) days after receipt by the Borrower of an invoice for such fees;
- m) any Loan Party commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender;
- n) the expiry without further extension of the stay of proceedings provided for in the Initial Order;
- o) any Loan Party ceases (or threatens to cease) to carry on business in the ordinary course, except where such cessation occurs in connection with a Plan or Bankruptcy Sale which otherwise satisfies the terms and conditions contained herein; or
- p) the denial or repudiation by any Loan Party of the legality, validity, binding nature or enforceability of this Interim Financing Term Sheet.

23. REMEDIES

Upon the occurrence of an Event of Default that is continuing, and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate their respective commitments to make Interim Advances to the Borrower hereunder and declare all Interim Financing Obligations in respect of this Interim Financing Term Sheet to be immediately due and payable and cease making any further Interim Advances.

In addition, upon the occurrence of an Event of Default that is continuing, the Interim Lender may, in its sole discretion, on not less than five (5) Business Days' written notice to the Loan Parties and the Monitor, and subject to any Court Order:

- a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Borrower and Guarantor;
- b) set-off or combine any amounts then owing by the Interim Lender (or any one or more of them) to any of the Loan Parties against the obligations of any of the Loan Parties to the Interim Lender hereunder;
- c) apply to the Court for an order or orders, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower and Guarantor, to take all necessary steps in the CCAA Proceedings;
- d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (British Columbia) or any other Applicable Law relating to the enforcement of Liens by secured creditors against any types of property and for certainty including the Collateral; and
- e) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the, the Court Orders and Applicable Law.

The rights and remedies of the Interim Lender under this Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA.

24. AMENDMENTS, WAIVERS, ETC.

No amendment or waiver of any provisions of this Term Sheet or consent to any departure by the Loan Parties from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Loan Parties). Such amendment, waiver or consent shall be

effective only in the specific instance and for the specific purpose for which it is given.

**25. COUNTERPARTS
AND FACSIMILE
SIGNATURES**

This Interim Financing Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Interim Financing Term Sheet can be executed and delivered by any manner of direct electronic transmission including without limitation "pdf email" or "DocuSign", each of which shall be deemed to be an original hereof.

26. CONFIDENTIALITY

This Interim Financing Term Sheet is delivered on the condition that each of the Loan Parties and their affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.

**27. FURTHER
ASSURANCES**

Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated hereby and thereby.

**28. TIME IS OF THE
ESSENCE**

Time is of the essence in this Interim Financing Term Sheet and the Interim Financing Facility and all transactions contemplated thereby.

**29. ENTIRE
AGREEMENT**

This Term Sheet constitutes the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth herein or in the Interim Financing Loan Documentation.

30. SEVERABILITY

Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

31. GOVERNING LAW

This Interim Financing Term Sheet shall be governed by and construed in accordance with the laws of the Province of

British Columbia and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender and the Agent to enforce this Interim Financing Term Sheet in any other proper jurisdiction, each of the Loan Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

32. NOTICES

Any notice, request, consent, waiver or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or direct electronic transmission, including email, pdf email or "DocuSign" to such Person at its address set out on its signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor and its counsel. Any such notice shall be deemed to be given and received when received, unless received after 5:00 Eastern Time or on a day other than a Business Day, in which case such notice, request, consent, waiver or other communication shall be deemed to be received on the next following Business Day.

[Signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Term Sheet as of
March 23, 2021.

BORROWER:

Address:

60 West 6th Avenue
Suite 200
Vancouver, BC V5Y 1K1

Attention: Peter Crawford and Greg Palmer
Email: PCrawford@ardenton.com and
GPalmer@ardenton.com

With a copy to:

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

Attention: William Skelly
Email: wskelly@mltaikins.com

- and -

Aird & Berlis LLP
Attention: Kyle Plunkett
Email: kplunkett@airdberlis.com


Address: Same as Borrower

ARDENTON CAPITAL CORPORATION

By: 
Name: James Livingstone
Title: CEO

GUARANTOR:

**ARDENTON CAPITAL BRIDGING
INC.**

By: 
Name: James Livingstone
Title: CEO

INTERIM LENDER:

Address:

570 Granville, Suite 810
Vancouver, BC, V6C 3P1

RCM Capital Management Ltd.

By: Bradley Meadows

Name: Brad Meadows

Title: Partner

Attention: Conrad Krebs
Email: ckrebs@rcmorris.com

With a copy to:
Clarke Wilson LLP

Attention: Chris Ramsay
Email: cramsay@cwilson.com

SCHEDULE A
DEFINED TERMS

“**Administration Charge**” means the administration charge on the Collateral in an aggregate amount not to exceed \$750,000.

“**Agreed Budget**” has the meaning given thereto in Section 14.

“**Bankruptcy Sale**” means the sale of all or substantially all of the assets of the Loan Parties pursuant to a sale approved by the Court.

“**Business Day**” means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of British Columbia.

“**Canadian Dollars**” means the lawful currency of Canada.

“**CCAA**” has the meaning given thereto in the preamble.

“**CCAA Proceedings**” has the meaning given thereto in the preamble.

“**Collateral**” means all present and future assets and property of the Borrower and the Guarantor, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired;

“**Court**” has the meaning given thereto in the preamble.

“**Court Order**” and “**Court Orders**” have the meanings given thereto in Section 20.d).

“**D&O Charge**” means the directors and officers charge on the Collateral in an aggregate amount not to exceed \$240,000.

“**Default**” means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

“**Deposit Account**” means the account(s) maintained by the Loan Parties to which payments and transfers under the Interim Financing Term Sheet are to be deposited, which are specified in writing by the Borrower to the Interim Lender or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

“**DIP Order**” has the meaning given thereto in Section 9.

“**Environmental Liabilities**” means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Loan Parties including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any

applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Loan Parties, or any real or personal property that was previously owned, leased or occupied by any of the Loan Parties.

"Event of Default" has the meaning given thereto in Section 22.

"Funding Conditions" has the meaning given there in Section 9.

"Governmental Authority" means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

"Intercompany Charge" means the intercompany charge on the Collateral to secure any and all advances, payments or distributions made by the Guarantor to the Borrower from after the date of the Initial Order.

"Interest Payment Date" means the first day of each month in respect of the immediately preceding month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

"Interim Advance" and **"Interim Advances"** have the meanings given thereto in Section 7.

"Interim Facility" has the meaning given thereto in Section 7.

"Interim Financing Fees and Expenses" has the meaning given thereto in Section 10.

"Interim Financing Obligations" has the meaning given thereto in Section 9.

"Interim Lender" has the meaning given thereto in Section 2.

"Interim Lender Charge" has the meaning given thereto in Section 9.

"Liens" means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;

"Material Adverse Change" means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change (and for certainty including a series of adverse effects, none of which is material in and of itself but which, cumulatively, result in a material adverse change) in:

- (a) the ability of any Loan Party to timely and fully perform any obligation under this Interim Financing Term Sheet or any Court Order, or the ability of the Borrower to carry out a Plan or Restructuring Option;

- (b) the validity or enforceability of any of the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge;
- (c) the rights and remedies of the Interim Lender under this Term Sheet;
- (d) the business, prospects, operations, assets, condition (financial or otherwise) or results of operations of the Loan Parties, on a consolidated basis, including without limitation a material adverse qualification (other than a "going concern" qualification resulting from the CCAA proceedings);
- (e) the ability of any Loan Party to carry on its business as conducted as of the date of this Term Sheet; or
- (f) the Collateral.

"Maturity Date" has the meaning given thereto in Section 13.

"Maximum Amount" has the meaning attributed thereto in Section 7.

"Permitted Disposition" means assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$100,000 (or the equivalent amount thereof in any other currency) for such fiscal year, and (iv) any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

"Permitted Liens" means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender as confirmed in writing by the Interim Lender and for certainty, including the D&O Charge and the Intercompany Charge; (iii) inchoate statutory Liens arising in the ordinary course of business, provided to pay all such amounts are paid as and when due; and (iv) the Permitted Priority Liens.

"Permitted Priority Liens" means: (a) the Administration Charge; (b) statutory super-priority Liens for unpaid employee source deductions to the extent they are given first priority over other Liens by Applicable Law; (c) Liens for unpaid municipal or county property taxes or utilities to the extent that they are given first priority over other Liens by Applicable Law; (d) the properly perfected security interests and Liens registered against the Loan Parties in favour of The Toronto-Dominion Bank, up to a maximum amount of \$100,000, and HSBC Bank Canada as at the date of the Initial Order; and (e) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be **"Permitted Priority Liens"**.

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“Plan” has the meaning given thereto in Section 13.

“Restructuring Option” means any transaction involving the refinancing of a Loan Party, a transaction involving the recapitalization of the Borrower, the sale of all or substantially all of the assets of any Loan Party or any other restructuring of the Loan Parties’ businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of any of Loan Party.

“Revised Budget” has the meaning given thereto in Section 14.

“Updated Budget Default” has the meaning given thereto in Section 22.

SCHEDULE B
REQUEST FOR ADVANCE

REQUEST FOR ADVANCE

TO: The Interim Lender

AND TO: The Monitor

DATE: _____, 20__

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of March 23, 2021 (the "**Term Sheet**") made among Ardenton Capital Corporation (the "**Borrower**"), the Ardenton Capital Bridging Inc., as guarantor, and the Interim Lender.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

2. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the "**Interim Facility Advance**") in the Term Sheet be deposited into the Deposit Account as follows:
 - (a) Amount of Interim Advance requested: \$ _____
 - (b) Requested funding date: _____
 - (c) Total principal amount currently outstanding (excluding this Interim Facility Advance): \$ _____
 - (d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance): \$ _____

3. Each of the undersigned, being _____ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:
 - (a) all of the representations and warranties contained in the Term Sheet are true and correct in all material respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);
 - (b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;

- (c) the Interim Facility Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;
- (d) the Interim Facility Advance is consistent with the Agreed Budget; and
- (e) the other Loan Parties are in compliance with the Term Sheet and the Court Orders.

The undersigned certifies that **[he/she]** is _____, of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

**ARDENTON CAPITAL
CORPORATION**

By: _____
Name:
Title:

Appendix "F"

Debtor	Facility	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment	Interest Rate	Fees
Veritas Inc.	11032269 Canada Inc. (also see ranking above holder in CCAA these proceedings)	NOI	PwC	January 8, 2019	Ontario	Automotive	22,800	5.0%	N/A
Wayfund Group Corp. et al	Interop Equity Inc.	NOI	KSTV	December 1, 2019	Ontario	Technology	1,000	BAC prime rate plus 2%	1% of loan payable upon each extension of loan maturity beyond January 31, 2020.
Wayfund Group Corp. et al	Bank of Montreal and Royal Inc.	NOI	Gust Thomson	June 19, 2019	New South	Telecommunications	2,700	10.5%	1% of loan payable upon each extension of loan maturity beyond January 31, 2020.
Wayfund Group Corp. et al	The House of Turlock Ltd.	CCAA	PwC	December 2, 2019	Ontario	Cannabis	1,100	10.5%	\$50 commitment fee, subsequent commitment fee equal to the greater of \$125 and 5% of the difference between the maximum DIP availability and the amount of the initial advance.
Yates Group of Companies	169980 Ontario Inc.	CCAA	ALM	January 25, 2021	Ontario	Food & Accommodations	5,000	5.0%	1% of Loan's fee and expenses
Yates Zinc	Century Acquisition Inc.	NOI	PwC	July 7, 2019	British Columbia	Mining	3,000	0.18	N/A



**Third Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

April 28, 2021

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COURT FILE NO.: S-211985

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

THIRD REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

APRIL 28, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court granted:
 - a) an initial stay of proceedings until March 15, 2021 (the "Stay Period"); and
 - b) a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel; and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the “Comeback Motion”). At the Comeback Motion, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
 - a) the Stay Period was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”).
4. Pursuant to orders issued by the Court on March 31, 2021, the Court:
 - a) approved the appointment of a committee comprised of seven investors (the “Investor Committee”) having claims, or representing claims, totaling at least \$156 million, which was put in place to provide the Monitor and the Companies with insight into the objectives and priorities of the investors so that these are reflected in the Plan of Arrangement or Compromise (the “Plan”) which will be presented to creditors;
 - b) approved a debtor-in-possession loan facility (the “DIP Facility”) in the amount of \$5 million from RCM Capital Management Ltd., or its assignee (the “DIP Lender”) and granted a charge on the Property in favour of the DIP Lender for this amount (the “DIP Charge”);
 - c) reduced the amount of the Administration Charge to \$750,000; and
 - d) approved a claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers (the “Claims Procedures Order”).
5. This Report should be read in conjunction with each of the Affidavits of James Livingstone, ACC’s Chief Executive Officer, sworn on April 27, 2021 (the “Fifth Livingstone Affidavit”) and the Affidavit of Mr. Livingstone sworn on April 27, 2021 (the “Sixth Livingstone Affidavit”), the latter of which has been filed under seal.
6. The principal purpose of the CCAA proceedings is to provide the Companies 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 are intended to provide a forum to allow the Companies to develop a Plan that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) discuss the Monitor's dealings with the Investor Committee;
 - c) provide an update on the Claims Procedure;
 - d) provide an overview of ACC's proposed Key Employee Retention Plan (the "KERP");
 - e) comment on the Companies' cash flow projection for the period commencing May 8, 2021 through the week ending July 6, 2021 (the "Cash Flow Forecast");
 - f) provide an update on the Companies' and the Monitor's activities since the Monitor's Second Report to Court dated March 25, 2021 (the "Second Report");
 - g) summarize the anticipated next steps in these proceedings; and
 - h) recommend that the Court issue an order or orders, *inter alia*:
 - i. approving the KERP and a related charge on the Property in the amount of \$496,000 to secure the amounts owing under the KERP (the "KERP Charge");
 - ii. sealing the Sixth Livingstone Affidavit;
 - iii. granting an extension of the Stay Period to July 6, 2021;
 - iv. approving the Monitor's Pre-Filing Report dated March 3, 2021, the Monitor's First Report dated March 10, 2021, the Monitor's Second Report dated March 25, 2021 and this Report (collectively, the "Reports"); and
 - v. approving the Monitor's activities as set out in the Reports.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. The Monitor 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 on the Companies' business and operations, including on the Companies' portfolio companies (collectively, the "PCs"). Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

2.0 Background

1. ACC is the parent company of a 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 US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "A".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investors. Rather, ACC raised 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.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units¹, preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire the PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.

¹ Hybrid units have a debt and an equity warrant component.

6. A summary of ACC’s and ACBI’s obligations², by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952	-	263,952
Hybrid Securities	67,050	-	67,050
Total	332,315	18,205	350,520

7. ACC’s interests in the PCs are owned indirectly through various holding company subsidiaries, including ACBI (the “HoldCos”). ACC’s acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively “PC Distributions”), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC with bank debt priced less expensively than the preferred security.
8. Further information regarding the Companies and these proceedings can be found in the Monitor’s prior reports issued in these proceedings and the prior affidavits sworn by Mr. Livingstone. Court materials in these proceedings can be found on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Investor Committee

1. As of the date of this Report, the Monitor has convened six meetings with the Investor Committee. Except for certain Ardenton employees who have been invited to present at these meetings, these meetings are attended solely by members of the Investor Committee and representatives of the Monitor and its counsel. The meetings convened to date have addressed the following:
- a) the role of the Investor Committee and its governance structure;
 - b) Ardenton’s governance and management teams;
 - c) Ardenton’s background, its business model and the reasons for its financial difficulties;
 - d) a presentation by Mr. Livingstone on Ardenton’s business, each of the PCs and the reasons for Ardenton’s present situation;
 - e) a presentation from Ardenton’s management teams responsible for the North American PCs and a presentation from Ardenton’s management team responsible for its UK PCs;

² Includes accrued and unpaid interest at the date of the Initial Order.

- f) the key issues affecting the formulation of a Plan and various discussions, including the ranking of creditors in a Plan;
 - g) the KERP; and
 - h) various operational and other matters relative to these proceedings, as they arise.
2. The meetings are intended to provide the Investor Committee with the background information they require to properly consider the issues relevant to a Plan and to allow them to have the information necessary to perform their role on behalf of creditors. The Monitor and the Companies are working on the outline of a Plan which they expect to discuss in the near terms with the Investor Committee.
 3. The Monitor is of the view that the Investor Committee is diligently executing its role and is actively engaged in the proceedings. The Investor Committee is functioning well and is performing diligence on the Companies and the PCs. There has been a high degree of cooperation between the Monitor and the Investor Committee.
 4. While the primary focus of the Investor Committee meetings has been understanding the historical and present issues affecting Ardenton, the focus in coming weeks will be the formulation of a Plan, including Ardenton's governance structure and business model on emergence from the CCAA proceedings.

4.0 Update on Claims Procedure

1. A copy of the Claims Procedure Order is attached as Appendix "B".
2. To increase the efficiency of the Claims Procedures, the Claims Procedure Order provides that the Monitor and the Companies will identify and quantify all known claims (the "Known Claims") and provide these creditors with a completed claims package (the "Known Claimant Claims Package"), which the known claimants will have a right to dispute.
3. Following the approval of the Claims Procedure Order, and consistent with the terms of the Claims Procedure Order, the Monitor:
 - a) distributed by the date required under the Claims Procedure Order (being April 15, 2021) approximately 400 Known Claimants Claims Packages by ordinary mail or electronic mail to the known claimant's last known address provided by the Companies, or to the address provided to the Monitor by the known claimant;
 - b) published on April 7, 2021 a notice advising of the Claims Procedure in *The Globe and Mail (National Edition)* and the *Vancouver Sun*; and
 - c) posted on its website immediately after the Claims Procedure Order was made, a notice to claimants, the claims package and the Claims Procedure Order.
4. As of the date of this Report, the Monitor has received four disputes in response to the Known Claimant Claims Package. The amounts in dispute are relatively immaterial.

5. The claims bar date for Known Claims and D&O Claims is May 14, 2021 (the “Pre-Filing Claims Bar Date”).
6. The claims bar date for disclaimed contracts is the later of: (i) the Pre-Filing Claims Bar Date; and (ii) thirty (30) days after the Monitor sends a claims package. To-date, there have been four contracts disclaimed during the CCAA proceedings all of which were disclaimed more than thirty days prior to the Pre-Filing Claims Bar Date. Accordingly, these claimants must submit claims by the Pre-Filing Claims Bar Date.
7. The Companies and the Monitor continue to review various agreements to which the Companies are parties, and it is possible that certain of these agreements will be disclaimed.

5.0 KERP

1. The Companies are seeking an order to provide retention bonuses to certain key employees (the “Key Employees”) under the KERP in the amount of \$496,000. The KERP was developed by ACC, in consultation with the Monitor. A “kerp” is a common feature in Canadian restructuring proceedings.
2. Mr. Livingstone is not a participant in the KERP.
3. A “kerp” is intended to retain employees believed to be integral to a successful outcome in restructuring proceedings and to dissuade them from resigning during the proceedings. The KERP benefits these proceedings as:
 - a) key individuals have institutional and historical knowledge that cannot be easily replaced (or replaced at all);
 - b) it is significantly less expensive to have employees perform their roles and functions than it is to have professionals perform them, which is necessary if employees resign; and
 - c) it is a stated goal of these proceedings that a plan be implemented within six to seven months from the date of the Initial Order. The involvement of key employees facilitates this objective.
4. The KERP and the entitlement of each Key Employee is provided in Confidential Exhibit “A” to the Sixth Livingstone Affidavit.
5. The Key Employees were determined by the Companies in consultation with the Monitor and were approved by Mr. Livingstone, as the sole director of ACC.
6. Under the terms of the KERP, each of the Key Employees will receive a retention bonus as an incentive to continue their respective employment for the duration of the CCAA proceedings, which bonus shall be earned upon the earlier of:
 - a) the implementation by the Petitioners of a Plan (a “Plan Implementation Event”), in which case the bonus shall be payable in two installments: (i) 50% on the date of the Plan Implementation Event, and (ii) the balance on the date that is 90 days thereafter;

- b) the conversion of these CCAA proceedings to another insolvency process, provided that substantially all of ACC's business and assets have not been sold at the time of the conversion (a "Conversion Event"), in which case the retention bonus shall also be due and payable in two instalments: (i) 50% on the date of the Conversion Event, and (ii) the balance on the date that is 90 days thereafter; and
- c) the completion of any realization process through the CCAA for substantially all of the Petitioners' business or assets (a "Sale Completion Event" and collectively, with a Plan Implementation Event and a Conversion Event, a "Completion Event"), in which case the retention amount shall be due and payable immediately on the Sale Completion Event.

7. Additional terms of the KERP include:

- a) the Key Employees are entitled to their KERP payment if terminated without cause;
- b) a KEY Employee will lose his or her entitlement under the KERP if terminated for cause or if he or she resigns or fails to perform his or her duties and responsibilities before any portion of their KERP entitlement is due and payable; and
- c) ACC is seeking the ability to substitute Key Employees if any of the initial Key Employees resign or are terminated with cause prior to the Completion Event, subject to the consent of the Monitor. ACC is seeking the authority to reallocate the retention bonus of any Key Employee that becomes disentitled to their retention bonus, subject to the consent of the Monitor, for one or more of: (i) increased retention bonus payments to other Key Employees, (ii) bonus payments to other existing Company employees; and (iii) as a recruiting fee or recruiting bonus to newly hired employees.

8. The Monitor believes that the KERP is reasonable and appropriate in the circumstances and reflects the Key Employees' importance to the Companies' business for the following reasons:

- a) the Key Employees are necessary to facilitate a successful outcome in these proceedings;
- b) the payments under the KERP appear reasonable in circumstance. The amounts payable under the KERP have been discussed with ACC's senior management, including senior employees entitled to the KERP, and they are of the view that they should be sufficient to retain the Key Employees;
- c) absent the KERP, there is a greater risk of employee resignations. If that happens, professional costs are likely to increase significantly as the professionals would be required to perform the roles presently performed by the Key Employees;

- d) certain of the Key Employees are particularly important to ACC's management and culture. Losing these Key Employees could result in further employee resignations;
 - e) the Monitor has worked with the Key Employees and has witnessed their contribution. These individuals have worked after hours and on weekends in order to advance these proceedings;
 - f) the key to maximizing recoveries in these CCAA proceedings is generating value from the PCs. Certain of the Key Employees have relationships with the "business partners" and lenders to the PCs and/or sit on the boards of the PCs. Losing key individuals at this time would be disruptive to the operations of the PCs and stakeholder relationships;
 - g) Ardenton's headcount has declined from approximately 82 employees in 2020 to approximately 20 presently. The Key Employees have taken on greater responsibility as a result of these reductions, without a corresponding increase in their compensation;
 - h) the Monitor has been advised by ACC's management that one employee has recently resigned and there is a strong job market for financial and other professionals in Vancouver;
 - i) the base salaries of the Key Employees are not excessive or egregious;
 - j) the Monitor has consulted the Investor Committee regarding the KERP, the KERP reflects the feedback of the Investor Committee and the Investor Committee supports approval of the KERP;
 - k) the Monitor has consulted with the DIP Lender regarding the KERP and understands that the DIP Lender does not object to the KERP; and
 - l) Mr. Livingstone is not a participant in the KERP.
9. The KERP is to have the benefit of a court-ordered charge on the Companies' business and assets. Accordingly, the charges would be as follows if the Court issues the requested order approving the KERP:
- a) the Administration Charge;
 - b) the DIP Charge;
 - c) the D&O Charge;
 - d) the KERP Charge; and
 - e) the Intercompany Charge.

- The Companies are requesting an order sealing the Sixth Livingstone Affidavit which contains personal information for the Key Employees. The Monitor believes it is appropriate to seal this affidavit as this type of information is typically sealed to avoid disruption in the event that the KERP is made publicly available and to protect the privacy of the beneficiaries of the KERP. The Monitor does not believe that any stakeholder will be prejudiced if the KERP information is sealed.

6.0 Cash Flow Forecast

- The Companies are seeking an extension of the Stay Period from May 8, 2021 to July 6, 2021 (the "Period"). The Companies prepared the Cash Flow Forecast for the Period.
- The Cash Flow Forecast and the Companies' statutory report on the Cash Flow Forecast pursuant to Section 10(2)(b) of the CCAA are attached as Appendices "C" and "D", respectively.
- The Cash Flow Forecast reflects that the Companies will have sufficient liquidity to pay post-filing expenses, as summarized below.

(unaudited; \$000s)	Amount
Receipts	
Intercompany	634
Disbursements	
Intercompany	66
Payroll and benefits	396
Professional services	83
IT	69
Rent	16
Insurance	41
Restructuring fees	800
Other	140
DIP Interest	26
	1,637
Net Cash Flow	(1,003)
Estimated Opening Cash Balance	887
Net Cash Flow	(1,003)
Additional DIP Financing	500
Closing Cash Balance	384
Opening DIP Balance ³	1,500
Additional DIP Financing	500
DIP Financing at end of Period	2,000

- The principal amount of the DIP Facility is \$5 million. At the end of the Period, the Companies are projected to have drawn \$2 million under the DIP Facility.

³ Estimated. There is currently \$1 million outstanding under the DIP Facility. The Companies are expected to draw an additional \$500,000 in the week ending May 9, 2021.

5. Based on the Monitor's review of the Cash-Flow Statement, there are no material assumptions which seem unreasonable. The Monitor's statutory report on the cash flow is attached as Appendix "E".

7.0 Stay Extension

1. The Stay Period currently expires on May 7, 2021. The Companies are requesting an extension of the Stay Period until July 6, 2021.
2. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;
 - c) it will allow the Companies time to develop the Plan and to advance these proceedings;
 - d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
 - e) the Companies are projected to have sufficient liquidity to fund their operations until July 6, 2021.

8.0 Companies' Activities

1. The Companies' activities since the date of the Second Report have included:
 - a) continuing to operate its business in the ordinary course;
 - b) engaging routinely with the Companies' investors and interested parties, including the preparation of an investor summary which was sent to all investors in early April 2021;
 - c) overseeing the operations of the PCs;
 - d) communicating with suppliers to secure goods and services during these proceedings;
 - e) advancing its restructuring efforts and considering various restructuring options;
 - f) preparing pro-formas for the PCs;
 - g) attending Investor Committee meetings and preparing presentations for the meetings;

- h) assisting the Monitor with the Claims Procedure;
- i) structuring and negotiating the terms of the KERP; and
- j) keeping the Monitor apprised of all of the foregoing.

9.0 Monitor's Activities

1. The Monitor's activities since the Second Report have included:
 - a) engaging regularly with Ardenton's management regarding all aspects of these proceedings;
 - b) continuing to engage frequently with investors;
 - c) assisting the Companies to prepare the investor update;
 - d) convening six Investor Committee meetings;
 - e) responding to questions from Investor Committee members;
 - f) dealing with the Claims Procedure as required under the Claims Procedure Order;
 - g) corresponding with the Companies' creditors;
 - h) complying with the DIP reporting requirements and providing updates to the DIP Lender;
 - i) monitoring the Companies' receipts and disbursements;
 - j) working with the Companies to consider restructuring issues, including possible frameworks for a CCAA Plan;
 - k) assisting the Companies regarding the terms and structure of the KERP;
 - l) drafting this Report; and
 - m) maintaining the service list.
2. The Monitor also included summaries of its activities from the commencement of these proceedings in its prior Reports. Copies of the Reports (without appendices) are attached as Appendix "F". The Monitor is seeking approval of its activities since the commencement of these proceedings and approval of the Reports.

10.0 Next Steps

1. The next major milestone of the CCAA proceedings is the Plan. The Monitor's objective is to work with the Companies and the Investor Committee to develop a Plan by the end of the proposed Stay Period. The Monitor is also advancing the Claims Procedure and will be required to deal with any disputed claims that are filed in the Claims Procedure.

11.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court grant the relief detailed in Section 1.1(1)(h) of this Report.

* * *

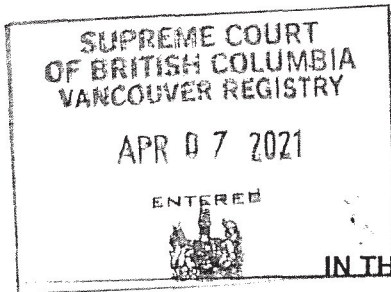
All of which is respectfully submitted.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “A”

Appendix “B”



Court File No. S-211985
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

BEFORE THE HONOURABLE)

MR. JUSTICE MACINTOSH)

)
)
)

MARCH 31, 2021

**ORDER MADE AFTER APPLICATION
(CLAIMS PROCEDURE ORDER)**

ON THE APPLICATION of KSV Restructuring Inc. in its capacity as monitor (the "**Monitor**") of Ardenton Capital Corporation and Ardenton Capital Bridging Inc. coming on for hearing by teleconference at the Law Courts, 800 Smithe Street in the City of Vancouver, in the Province of British Columbia, on the 31st day of March, 2021 (the "Order Date"); AND ON HEARING Colin Brousson, counsel for the Monitor and William Skelly counsel for the Petitioners and those counsel listed on Schedule "A" hereto, and; AND UPON READING the material filed, including the Second Report of the Monitor dated March 25, 2021; 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;

IT IS HEREBY ORDERED, ADJUDGED AND DECLARED THAT:

SERVICE

1. The time for service and filing of the Notice of Application and the Motion Record is hereby abridged and validated so that this Notice of Application is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. The following terms shall have the following meanings:
- (a) “**Assessments**” means Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of objection, notice of reassessment, notice of appeal, audit, investigation, demand or similar request from any taxation authority;
 - (b) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - (c) “**Business Day**” means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Vancouver, British Columbia;
 - (d) “**CCAA Proceeding**” means the proceeding under the CCAA bearing Court File No. S-211985 in respect of or relating to the Petitioners, commenced pursuant to the Initial Order;
 - (e) “**Charges**” has the meaning given to that term in the Initial Order;
 - (f) “**Claim**” means:
 - (i) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever in existence at the time of the Initial Order, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive, or otherwise), and whether or not such indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated,

fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise against the Petitioners with respect to any matter, action, cause or chose in action, but subject to any counterclaim, set-off or right of compensation in favour of any of the Petitioners which may exist, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts that existed prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA had any of the Petitioners become bankrupt on the Filing Date, including for greater certainty, any claim against the Petitioners for indemnification by any Directors or Officers in respect of a D&O Pre-Filing Claim or a D&O Restructuring Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)) (each, a "**Pre-Filing Claim**");

- (ii) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Petitioners to such Person arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach ("**Disclaimer**") of any lease, contract, or other arrangement, agreement or obligation (whether oral or written) by any of the Petitioners on or after the Filing Date, whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Procedure Order (each, a "**Restructuring Claim**") including for greater certainty, any claim against the Petitioners for indemnification by any Directors or Officers in respect of a D&O Restructuring Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)); and

(iii) any right or claim of any Person that may be asserted or made in whole or in part against one or more of the Directors or Officers of any of the Petitioners, whether or not asserted or made, howsoever arising whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors and/or Officers with respect to any matter, action, cause or chose in action, however arising and whether:

(1) (A) based in whole or in part on facts that existed prior to the Filing Date, (B) relating to a time period prior to the Filing Date, or (C) it is a right or claim of any kind that would be a claim provable in bankruptcy within the meaning of the BIA had the Petitioners become bankrupt on the Filing Date (a "**D&O Pre-Filing Claim**");
or

(2) based on facts that arose in connection with the restructuring, disclaimer, resiliation, termination or breach by the Petitioners on or after the Filing Date of any contract, lease, other agreement or obligation, whether written or oral,

in each case for which the Directors or Officers are alleged to be, by statute or otherwise by law or equity, liable to pay in their capacity as Directors or Officers (each, a "**D&O Restructuring Claim**");

provided, however, that in any case "Claim" shall not include an Excluded Claim;

(g) "**Claimant**" means any Person who asserts a Claim, including Known Claimants, and includes the transferee or assignee of a Claim recognized in accordance with paragraphs 40 and 41 or a trustee, executor, liquidator, receiver, receiver and manager, or other Person acting on behalf of or through such Person;

- (h) “**Claims Package**” means a document package that contains a copy of the Instruction Letter, a Proof of Claim, a Notice of Dispute and such other materials as the Monitor may deem appropriate;
 - (i) “**Claims Procedure**” means the procedures outlined in this Claims Procedure Order, including the Schedules hereto;
 - (j) “**Court**” means the Supreme Court of British Columbia;
 - (k) “**D&O Claim**” means a D&O Pre-Filing Claim or a D&O Restructuring Claim;
 - (l) “**Directors**” means the current and former directors of the Petitioners and “**Director**” means any one of them;
-
- (m) “**Directors’ Charge**” has the meaning given to such term in the Initial Order;
 - (n) “**Disputed Claim**” means a Claim that is validly disputed in accordance with the Claims Procedure set out in this Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order;
 - (o) “**Equity Claim**” has the meaning set forth in Section 2(1) of the CCAA;
 - (p) “**Excluded Claim**” means:
 - (i) any claim secured by any of the Charges; and
 - (ii) any claim that cannot be compromised pursuant to subsections 5.1(2) and 19(2) of the CCAA;
 - (q) “**Filing Date**” means March 5, 2021;
 - (r) “**Initial Order**” means the Order of the Honourable Mr. Justice MacIntosh dated March 5, 2021, commencing the CCAA Proceeding, as amended and/or amended and restated from time to time;
 - (s) “**Instruction Letter**” means the instruction letter to Claimants, substantially in the form attached as **Schedule “B”** hereto;

- (t) **“Known Claim”** means any Claim determined by the Monitor in consultation with the Petitioners to be a known potential Claimant of the Petitioners based on the Petitioners’ books and records;
- (u) **“Known Claimant”** means any Person who received a Known Claimant Notice in accordance with the terms of this Order;
- (v) **“Known Claimant Notice”** means a notice to be delivered by the Monitor setting out the amount and calculation of a Known Claim, substantially in the form attached as **Schedule “D”** hereto;
- (w) **“Known Claimant Claims Package”** means a document package that contains a copy of the Instruction Letter, a Known Claimant Notice, a Proof of Claim, a Notice of Dispute and such other materials as the Monitor may deem appropriate;
- (x) **“Meeting”** means a meeting of the affected creditors of the Petitioners called for the purpose of considering and voting in respect of a Plan;
- (y) **“Monitor”** means KSV Restructuring Inc., in its capacity as the Court-appointed Monitor of the Petitioners;
- (z) **“Monitor’s Website”** means <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>;
- (aa) **“Notice to Claimants”** means the notice for publication by the Monitor as described in paragraph 16, substantially in the form attached as **Schedule “A”** hereto;
- (bb) **“Notice of Dispute”** means the notice referred to in paragraphs 33 and 34 substantially in the form attached as **Schedule “F”** hereto, which may be delivered by a Claimant who wishes to dispute a Notice of Revision or Disallowance to the Court;
- (cc) **“Notice of Known Claim Dispute”** means the notice referred to in paragraphs 21 and 22 substantially in the form attached as **Schedule “G”** hereto, which may be delivered by a Claimant who wishes to dispute a Known Claimant Notice;

- (dd) **"Notice of Revision or Disallowance"** means the notice referred to in paragraph 28(e), substantially in the form attached as **Schedule "E"** hereto, advising a Claimant that the Monitor, with in consultation with the Petitioners, has revised or rejected all or part of such Claimant's Claim as set out in its Proof of Claim or Notice of Known Claim Dispute, as applicable;
- (ee) **"Officers"** means the former and current officers of the Petitioners and **"Officer"** means any one of them;
- (ff) **"Orders"** means any and all orders issued by the Court within the CCAA Proceeding, including the Initial Order;
- (gg) **"Person"** shall be interpreted broadly and means any individual, corporation, firm, limited or unlimited liability company, general or limited partnership, association (incorporated or unincorporated), trust, unincorporated organization, joint venture, trade union, government authority or any agency, regulatory body or officer thereof or any other entity, wherever situate or domiciled, and whether or not having legal status, and whether acting on their own or in a representative capacity;
- (hh) **"Plan"** means a plan of compromise or arrangement pursuant to the CCAA affecting and involving the Petitioners;
- (ii) **"Pre-Filing Claims Bar Date"** means 4:00 p.m. on May 14, 2021 or such other date as may be ordered by the Court;
- (jj) **"Proof of Claim"** means the Proof of Claim referred to in paragraphs 23 to 27 to be filed by the Claimants, including those Known Claimants that wish to assert a Claim in addition to any Claim set out in a Known Claimant Notice, substantially in the form attached as **Schedule "C"** hereto;
- (kk) **"Proven Claim"** means the amount and Status of a Claim of a Claimant as finally determined in accordance with this Claims Procedure Order, or any further Order of the Court;
- (ll) **"Restructuring Claims Bar Date"** means the later of:

- (i) the Pre-Filing Claims Bar Date; and
 - (ii) 5:00 p.m. on the day which is thirty (30) days after the Monitor sends a Claims Package with respect to a Restructuring Claim in accordance with paragraph 19.
- (mm) **"Secured Claim"** means that portion of a Claim that is (i) secured by security validly charging or encumbering property or assets of the Petitioners (including statutory and possessory liens that create security interests) up to the value of such collateral, and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction;
- (nn) **"Service List"** means the service list maintained by the Monitor in respect of the CCAA Proceeding;
- (oo) **"Status"** means, with respect to a Claim, whether such claim is an Unsecured Claim, Secured Claim, or Equity Claim; and
- (pp) **"Unsecured Claim"** means any Claim that is not a Secured Claim or an Excluded Claim.

3. All references as to time herein shall mean local time in Vancouver, British Columbia, Canada, and any reference to an event occurring on a Business Day shall mean prior to 4:00 p.m. on such Business Day unless otherwise indicated herein.

4. All references to the word "including" shall mean "including without limitation".

5. All references to the singular herein include the plural, the plural include the singular, and any gender includes the other gender.

GENERAL PROVISIONS

6. The Claims Procedure and the forms attached as schedules to this Claims Procedure Order are hereby approved and the Monitor shall be and is hereby authorized and directed to implement the Claims Procedure. Notwithstanding the foregoing, the Monitor may, from time to time, make such minor changes to such forms as the Monitor, in consultation with the Petitioners, considers necessary or desirable.

7. The Monitor, is hereby authorized to: (i) use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Procedure Order as to completion and execution of such forms, and (ii) to request any further documentation from a Claimant that the Monitor may reasonably require in order to determine the validity and/or Status of a Claim.

8. All Claims shall be denominated in the original currency of the Claim. Where no currency is indicated, the Claim shall be presumed to be in Canadian Dollars. The Monitor shall subsequently calculate the amount of such Claim in Canadian Dollars using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

9. All Claims other than Restructuring Claims shall be calculated and determined as of the Filing Date, and without including any interest and penalties that would otherwise accrue after the Filing Date. Restructuring Claims shall be calculated and determined as of the effective date of the applicable Disclaimer.

10. Notwithstanding any other provisions of this Claims Procedure Order, the delivery of a Known Claimant Notice, the solicitation by the Monitor of Proofs of Claim, the delivery by the Monitor of Notices of Revision or Disallowance and the filing by any Claimant of a Proof of Claim shall not, for that reason only, grant any Person any rights, including without limitation, in respect of the nature, quantum and Status of its Claim, standing in the CCAA Proceeding or voting rights in respect of any Plan, except as specifically set out in this Claims Procedure Order, or any further Order of the Court.

11. Amounts claimed in respect of any Assessments shall be subject to this Claims Procedure Order and there shall be no presumption of validity or deeming of the amount due in respect of the Claim set out in any Assessments.

MONITOR'S ROLE

12. The Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, shall be responsible for the administration of the Claims Procedure, including the determination of the validity and quantum of Claims, including those Claims set out in the Known Claimant Notices, and the referral of a particular Claim to the Court, and is hereby directed and empowered to take such other actions and fulfill such other roles as are contemplated by this Claims Procedure Order or incidental thereto.

13. In carrying out the terms of this Claims Procedure Order, (i) the Monitor shall have all of the protections granted to it pursuant to the CCAA, the Initial Order, and this Claims Procedure Order, and as an officer of this Court, including the stay of proceedings in its favour, (ii) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Procedure Order, except to the extent that the Monitor has acted with gross negligence or willful misconduct, (iii) the Monitor shall be entitled to rely on the books and records of the Petitioners and any information provided by the Petitioners, all without independent investigation, and (iv) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information or in any information provided by any Claimant, except to the extent that the Monitor has acted with gross negligence or willful misconduct.

NOTICE TO CLAIMANTS

14. The Petitioners shall provide the Monitor with a complete list of Known Claimants as at the date of this Claims Procedure Order, showing for each Known Claimant, their name, address and the amount of the Known Claim(s) of such Known Claimant, all in accordance with the Petitioners' books and records.

15. The Monitor shall send a Known Claimant Claims Package to each Known Claimant and to Canada Revenue Agency, and any similar revenue or taxing authority of each and every province or territory of Canada in which the Petitioners carry on business within ten (10) Business Days following the granting of this Claims Procedure Order, by ordinary mail or electronic mail to the Known Claimant's last known address provided by the Petitioners, or the address provided to the Monitor by the Known Claimant.

16. As soon as practicable, but no later than 4:00 p.m. on April 9, 2021, the Monitor shall cause the Notice to Claimants to be published for at least one (1) Business Day in the Vancouver Sun and national edition of the *Globe and Mail*.

17. The Monitor shall cause the Notice to Claimants, the Claims Package and the Claims Procedure Order to be posted to the Monitor's Website as soon as reasonably possible and cause it to remain posted thereon until its discharge as Monitor of the Petitioners.

18. Upon request by a Claimant for a Claims Package or documents or information relating to the Claims Procedure prior to the Pre-Filing Claims Bar Date or the applicable Restructuring

Claims Bar Date, as applicable, the Monitor shall forthwith send a Claims Package, direct such Person to the documents posted on the Monitor's Website, or otherwise respond to the request for information or documents as the Monitor considers appropriate in the circumstances.

19. With respect to Restructuring Claims arising from the Disclaimer of any lease, contract, agreement or obligation, which becomes effective on or after the date of the Claims Procedure Order, the Monitor shall send to the counterparties to such lease, contract or other agreement or obligation, a Claims Package no later than five (5) Business Days following the date on which the Monitor becomes aware of the effective date of such Disclaimer.

20. Except as specifically provided for in this Claims Procedure Order, neither the Petitioners nor the Monitor are under any obligation to provide notice of this Claims Procedure Order to any Person having or asserting a claim, and without limitation, neither the Petitioners nor the Monitor shall have any obligation to send notice to any Person having a security interest in a Claim (including the holder of a security interest created by way of a pledge or a security interest created by way of an assignment of a Claim), and all Persons (including Claimants) shall be bound by the applicable Claims Bar Date, this Order and any notices published pursuant to this Claims Procedure Order regardless of whether or not they received actual notice, and any steps taken in respect of any Claim, in accordance with this Claims Procedure Order.

KNOWN CLAIMANT NOTICES AND PROOFS OF CLAIM

21. Any Known Claimant that does not dispute the amount of its Known Claim as set out in the applicable Known Claimant Notice delivered to such Known Claimant, is not required to take any further action and the Known Claim of such Known Claimant shall be deemed to be such amount as set forth in the Known Claimant Notice for the purposes of voting and distribution under any Plan. Any Known Claimant wishing to dispute the amount or other aspect of the Known Claim set out in the Known Claimant Notice must file a Notice of Known Claim Dispute including all relevant supporting documentation in respect of such dispute, with the Monitor on or before the Pre-Filing Claims Bar Date.

22. If any Person who received a Known Claimant Notice does not return a Notice of Known Claim Dispute in accordance with this Claims Procedure Order, the value and Status of such Known Claim shall be deemed to be set out in the Known Claimant Notice, for the purposes of voting and distribution under any Plan, and the Known Claimant will be barred from disputing or

appealing same, and the balance of such Known Claim, if any, shall be forever barred and extinguished.

23. Any Person who wishes to assert a Pre-Filing Claim (not set out in a Known Claimant Notice) must deliver to the Monitor on or before the Pre-Filing Claims Bar Date a completed Proof of Claim, including all relevant supporting documentation in respect of such Claim, in the manner set out in this Claims Procedure Order.

24. Any Person that wishes to assert a Restructuring Claim must deliver to the Monitor on or before the applicable Restructuring Claims Bar Date a completed Proof of Claim form, together with all relevant supporting documentation in respect of such Claim, in the manner set out in this Claims Procedure Order.

25. Any Person that wishes to assert a D&O Prefiling Claim must deliver to the Monitor on or before the Pre-Filing Claims Bar Date, and any Person that wishes to assert a D&O Restructuring Claim must deliver to the Monitor on or before the Restructuring Claims Bar Date, as applicable, a completed Proof of Claim form, together with all relevant supporting documentation, in the manner set out in this Claims Procedure Order.

26. Any Person wishing to assert a Claim (other than a Claim set out in a Known Claimant Notice) shall include any and all Pre-Filing Claims it asserts against the Petitioners or a Director or Officer in a single Proof of Claim provided, however, that where a Person has taken an assignment or transfer of a Claim after the Filing Date, that Person shall file a separate Proof of Claim for each such assigned or transferred Claim.

27. Any Person who does not file a Proof of Claim in accordance with this Claims Procedure Order with the Monitor by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, as applicable, shall:

- (a) not be entitled to receive further notice with respect to, and shall not be entitled to participate as a Claimant or creditor in, the Claims Procedure or the CCAA Proceeding in respect of such Claim;
- (b) with respect to a Pre-Filing Claim or a Restructuring Claim, upon the approval of a Plan, be forever barred, estopped and enjoined from asserting or enforcing such Claim against the Petitioners and the Petitioners shall not have any liability

whatsoever in respect of such Claim and such Claim shall be extinguished without any further act or notification by the Petitioners or the Monitor;

- (c) with respect to a D&O Claim, upon the approval of a Plan, be forever barred, estopped and enjoined from asserting or enforcing such Claim against any of the Directors or Officers and the Directors and Officers shall not have any liability whatsoever in respect of such Claim and such Claim shall be extinguished without any further act or notification by the Petitioners, the Monitor or the Directors or Officers;
- (d) not be permitted to vote on any Plan at any Meeting on account of such Claim; and
- (e) not be permitted to participate in any distribution under any Plan related to such Claim or under this CCAA Proceeding.

ADJUDICATION OF CLAIMS

28. The Monitor in consultation with the Petitioners (and in the case of a D&O Claim, in consultation with the respective Directors or Officers, if applicable) shall review all Proofs of Claim and Notices of Known Claim Dispute filed in accordance with this Claims Procedure Order, and at any time may:

- (a) request additional information from a Claimant;
- (b) request that a Claimant file a revised Proof of Claim or Notice of Dispute;
- (c) attempt to resolve and settle any issue arising in a Proof of Claim or Notice of Known Claim Dispute or in respect of a Claim;
- (d) accept (in whole or in part), the amount and/or Status of any Claim and so notify the Claimant in writing; and
- (e) revise or disallow (in whole or in part) the amount and/or Status of any Claim and so notify the Claimant in writing by way of a Notice of Revision or Disallowance.

29. The Monitor shall not accept or revise any portion of a D&O Claim absent: (i) the consent of the applicable Directors and Officers in consultation with the applicable insurer; or (ii) further Order of the Court.

30. If a D&O Claim is accepted in accordance with this Claims Procedure Order, the Petitioners and the Monitor shall determine the extent to which the D&O Claims are covered under any applicable directors' or officers' insurance policy, in consultation with the applicable insurer, and, if covered, the extent, if any, to which coverage is sufficient to pay the amount set out in the relevant D&O Claim.

31. Where a Claim has been accepted by the Monitor, in consultation with the Petitioners, and in accordance with this Claims Procedure Order, such Claim shall constitute such Claimant's Proven Claim. The acceptance of any Claim or other determination of same in accordance with this Order, in full or in part, shall not constitute an admission of any fact, thing, liability, or quantum or status of any claim by any Person, save and except in the context of the Claims Procedure and the CCAA Proceeding.

32. Where a Claim or Notice of Known Claim Dispute is revised or disallowed (in whole or in part, and whether as to amount and/or Status), the Monitor shall deliver by electronic mail or ordinary mail to the last known address of the relevant Claimant or Known Creditor a Notice of Revision or Disallowance.

33. Any Person who intends to dispute the amount set out in a Notice of Revision or Disallowance shall deliver a Notice of Dispute to the Monitor in writing, with a copy to the Monitor, by 4:00 p.m. on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, with the date of the Claimant's receipt of the Notice of Revision or Disallowance being determined pursuant to paragraph 28 of this Claims Procedure Order, or such longer period as may be agreed to by the Petitioners, in consultation with the Monitor, in writing. The receipt of a Notice of Dispute by the Monitor within the fourteen (14) day period specified in this paragraph shall constitute the Claimant's consent to have the amount and/or Status of such claim determined by the Court pursuant to the Claims Procedure as provided in this Claims Procedure Order.

34. If any Person who received a Notice of Revision or Disallowance does not return a Notice of Dispute in accordance with paragraph 33, the value and Status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance, respectively, for the purposes of voting and distribution under any Plan, and the Claimant will be barred from disputing or appealing same, and the balance of such Claimant's Claim, if any, shall be forever barred and extinguished.

35. The Petitioners and the Monitor (and in the case of a D&O Claim, with the respective Directors or Officers, if applicable, and in consultation with the applicable insurer), may attempt to consensually resolve the amount and/or Status of any Pre-Filing Claim, Restructuring Claim, and/or D&O Claim as set out in the Notice of Dispute. Notices of Dispute not consensually resolved through the dispute and review process may be accepted by the Petitioners and the Monitor for voting purposes only on any Plan filed by the Petitioners; provided, however, that no D&O Claim shall be resolved by the Petitioners or the Monitor without the consent of the applicable Director or Officer.

36. In the event that the Monitor and the Claimant are unable to resolve any Disputed Claim in respect of any Pre-Filing Claim or Restructuring Claim, the Monitor shall bring an application for advice and direction to the Court in these CCAA Proceedings to have the Disputed Claim, determined by the Court, which application shall be heard as a hearing de novo.

37. In the event that the Monitor, in consultation with the applicable Director or Officer, is unable to resolve any Disputed Claim in respect of any D&O Claim, the Monitor shall bring an application for advice and direction to the Court in these CCAA Proceedings to have the D&O Claim determined by the Court, which application shall be heard as a hearing de novo.

38. Nothing in this Claims Procedure Order will affect or limit the Petitioners' right to assert an affirmative claim against a Claimant within the Claims Procedure, and the Petitioners shall retain all rights and defences, legal and equitable, to any Claims, including Disputed Claims, that are asserted in accordance with this Claims Procedure Order. Without limiting the foregoing, the Petitioners shall be entitled to assert a right of set-off, recoupment or any other affirmative counterclaim of any kind or nature whatsoever against the Claimant with a Disputed Claim and the Petitioners' claim shall be determined within the CCAA Proceeding.

EXCLUDED CLAIMS

39. For greater certainty, no Person holding an Excluded Claim shall be required to file a Proof of Claim in respect of such Excluded Claims, and such Person shall be unaffected by this Claims Procedure Order and any Plan in respect of such Excluded Claim.

NOTICE OF TRANSFER OR ASSIGNMENT

40. Neither the Monitor nor the Petitioners shall be obligated to give notice or otherwise deal with the transferee or assignee of a Claim unless and until actual notice of the transfer or

assignment, together with satisfactory evidence of the existence and validity of such transfer or assignment, shall have been received and acknowledged by the Petitioners and the Monitor in writing. Thereafter, such transferee or assignee shall, for all purposes hereof, constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to the receipt and acknowledgment by the Petitioners and the Monitor of satisfactory evidence of such transfer or assignment. A transferee or assignee of a Claim takes the Claim subject to any right of set-off to which the Petitioners may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Petitioners.

41. If a Claimant or any subsequent holder of a Claim, who in any such case has previously been acknowledged by the Petitioners and the Monitor as the holder of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Petitioners and the Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim, provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant or in accordance with the provisions of this Claims Procedure Order.

SERVICE AND NOTICES

42. The Known Claimant Claims Package and Claims Package to be provided and sent in accordance with this Claims Procedure Order shall constitute good and sufficient service and delivery of notice of the Claims Procedure and this Claims Procedure Order, the Pre-Filing Claims Bar Date and Restructuring Claims Bar Date on all Persons who may be entitled to receive notice thereof and who may assert a Claim and no other notice or service need be given or made and no other documents or materials need to be sent to or served upon any Person in respect of this Claims Procedure Order.

43. The Petitioners and the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver the Known Claimant Claims Package and Claims Package, and any letters, notices or other documents to the Claimants or any other interested Person by forwarding true copies thereof by prepaid ordinary mail, registered mail, courier, personal delivery or email to such Persons at the physical or electronic address, as applicable, last shown on the books and records of the Petitioners. Any such service and delivery shall be deemed to have been received: (a) if sent by ordinary mail or registered mail, on the third Business Day after mailing within British Columbia, the fifth Business Day after mailing within Canada (other than within British Columbia), and the tenth Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the next Business Day following dispatch; and (c) if delivered by email by 4:00 p.m. on a Business Day, on such Business Day and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

44. Any notice or communication required to be provided or delivered to the Monitor under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by email, or if it cannot be given by email by prepaid registered mail, courier or personal delivery, addressed to:

KSV Restructuring Inc.
Court-appointed Monitor of the Petitioners
2308 - 150 King Street West
Toronto, ON M5H 1J9

Attention: Bobby Kofman / Noah Goldstein / Esther Mann

Phone: (416) 932-6228 / (416) 932-6207 / (416) 932-6009
Email: bkofman@ksv advisory.com / ngoldstein@ksv advisory.com /
emann@ksv advisory.com

With a copy to:

DLA Piper (Canada) LLP
1 First Canadian Place
100 King Street West, Suite 6000
Toronto, Ontario M5X 1E2

2800 - 666 Burrard Street
Vancouver, BC V6C 2Z7

Attention: Edmond Lamek / Colin Brousseau

Phone: (416) 365-3444 / (604) 643-6400
Email: edmond.lamek@dlapiper.com / colin.brousseau@dlapiper.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt by the Monitor, thereof during normal business hours on a Business Day or if delivered outside of normal business hours, the next Business Day.

45. If during any period during which notices or other communications are being given pursuant to this Claims Procedure Order, a postal strike or postal work stoppage of general application should occur, such notices, notifications or other communications sent by ordinary or registered mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Claims Procedure Order.

46. In the event that this Claims Procedure Order is later amended by further Order of the Court, the Monitor shall post such further Order on the Monitor's Website, and such posting shall constitute adequate notice to any Claimant of such amended claims procedure.

DIRECTIONS

47. Notwithstanding the terms of this Claims Procedure Order, the Monitor may apply to this Court from time to time for directions from this Court with respect to this Claims Procedure Order, or for such further Order or Orders as it may consider necessary or desirable to amend, supplement or clarify the terms of this Claims Procedure Order.

MISCELLANEOUS

48. This Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

49. Nothing in this Order shall prejudice the rights and remedies of any Directors or Officers to the Charges or any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Petitioners' insurance or any directors' or officers' liability insurance policy or policies that exist to protect or indemnify the Directors or Officers whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or the Petitioners; provided, however, that nothing in this Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Order limit, remove, modify or alter any defence to such Claim available to

the insurer pursuant to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that he or she is covered by, the Petitioners' insurance or any directors' or officers' liability insurance or other liability insurance policy or policies that exist to protect or indemnify the Directors or Officers shall not be recoverable as against the Petitioners or Director or Officer, as applicable.

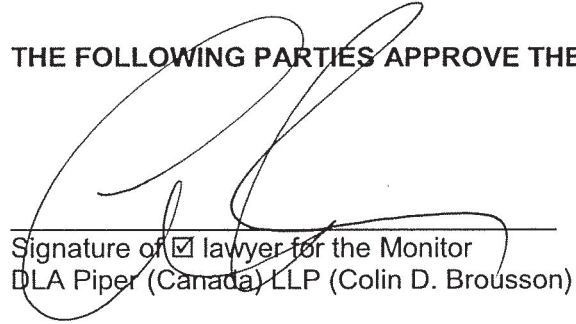
50. Nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of a Claim or an Excluded Claim into any particular affected or unaffected classes for the purposes of any Plan and, for greater certainty, the treatment of Claims and Excluded Claims subject to any Plan and the class or classes of creditors for voting and distribution purposes shall be subject to the terms of any Plan or further Order of the Court.

51. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, or abroad, to give effect to this Order and to assist the Petitioners, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to 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.

52. Each of the Petitioners and the Monitor be at liberty and are 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.

53. The approval of this Claims Procedure Order by counsel appearing on this application other than DLA Piper (Canada) LLP, counsel to the Monitor, is hereby disposed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER



Signature of lawyer for the Monitor
DLA Piper (Canada) LLP (Colin D. Brousson)

Mantosh By This Court:

Registrar

Schedule "A"

List of Counsel Appearing

Name of Counsel	Name of Party
Kyle B. Plunkett, William E.J. Skelly and Thomas W. Clifford	The Petitioners
Colin D. Brousson and Jeffrey D. Bradshaw	The Monitor
Claire Hildebrand	Oxford Management Services Inc.
Kibben Jackson	Montrusco Bolton Investments Inc., Montrusco Bolton Alternative Fund L.P., MBI/Ardenton Private Equity Income Fund, L.P. and MBI/Ardenton Private Equity Income and Growth Fund, L.P.
Adrienne Ho	Leone Financial Corporation, shareholder of 1971035 Ontario Inc.
Christopher Ramsay and Nick Carlson	RCM Capital Management Ltd.

SCHEDULE "A"

NOTICE TO CLAIMANTS

NOTICE TO CLAIMANTS

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

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC. (the "PETITIONERS")

PLEASE TAKE NOTICE that this notice is being published pursuant to an Order of the Supreme Court of British Columbia (the "Court") made March 31, 2021 (the "Claims Procedure Order"). The Court has ordered that KSV Restructuring Inc., in its capacity as the Petitioners' Court-appointed monitor (the "Monitor"), send a Known Claimant Claims Package to each Known Claimant of the Petitioners, as well as a Claims Package to any Person who requests one from the Monitor, as part of the Court-approved claims process (the "Claims Procedure"). All capitalized terms shall have the meaning given to those terms in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package and related materials may be accessed from the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

Please take notice that any Person who believes that they have a Pre-Filing Claim or a D&O Pre-Filing Claim against the Petitioners or their Directors and Officers that existed or is based on facts existing as at the date of the Initial Order (March 5, 2021) must deliver a Proof of Claim to the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the "Pre-Filing Claims Bar Date")**.

Any Person who believes that they have a Restructuring Claim or a D&O Restructuring Claim against the Petitioners or Directors and Officers arising out of the restructuring, termination, repudiation or disclaimer on or after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by the Petitioners must deliver a Proof of Claim to the Monitor **before the later of the Pre-Filing Claims Bar Date or 5:00 p.m. (Pacific Time) on the date which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring Claim or a D&O Restructuring Claim in accordance with the Claims Procedure Order (the "Restructuring Claims Bar Date")**.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE PRE-FILING CLAIMS BAR DATE OR THE RESTRUCTURING CLAIMS BAR DATE, AS APPLICABLE. THE FAILURE TO DO SO WILL RESULT IN THE APPLICABLE CLAIM BEING FOREVER BARRED AND EXTINGUISHED, INCLUDING ANY CLAIM(S) AGAINST THE DIRECTORS AND OFFICERS.

The Monitor can be contacted by email at jwong@ksvadvisory.com, to the attention of Jordan Wong.

SCHEDULE “B”
INSTRUCTION LETTER

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE
IN THE MATTER OF THE *COMPANIES’ CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

IN THE MATTER OF ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC. (the “PETITIONERS”)

CLAIMS PROCEDURE

By Order of the Supreme Court of British Columbia dated March 31, 2021, (the “**Claims Procedure Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the “**CCAA**”), KSV Restructuring Inc., in its capacity as Monitor of the Petitioners, has been authorized to conduct a procedure for the identification, quantification, and resolution of Claims against the Petitioners and the Directors and Officers of the Petitioners (the “**Claims Procedure**”). A copy of the Claims Procedure Order can be obtained from the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

This letter provides general instructions for completing the Notice of Known Claim Dispute, if applicable, and the Proof of Claim form. As of the date of this instruction letter, there has been no proposed plan of compromise or arrangement pursuant to the CCAA. Capitalized terms not defined within this instruction letter shall have the meaning set out in the Claims Procedure Order. You should review the Claims Procedure Order carefully for all terms defined therein.

The Claims Procedure is intended for any Person with a claim of any kind or nature whatsoever, including a Pre-Filing Claim and a Restructuring Claim, other than an Excluded Claim, against the Petitioners and any D&O Claim against the Directors and Officers arising prior or subsequent to the Filing Date, whether unliquidated, contingent or otherwise, or arising out of the restructuring, termination, repudiation or disclaimer after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by the Petitioners.

All notices and inquiries with respect to the Claims Procedure should be directed to the Monitor by regular mail, prepaid registered mail, courier, personal delivery, electronic communication or facsimile transmission at the address below:

KSV Restructuring Inc.
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.
2308 - 150 King Street West
Toronto ON M5H 1J9

Attention: Jordan Wong

Email: jwong@ksvadvisory.com

FOR KNOWN CLAIMANTS RECEIVING A KNOWN CLAIMANT NOTICE

If you are a Known Claimant of the Petitioners, have received a Known Claimant Notice and do not wish to dispute the amount of the Known Claim set out therein, you are not required to take any further action and the amount of your Known Claim shall be deemed to be the amount set forth in the Known Claimant Notice for the purposes of voting and distribution under any Plan.

If you are a Known Claimant of the Petitioners, have received a Known Claimant Notice and **you wish to dispute the amount of the Known Claim set out therein**, you must file a Notice of Known Claim Dispute with the Monitor. All Notices of Known Claim Dispute for Known Claims must be received by the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the “Pre-Filing Claims Bar Date”)**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Notice of Known Claim Dispute be accepted after that date.

FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM FORM

If you believe that you have a Claim against the Petitioners and/or the Directors and Officers, you must file a Proof of Claim with the Monitor. All Proofs of Claim for Claims arising prior to March 5, 2021, including D&O Pre-Filing Claims, must be received by the Monitor **before the Pre-Filing Claims Bar Date**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Proof of Claim be accepted after that date.

All Proofs of Claim for Restructuring Claims and D&O Restructuring Claims arising out of the restructuring, termination, repudiation or disclaimer after March 5, 2021 of any contract, lease or other agreement, whether oral or written, by any of the Petitioners must be received by the Monitor **before the later of the Pre-Filing Claims Bar Date or 5:00 p.m. (Pacific Time) on the date which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring Claim or a D&O Restructuring Claim in accordance with the Claims Procedure Order (the “Restructuring Claims Bar Date”)**. If your Proof of Claim is not received by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, it will be forever barred and extinguished and you will not be entitled to participate in any Plan or distribution, unless the Court orders otherwise.

All Claims are to be filed in the original currency of the transaction. For the purposes of the Claims Procedure only (and without prejudice to the terms of any plan of arrangement or compromise) Claims in a foreign currency will be converted to Canadian Dollars, using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

Additional Notice of Known Claim Dispute and Proof of Claim forms can also be obtained from the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation> or by email to Jordan Wong at jwong@ksvadvisory.com and by providing the particulars as to your name, address, facsimile number, email address and contact person. Once the Monitor has this information, you will receive, as soon as practicable, an additional Notice of Known Claim Dispute or Proof of Claim form.

It is your responsibility to ensure that the Monitor receives your Notice of Known Claim Dispute or Proof of Claim at the above-noted time and date.

DATED this ____th day of _____, 2021.

KSV Restructuring Inc.,
in its capacity as Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.,
and not in its personal capacity

SCHEDULE "C"

PROOF OF CLAIM FORM

Court File No. S-211985

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. (the "PETITIONERS")

PROOF OF CLAIM

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim form. Capitalized terms not defined within this Proof of Claim form shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021, as may be amended from time to time (the "Claims Procedure Order").

A. PARTICULARS OF CLAIMANT:

- (1) Full legal name of Claimant:
(include trade name, if different)

The full legal name should be the name of the Claimant of the Petitioners, notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred.

- (2) Full mailing address of Claimant:

- (3) Telephone number:

- (4) E-mail address:

- (5) Facsimile number: _____
- (6) Attention (Contact person): _____
- (7) Has the claim set out herein been sold, transferred or assigned by the Claimant to another party? Yes No

B. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE)

If the Claim set out herein has been sold, transferred or assigned, complete the required information set out below. If there is more than one assignee, please attach a separate sheet that contains all of the required information set out below for each assignee.

- (1) Full legal name of Assignee: _____
- (2) Full mailing address of Assignee: _____

- (3) Telephone number: _____
- (4) E-mail address: _____
- (5) Facsimile number: _____
- (6) Attention (Contact person): _____

C. PROOF OF CLAIM:

The undersigned hereby certifies as follows:

(a) that I:

am a Claimant; **OR**

am _____
 (state name and title)

of _____ (name of Claimant);

(b) that I have knowledge of all the circumstances connected with the Claim described and set out below;

(c) that the Claimant asserts a Claim against: Ardenton Capital Corporation

Ardenton Capital Bridging Inc.

which is/were and still is/are indebted to the Claimant as follows (include all Claims that you assert against the Petitioner(s) noted above. Claims should be filed in the **currency of the transaction** (with reference to the contractual rate of interest, if any) and such currency should be indicated as provided below in respect of the Claim(s).

	(i) Amount of Pre-Filing Claim	(ii) Amount of Restructuring Claim	(iii) Total Claim (Sum of (i) and (ii))
	(please complete in the original currency of transaction)		
Secured			
Unsecured			

Note: For the purpose of the Claims Procedure Order only (and without prejudice to the terms of any plan of arrangement or compromise that may be filed by the Petitioners), Claims will be converted to Canadian Dollars as per the Claims Procedure Order using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

D. Note: *If you are asserting your Claim against the Petitioners' Directors and Officers, you are required to complete Section F of this Proof of Claim Form.*

(1) NATURE OF CLAIM – Complete ONLY if you are asserting a Secured Claim (CHECK AND COMPLETE APPROPRIATE CATEGORY)

Petitioner(s): _____

Secured Claim of \$ _____
(Original currency and amount)

In respect of this debt, I hold security over the assets of the Petitioner(s) valued at

\$ _____,
(Original currency and amount)

the particulars of which security and value are attached to this Proof of Claim form.

Unsecured Claim of \$ _____
(Original currency and amount)

Give full particulars of the security, including the date on which the security was given the value which you ascribe to the assets charged by your security, the basis for such valuation and attach a copy of the security documents evidencing the security.

If you are asserting multiple secured claims, against one or more of the Petitioners, please provide full details of your security against each of the Petitioners.

E. PARTICULARS OF CLAIM:

Other than as already set out herein, the particulars of the undersigned's total Claim against the Petitioner(s) are attached on a separate sheet.

Provide all particulars of the Claim and supporting documentation that you feel will assist in the determination of your Claim. At a minimum, you are required to provide the invoice date, invoice number, the amount of each outstanding invoice and the related purchase order number. Further particulars may include the following if applicable: a description of the transaction(s) or agreement(s) giving rise to the Claim; contractual rate of interest (if applicable); name of any guarantor which has guaranteed the Claim; details of all credits, discounts, etc. claimed; description of the security if any, granted by the affected Petitioner(s) to the Claimant, the estimated value of such security and the basis for such valuation; and the particulars of any Restructuring Claim.

F. PROOF OF CLAIM – CLAIM AGAINST THE DIRECTORS AND OFFICER(S)

This section should *only* be completed by a Claimant asserting a claim against the Director(s) and Officer(s) of the Petitioner(s). A Claimant asserting a claim only against the Petitioner(s) should *not* complete this section.

G. THE UNDERSIGNED HEREBY CERTIFIES AS FOLLOWS:

that I:

am a Claimant; **OR**

am _____
(state position or title)

of _____
(name of Claimant)

I assert a claim against the following Director(s) and Officer(s) (please list below the individual Directors or Officers:

that I have knowledge of all the circumstances connected with the Claim described and set out below;

The Director(s) and Officer(s) was/were and still is/are indebted to the Claimant as follows in respect of a Pre-Filing D&O Claim arising prior to Filing Date (claims should be filed in the original currency of the transaction):

\$ _____
(Original currency)

The Director(s) and Officer(s) was/were and still is/are indebted to the Claimant as follows in respect of a D&O Restructuring Claim arising on or after Filing Date (claims should be filed in the original currency of the transactions):

\$ _____
(Original Currency)

H. FILING OF CLAIM:

This Proof of Claim form must be returned to and received by the Monitor by no **later than 4:00 p.m. (Pacific Time) on May 14, 2021** (the “**Pre-Filing Claims Bar Date**”), unless a Restructuring Claim is being asserted in which case the Proof of Claim form related to your Restructuring Claim only must be received by the Monitor on the date which is the later of the Pre-Filing Claims Bar Date and **5:00 p.m. (Pacific Time) on the day which is 30 days after the date the Monitor sends a Claims Package with respect to a Restructuring**

Claim in accordance with the Claims Procedure Order (the “Restructuring Claims Bar Date”), by either regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile transmission at the following address:

KSV Restructuring Inc.
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.
2308 - 150 King Street West
Toronto ON M5H 1J9

Attention: Jordan Wong
Email: jwong@ksvadvisory.com

DATED this _____ day of _____, 2021.

Witness Name:

Per: _____
(Signature)

If Claimant is a Corporation, print name and title of authorized signatory:

Name: _____

Title: _____

Note: After signing this form, please ensure you return all pages of this Proof of Claim to the Monitor.

SCHEDULE “D”

KNOWN CLAIMANT NOTICE

Court File No. S-211985

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. (the “PETITIONERS”)

KNOWN CLAIMANT NOTICE

Please read carefully the enclosed Instruction Letter regarding this Known Claimant Notice. Capitalized terms not defined within this Known Claimant Notice shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021, as may be amended from time to time (the “**Claims Procedure Order**”).

A. PARTICULARS OF CLAIMANT:

(1) Full legal name of Claimant:

(2) Full mailing address of Claimant:

(3) Telephone number:

(4) E-mail address:

(5) Facsimile number:

(6) Attention (Contact person):

B. NATURE AND CALCULATION OF KNOWN CLAIM

The Known Claimant named above has a Known Claim, the particulars of which are set out in the attached schedule, against:

- Ardenton Capital Corporation
- Ardenton Capital Bridging Inc.

If you do not wish to dispute the amount of the Known Claim, you are not required to take any further action and the amount of your Known Claim shall be deemed to be the amount set forth in this Known Claimant Notice for the purposes of voting and distribution under any Plan.

Note: For the purpose of the Claims Procedure Order only (and without prejudice to the terms of any plan of arrangement or compromise that may be filed by the Petitioners), Known Claims will be converted to Canadian Dollars as per the Claims Procedure Order using the Bank of Canada Canadian Dollar Daily Exchange Rate on the Filing Date.

C. PARTICULARS OF ASSIGNEE(S) (IF APPLICABLE)

If the Known Claim set out herein has been sold, transferred or assigned, the Known Claimant set out above shall, pursuant to paragraphs 40 and 41 of the Claims Procedure Order, provide actual notice of the transfer or assignment, together with satisfactory evidence of the existence and validity of such transfer or assignment to the Petitioners and the Monitor. **Until such time as the Petitioners and the Monitor have been provided with the aforementioned notice, neither the Monitor nor the Petitioners shall be obligated to give notice or otherwise deal with the transferee or assignee of a Known Claim.**

Notice of the transfer or assignment to the Petitioners and the Monitor should include all of the required information set out below for each assignee.

(1) Full legal name of Assignee:

(2) Full mailing address of Assignee:

- (3) Telephone number: _____
- (4) E-mail address: _____
- (5) Facsimile number: _____
- (6) Attention (Contact person): _____

D. FILING OF NOTICE OF KNOWN CLAIM DISPUTE:

If you wish to dispute the amount of the Known Claim set out herein, you must file a Notice of Known Claim Dispute with the Monitor. All Notices of Known Claim Dispute for Known Claims must be received by the Monitor **before 4:00 pm (Pacific Time) on May 14, 2021 (the "Pre-Filing Claims Bar Date")**, unless the Monitor and the Petitioners agree in writing or the Court orders that the Notice of Known Claim Dispute be accepted after that date, and shall be sent to the Monitor by either regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile transmission at the following address:

KSV Restructuring Inc.
Monitor of Ardenton Capital Corporation and Ardenton Capital Bridging Inc.
2308 - 150 King Street West
Toronto ON M5H 1J9

Attention: Jordan Wong
Email: jwong@ksvadvisory.com

DATED this _____ day of _____, 2021.

SCHEDULE "E"

NOTICE OF REVISION OR DISALLOWANCE

**NOTICE OF REVISION OR DISALLOWANCE FOR VOTING
AND/OR DISTRIBUTION PURPOSES**

FOR THE CLAIMS PROCEDURE

**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. (the "PETITIONERS")**

TO:

(the "Claimant")

Capitalized terms not defined within this Notice of Revision or Disallowance shall have the meaning ascribed thereto in the Order of the Supreme Court of British Columbia dated March 31, 2021 (the "Claims Procedure Order"). All dollar values contained herein are in Canadian Dollars unless otherwise noted.

Pursuant to paragraph 28 of the Claims Procedure Order, KSV Restructuring Inc., in its capacity as Monitor of the Petitioners, hereby gives you notice that the Monitor, with the assistance of the Petitioners, has reviewed your Notice of Known Claim Dispute and/or Proof of Claim and has revised or disallowed your Claim in whole or in part. Subject to further dispute by you in accordance with the Claims Procedure Order, your Claim will be allowed or disallowed as follows:

(i) Claim against the Petitioners	Proof of Claim Amount:	Amount Allowed by Monitor:
Unsecured Claim	\$	\$
Secured Claim	\$	\$
Restructuring Claim	\$	\$

(ii) Claim against the Directors and Officers	Proof of Claim Amount:	Amount Allowed by Monitor:
D&O Pre-Filing Claim	\$	\$
D&O Restructuring Claim	\$	\$

REASON(S) FOR THE REVISION OR DISALLOWANCE

SERVICE OF NOTICES OF DISPUTE

If you intend to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 28 you must deliver a Notice of Dispute (in the form enclosed) to the Monitor in writing **by 4:00 p.m. (Pacific Time) on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as may be agreed to by the Monitor, in consultation with the Petitioners, in writing**, either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.
 Court-appointed Monitor of Ardenton Capital Corporation and
 Ardenton Capital Bridging Inc.
 2308 - 150 King Street West
 Toronto ON M5H 1J9

Attention: Jordan Wong
 Email: jwong@ksvadvisory.com

If any Person who received a Notice of Revision or Disallowance does not return a Notice of Dispute by 4:00 p.m. (Pacific Time) on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as

may be agreed to by the Monitor, in consultation with the Petitioners, in writing, the value and Status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance for the purposes of voting and distribution under any Plan, and the Claimant will be barred from disputing or appealing same, and the balance of such Claimant's Claim, if any, shall be forever barred and extinguished.

DATED this _____ day of _____, 2021.

SCHEDULE "F"

NOTICE OF DISPUTE

NOTICE OF DISPUTE

FOR THE CLAIMS PROCEDURE

**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. (the "PETITIONERS")**

Name of Petitioners and or Directors and Officers against which a Claim is asserted:

A. Particulars of Claimant

(1) Full Legal Name of Claimant (include trade name, if different):

(2) Full Mailing Address of Claimant:

(3) Telephone Number:

(4) E-mail Address:

(5) Facsimile Number:

(6) Attention (Contact Person):

B. Particulars of original Claimant from whom the Claim was assigned, if applicable:

(1) Have you acquired this claim by assignment? If Yes, if not already provided, attached documents evidencing assignment.

Yes No

(2) Full Legal Name of original claimant(s): _____

C. Dispute of Revision or Disallowance of Claim

The Claimant hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance and asserts a Claim as follows:

	Claim as Filed in the Proof of Claim Form			Assessed Claim in CAD	
	Pre-Filing Claim / D&O Pre-Filing Claim	Restructuring Claim / D&O Restructuring Claim	Total Claim (in original Currency)	Disallowed Amount	Amount Claimed by the Claimant
Secured					
Unsecured					
Directors and Officers					
TOTAL:					

REASON(S) FOR THE DISPUTE

(You must include a list of reasons as to why you are disputing your Claim(s) as set out in the Notice of Revision or Disallowance).

SERVICE OF DISPUTE NOTICES

If you intend to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 28 of the Claims Procedure Order, you must deliver a Notice of Dispute (in the form enclosed in the Claims Package) to the Monitor **by 4:00 p.m. on the day that is no later than fourteen (14) days after such Claimant received the Notice of Revision or Disallowance, or such longer period as may be agreed to by the Monitor, in consultation with the Petitioners, in writing**, either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.
Court-appointed Monitor of Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.
2308 - 150 King Street West
Toronto ON M5H 1J9

Attention: Jordan Wong
Email: jwong@ksvadvisory.com

DATED this _____ day of _____, 2021.

Witness

Signature

Name:
Title:
(please print)

SCHEDULE "G"

NOTICE OF KNOWN CLAIM DISPUTE

NOTICE OF KNOWN CLAIM DISPUTE

FOR THE CLAIMS PROCEDURE

**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. (the "PETITIONERS")**

Name of Petitioners against which a Claim is asserted:

A. Particulars of Known Claimant

(1) Full Legal Name of Known Claimant (include trade name, if different):

(2) Full Mailing Address of Known Claimant:

(3) Telephone Number:

(4) E-mail Address:

(5) Facsimile Number:

(6) Attention (Contact Person):

B. Particulars of original Known Claimant from whom the Claim was assigned, if applicable:

(1) Have you acquired this claim by assignment?

Yes No

If Yes, if not already provided, attach documents evidencing assignment.

(2) Full Legal Name of original Known Claimant: _____

C. Dispute of Known Claimant Notice

REASON(S) FOR THE DISPUTE

(You must include a list of reasons as to why you are disputing your Claim(s) as set out in the Known Claimant Notice).

SERVICE OF KNOWN CLAIM DISPUTE NOTICES

If you intend to dispute the amount of the Claim set out in the Known Claimant Notice sent pursuant to paragraph 21 of the Claims Procedure Order, you must deliver a Notice of Known Claim Dispute (in the form enclosed in the Known Claimant Claims Package) to the Monitor **by no later than 4:00 p.m. (Pacific Time) on May 14, 2021** (the “**Pre-Filing Claims Bar Date**”), either by regular mail, prepaid registered mail, personal delivery, courier, electronic communication or facsimile to the following address, setting out the reasons for the dispute.

If any Person who received a Known Claimant Notice and wishes to dispute the amount of the Claim set out therein does not return a Notice of Known Claim Dispute by the Pre-Filing Claims Bar Date, the value and Status of such Known Claim shall be deemed to be set out in the Known Claimant Notice for the purposes of voting and distribution under any Plan, and the Known Claimant will be barred from disputing or appealing same, and the balance of such Known Claimant’s Claim, if any, shall be forever barred and extinguished.

In accordance with the Claims Procedure Order, notices are deemed to have been received on the date of actual receipt thereof during normal business hours on a Business Day or if delivered outside of normal business hours, on the next Business Day.

Notices of Known Claim Dispute must be sent to the Monitor at the following address:

KSV Restructuring Inc.
Court-appointed Monitor of Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.
2308 - 150 King Street West
Toronto ON M5H 1J9

Attention: Jordan Wong
Email: jwong@ksvadvisory.com

DATED this _____ day of _____, 2021.

Witness

Signature

Name:
Title:
(please print)

Appendix “C”

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

Projected Statement of Cash Flow

For the Period Ending July 6, 2021

(Unaudited; \$C)

Notes	Weeks Ending								Total
	16-May-21	23-May-21	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	06-Jul-21	
<i>Receipts</i>									
1	-	-	-	143,471	-	-	-	490,943	634,414
2	-	-	-	143,471	-	-	-	490,943	634,414
<i>Disbursements</i>									
3	21,353	-	-	11,649	-	21,353	-	11,649	66,005
4	96,398	-	-	109,569	-	90,772	-	99,790	396,530
5	-	-	-	41,500	-	-	-	41,500	83,000
	-	-	-	42,000	-	-	-	27,000	69,000
	-	-	-	8,000	-	-	-	8,000	16,000
	10,500	-	-	10,000	-	10,500	-	10,000	41,000
	12,500	10,000	10,000	37,500	10,000	12,500	10,000	37,500	140,000
	140,751	10,000	10,000	260,218	10,000	135,126	10,000	235,440	811,535
<i>Net cash flow before the undernoted</i>									
	(140,751)	(10,000)	(10,000)	(116,748)	(10,000)	(135,126)	(10,000)	255,503	(177,121)
6	200,000	-	-	200,000	-	200,000	-	200,000	800,000
	-	-	-	12,639	-	-	-	13,611	26,250
	(340,751)	(10,000)	(10,000)	(329,387)	(10,000)	(335,126)	(10,000)	41,892	(1,003,371)
<i>Net cash flow</i>									
7	887,396	546,645	536,645	526,645	197,258	687,258	352,132	342,132	887,396
	(340,751)	(10,000)	(10,000)	(329,387)	(10,000)	(335,126)	(10,000)	41,892	(1,003,371)
	-	-	-	-	500,000	-	-	-	500,000
	546,645	536,645	526,645	197,258	687,258	352,132	342,132	384,025	384,025
<i>DIP loan balance</i>									
8	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<i>Total</i>									
	1,500,000	1,500,000	1,500,000	1,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.
Notes to Projected Statement of Cash Flow
For the Period Ending July 6, 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 May 8, 2021 to July 6, 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.

Probable Assumptions

3. Represents operating disbursements to the Petitioners' subsidiaries, including disbursements for payroll, professional fees, mortgage, and taxes.
4. Represents the Petitioners' payroll, payroll remittances and related fees.
5. Includes accounting, legal, and consulting fees not related to the Petitioners' restructuring.
6. Includes estimated payments to the Monitor, its counsel and the Petitioners' insolvency counsel.

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.

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 27th day of April, 2021 for the period May 8, 2021 to July 6, 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 27th day of April, 2021.

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.



James Livingstone

Appendix “E”

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 27th day April, 2021, consisting of a weekly projected cash flow statement for the period May 8, 2021 to July 6, 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 27th day of April, 2021.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
ARDENTON CAPITAL CORPORATION AND
ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “F”



**Pre-Filing Report of
KSV Restructuring Inc.
as Proposed CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 3, 2021

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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 RESTRICTURING INC.,
AS PROPOSED MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL CAPACITY



**First Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 10, 2021

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COURT FILE NO.: S-211985

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.

COMPANIES

FIRST REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

MARCH 10, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). A copy of the Initial Order is attached as Appendix "A". The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
 - a) granted a stay of proceedings until March 15, 2021; and
 - b) granted a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.
3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the "Comeback Motion").

4. The principal purpose of the CCAA proceedings is to provide the Companies 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 Companies to develop a plan of arrangement or compromise that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies' business and assets. The Companies intend to move through the CCAA proceedings expeditiously with the goal of emerging as a going concern.
5. KSV's pre-filing report dated March 3, 2021 (the "Pre-Filing Report"), and the Affidavit of James Livingstone, the Chief Executive Officer and President of ACC sworn on March 2, 2021 in support of the CCAA application (the "Initial Affidavit"), discuss that the Companies may seek approval of a debtor-in-possession loan facility (a "DIP Facility"). The need for a DIP Facility is dependent on the Companies' cash flow generated from its portfolio companies (collectively the "PCs" and each a "PC") and a transaction that ACC management is presently negotiating, and which is referenced in the CCAA application materials as the "PC Refinancing Transaction". As the PC Refinancing Transaction is uncertain, the Companies intend to formalize a process to solicit offers from prospective lenders to provide a DIP Facility, as more fully discussed in Section 8 below. A copy of the Pre-Filing Report is provided in Appendix "B".

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) discuss the need to increase the Administration Charge from \$350,000 to \$1 million and the D&O Charge from \$110,000 to \$240,000;
 - c) discuss a proposed intercompany charge in favour of ACBI for any advances from ACBI to ACC (the "Intercompany Charge");
 - d) provide an update on the Companies' activities since the commencement of these proceedings;
 - e) provide an update on the Monitor's activities since its appointment; and
 - f) recommend that the Court issue an order (the "Amended and Restated Initial Order"):
 - extending the stay of proceedings from March 15, 2021 to May 7, 2021;
 - increasing the amount of the Administration Charge from \$350,000 to \$1 million;
 - increasing the D&O Charge from \$110,000 to \$240,000;

- approving the Intercompany Charge; and
- establishing the priority of the Administration Charge, D&O Charge and the Intercompany Charge, as among them.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. This report does not consider the potential future impact of the COVID-19 pandemic (the "Pandemic") on Ardenton's business and operations, including the PCs. Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars. US Dollars and Great British Pounds have been converted to Canadian dollars at \$1.30 and \$1.72, respectively.

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 "C".
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 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 Companies 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 Companies’ 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 debt and equity 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 these PC Distributions have not historically been a major source of capital for ACC. (The majority of the capital has been raised through the issuance of Securities, as discussed above.) In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the “PC Refinancing Transaction”). ACC is presently working on another PC Refinancing Transaction; however, it is unclear if and when this transaction will be completed.
7. ACC had not missed an interest payment on its debt obligations prior to the onset of the Pandemic; however, the Monitor has been advised by ACC’s management that the Pandemic negatively affected the ability of the PCs to make PC Distributions to ACC, as well as ACC’s ability to continue to raise capital through the issuance of new Securities. Accordingly, the Companies 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 Companies’ debt totalled approximately \$24 million as of February 28, 2021, which amount continues to accrue.
8. 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, UK and Canada. On March 10, 2021, ACC disclaimed its remaining office leases in Vancouver and Toronto. As of the date of this Report, ACC was in the process of entering into an inexpensive month-to-month lease just outside the downtown core in Vancouver.
9. Ardenton Financial Inc. (“AFI”) is a registered exempt market dealer that distributes the Securities under prospectus exemptions primarily in Canada. ACC is a related party issuer and the source of AFI’s revenues. As ACC sought and was granted protection under the CCAA, AFI is unable to continue its business operations as a registrant.
10. On March 8, 2021, staff of the British Columbia Securities Commission (“BCSC staff”), as AFI’s principal regulator, expressed concerns that AFI’s registration had become unsuitable and objectionable and accordingly took the position that to allow it to continue its registration was contrary to the public interest. Consequently, BCSC staff recommended to the Executive Director under section 40.1 (1) of the Securities Act, that he suspend AFI’s registration. Consistent with securities legislation in British Columbia, the Executive Director must not suspend a registration without first giving

¹ Of the 25 employees, 15 are employed by the Companies.

the registrant an opportunity to be heard. In discussions between AFI and BCSC staff, AFI's representatives confirmed that AFI would not object to the suspension of its registration and on March 8, 2021, AFI consented to the Executive Director taking this action. The Companies do not intend to raise capital in the near term, so this is not expected to affect the Companies' restructuring efforts.

11. Further information regarding the Companies was provided in the Pre-Filing Report, the Initial Affidavit and the affidavit of Mr. Livingstone dated March 10, 2021 in support of the relief sought by the Companies in this motion. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Cash Flow

1. The Companies have prepared the cash flow forecast for the period March 3, 2021 to May 9, 2021 (the "Cash Flow Forecast"). A copy of the Cash Flow Forecast is provided in Appendix "D" and was appended to the Pre-Filing Report. The Cash Flow Forecast has not been amended. The Cash Flow Forecast reflects that the Companies are projected to have sufficient liquidity until May 9, 2021, subject to the PC Refinancing Transaction, which, as stated, is presently uncertain.
2. An overview of Ardenton's cash management system was included in the Pre-Filing Report and is summarized as follows:
 - a) PC Distributions are made directly and indirectly from the PCs 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 to ACC; and
 - c) ACC then funds all the operating costs of the ACC Subsidiaries, including their normal course operating costs.
3. During these 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 material third-party debt obligations.

4.0 Court-Ordered Charges

4.1 Intercompany Charge

1. The Cash Flow Forecast reflects that approximately \$123,000 (net) will be advanced from ACBI to ACC during the Cash Flow Forecast period. These monies are required by ACC to fund its operating costs and the costs of these proceedings.
2. As discussed in the Pre-Filing Report, ACBI had approximately \$22 million of promissory notes outstanding as of December 31, 2020.

3. In order to ensure that there is no prejudice to ACBI's creditors resulting from cash transfers from ACBI to ACC, the Companies are seeking approval of the Intercompany Charge, which is to provide security to ACBI for any amounts transferred from it to ACC during these proceedings.
4. The Monitor recommends that this Court issue an order approving the Intercompany Charge for the following reasons:
 - a) ACC requires the funding available within ACBI to advance these proceedings;
 - b) the Intercompany Charge will protect the interests of the promissory note holders and any other creditors of ACBI;
 - c) ACBI has no employees or stand-alone corporate infrastructure and receives all of its management and support from ACC, which accrues to the benefit of the ACBI creditors; and
 - d) the ACBI creditors are not expected to suffer any prejudice if the Intercompany Charge is approved by the Court. ACC is projected to have materially more value than is required to cover any exposure under the Intercompany Charge.

4.2 Administration Charge

1. The Initial Order granted a \$350,000 Administration Charge to protect the fees and costs of the Administration Professionals. The Companies are seeking to increase the Administration Charge to \$1 million.
2. Ardenton has significant assets but has limited liquidity at this time. Professional fees are continuing to accrue and Ardenton may not have sufficient cash to pay these fees and costs as they come due. Additionally, there are significant pre-filing fees and costs owing to the Administration Professionals related to preparing for these proceedings. The Administration Professionals require an increase in the Administration Charge given Ardenton's illiquidity and the extent of their present exposure. Additionally, legal counsel for the sole director, Mr. Livingstone, is to be provided protection for his fees and costs under the Administration Charge to a limit of \$25,000, plus HST.
3. The Monitor is of the view that the increased Administration Charge is required and reasonable in the circumstances and that without it, the Administration Professionals may not be prepared to continue to provide services to the Applicants. The Administration Charge is a standard feature in CCAA proceedings designed to protect the professionals who assist a debtor during its restructuring proceedings.

4.3 D&O Charge

1. The Initial Order approved a D&O Charge in the amount of \$110,000 to provide the sole director (Mr. Livingstone) and the Companies' officers with protection for any liabilities that may accrue until the Comeback Motion. The Companies are seeking to increase the D&O Charge to \$240,000 representing Ardenton's estimated payroll liability for a full month. As with the Administration Charge, Mr. Livingstone and the officers are seeking this increase due to Ardenton's present liquidity situation.

2. The Cash Flow Forecast contemplates payroll will continue to be paid in the ordinary course. The proposed D&O Charge provides protection for the Companies' sole director and its officers should the Companies fail to pay this and other obligations which may give rise to liability for director and officers.
3. The amount of the D&O Charge was estimated by the Companies in consultation with the Monitor, taking into consideration the monthly payroll obligations of ACC. The Companies are generally in a sales tax refund position, so no exposure is anticipated under the D&O Charge for such amounts.
4. The Companies' director and officers are to be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any director's 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.
5. The Monitor is of the view that the increase in the D&O Charge is reasonable in the circumstances and that the continued involvement of the Companies' sole director and its officers will assist to advance these proceedings.

4.4 Secured Creditors

4.4.1 Toronto Dominion Bank

1. Toronto Dominion Bank ("TD") has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan *Personal Property Security Acts*.
2. The Monitor has been advised that TD's registrations were made in respect of:
 - a) 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. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
 - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the proposed Administration Charge, D&O Charge and the Intercompany Charge (collectively, the "Court-Ordered Charges") will rank in priority to the TD security interest, subject to a \$100,000 priority to be afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.
4. The priority of the Court-Ordered Charges will not prejudice TD, whose security interest is actually in respect of collateral now owned by the subsidiaries owned by ACCI, who themselves are not CCAA filing entities.

4.4.2 HSBC

1. HSBC has registered a financing statement against ACC under the British Columbia *Personal Property Security Act*. HSBC is not a lender to the Companies. 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. As the amounts that may be owing to HSBC at any point in time are not anticipated to be significant, the Court-Ordered Charges are not intended to rank in priority to the HSBC security interest.

4.5 Priority of Charges

1. The proposed priority of the Court-ordered charges is as follows:
 - a) first, the Administration Charge;
 - b) second, the D&O Charge; and
 - c) third, the Intercompany Charge.

5.0 Companies' Activities Since the Date of the Initial Order

1. The Companies' activities since the date of the Initial Order have included:
 - a) operating its business in the ordinary course;
 - b) rolling out a communication plan, including preparing answers to Frequently Asked Questions, convening an employee meeting, preparing and sending a letter to all employees to advise of the proceedings, convening dozens of investor video and conference calls and speaking with vendors, PC representatives and the banks which are lenders to the PCs;
 - c) considering Ardenton's liquidity issues and whether a DIP Facility will be required;
 - d) speaking with various parties about providing a DIP Facility;
 - e) communicating with suppliers to secure goods and services during these proceedings;
 - f) disclaiming the leases for Ardenton's two remaining office locations;
 - g) entering into a new month-to-month lease for a small office just outside the downtown core of Vancouver (monthly rent is approximately \$4,000);
 - h) dealing with regulators in Canada and the United States;
 - i) advancing its restructuring efforts;
 - j) preparing a multi-year pro-forma of the PCs;

- k) considering a claims procedure, which is expected to be the subject of a future motion; and
- l) keeping the Monitor apprised of all of the foregoing.

6.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
 - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
 - b) participating on numerous calls with investors;
 - c) working with Ardenton to prepare the stakeholder communication strategy and assisting to roll out same;
 - d) sending a notice to the Companies' creditors, as required pursuant to the CCAA;
 - e) making arrangements to have the CCAA notice published in the national edition of *The Globe and Mail* newspaper, in accordance with the CCAA;
 - f) corresponding with the Companies' creditors;
 - g) preparing a virtual data room ("Data Room") for potential interim lenders to perform diligence in respect of a DIP Facility;
 - h) monitoring the Companies' receipts and disbursements;
 - i) working with Ardenton to consider the structure of a restructuring plan and its underlying business model;
 - j) framing a creditor claims process for subsequent approval by the Court;
 - k) approving the Companies' disclaimers of two office leases;
 - l) drafting this Report; and
 - m) maintaining the service list.

7.0 Stay Extension

1. The stay of proceedings currently expires on March 15, 2021. The Companies are requesting an extension of the Stay Period until May 7, 2021.
2. The Monitor supports the request for an extension of the stay of proceedings for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;

- c) it will allow the Companies time to restructure their debt obligations and develop a plan of arrangement or compromise;
- d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension; and
- e) subject to the PR Refinancing Transaction or obtaining a DIP Facility, the Companies are projected to have sufficient liquidity to fund their operations until May 7, 2021.

8.0 Interim Financing

1. As it is uncertain when and if the PC Refinancing Transaction will be completed, the Companies intend to formalize the process for receiving bids to provide a DIP Facility. The Companies intend to set a deadline of March 20, 2021 (or thereabouts) for this purpose. Interested parties will be provided an opportunity to review information in the Data Room that has been set up for this purpose, subject to executing a confidentiality agreement. A template term sheet has been drafted and prospective lenders will be requested to provide their proposals in the form of that document, with changes to the term sheet blacklined against the original.

9.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(f) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**



**Second Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

March 25, 2021

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COURT FILE NO.: S-211985

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

SECOND REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

MARCH 25, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court:
 - a) granted a stay of proceedings until March 15, 2021; and
 - b) granted a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Professionals"); and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the “Comeback Motion”). At the Comeback Motion, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
 - a) the stay of proceedings was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”) (collectively, the Administration Charge, the D&O Charge and the Intercompany Charge are referred to as the “Court-Ordered Charges”).

A copy of the Amended and Restated Initial Order is provided in Appendix “A”.

4. The principal purpose of the CCAA proceedings is to provide the Companies 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 are intended to provide a forum to allow the Companies to develop a plan of arrangement or compromise (the “Plan”) that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) discuss the rationale for the appointment of a committee comprised of seven investors (the “Investor Committee”) which will work with the Monitor and the Companies to formulate a Plan that will be presented to creditors;
 - c) summarize the process (the “DIP Solicitation Process”) carried out by the Monitor to solicit debtor-in-possession (“DIP”) financing proposals for a \$5 million DIP facility (the “DIP Facility”);
 - d) summarize the terms of the recommended DIP Facility between RCM Capital Management Ltd., or its designated assignee (“RCM”), as lender (the “Lender”), ACC, as borrower (the “Borrower”) and ACBI as guarantor, including a court-ordered charge on the Companies’ business and assets, which is a condition of the DIP Facility, subject only to the Administration Charge to a maximum of \$750,000 and the encumbrances in favour of Toronto Dominion Bank (“TD Bank”) to a maximum of \$100,000 and HSBC Canada (“HSBC”) (the “DIP Charge”);

- e) summarize the proposed claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers;
- f) provide an update on the Companies’ and the Monitor’s activities since the Monitor’s first report to Court dated March 11, 2021 (the “First Report”); and
- g) recommend that the Court issue an order or orders, *inter alia*:
 - i. approving the appointment of the Investor Committee and its members and providing the Investor Committee and its members with protections consistent with those afforded to the Monitor in the Initial Order;
 - ii. approving the DIP Facility and the DIP Charge;
 - iii. reducing the amount of the Administration Charge to \$750,000;
 - iv. approving the Claims Procedure and authorizing the Monitor to carry out the Claims Procedure on the basis set out in the proposed claims procedure order (the “Claims Procedure Order”);
 - v. sealing the confidential appendices to this Report; and
 - vi. approving the Monitor’s activities from the commencement of these proceedings to the date of this Report.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies’ unaudited financial information, books and records and discussions with the Companies’ management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. This Report does not consider the potential future impact of the COVID-19 pandemic on the Companies’ business and operations, including on the Companies’ portfolio companies (collectively, the “PCs”). Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

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 US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "B".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its Investors. Rather, ACC raised 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.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units (which have a debt and an equity warrant component), preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations¹, by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952		263,952
Hybrid Securities	67,050		67,050
Total	332,315	18,205	350,520

7. ACC's interest in the PCs is owned indirectly through its holding company subsidiaries including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by refinancing its loan from ACC (made through a 12% preferred security) with bank debt priced less expensively than the preferred security (the "PC Refinancing Transaction").

¹ Includes accrued and unpaid interest at the date of the Initial Order.

8. Further information regarding the Companies and these proceedings can be found in the Monitor’s prior reports issued in these proceedings, including its pre-filing report (the “Pre-Filing Report”) and in affidavits sworn by James Livingstone, ACC’s Chief Executive Officer. Court materials in these proceedings can be found on the Monitor’s website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Investor Committee

1. Since the commencement of these proceedings, Mr. Livingstone and representatives of the Monitor have engaged in discussions with a significant number of the Companies’ investors. In light of feedback from these discussions, it became apparent to Mr. Livingstone and the Monitor that these proceedings would benefit from the establishment of a committee of investors. During those discussions, several investors expressed an interest in sitting on such a committee. The primary purpose of the Investor Committee is for the Companies and the Monitor to work with the Investor Committee to formulate a Plan that will be presented to creditors for their consideration.
2. On March 15, 2021, the Monitor sent an update letter to investors. The update letter advised of the Monitor’s intention to form the Investor Committee and to have it approved by the Court by the end of March. In response to this letter, several additional individuals contacted the Monitor to advise that they have an interest in sitting on the Investor Committee. A copy of the March 15, 2021 letter to investors is provided in Appendix “C”.
3. The Monitor has identified seven individuals for the Investor Committee. These individuals are significant investors and/or an advisor or representative of groups of investors. The Monitor believes these investors represent a broad cross-section of the various Securities issued by the Companies. A summary of the holdings of the Investor Committee members, or the investors they represent, is provided in the table below.

Name	Preferred Securities	Hybrid Securities	Promissory Notes
Montrusco Bolton Investors Inc.	X	X	X ²
Requisite Capital Management LLC	X	X	
Monkey Toes LLC	X	X	X ³
Birnam Wood Capital LLC	X		
Wood Group Capital Inc.	X		
Robert Maroney	X		
Donald Lang		X	

² Issued by ACBI.

³ Issued by ACC and ACBI.

4. The amounts owing to the Investor Committee members, or the investors that they represent, total, at least, approximately \$156 million, or 44% of the total outstanding Securities. The amount owing to each investor on the Investor Committee, or the investors they represent, is provided in Confidential Appendix “1”. The balance of the Securities is owed to 284 investors comprising approximately \$200 million. A complete list of investors and the amounts owed to each is provided in Confidential Appendix “2”.⁴
5. The Monitor has spoken with each prospective member of the Investor Committee. The Investor Committee members have diverse backgrounds that will provide various insights and perspectives into the restructuring process. Each of the Investor Committee members has significant financial and/or operational experience.
6. The Investor Committee is to have the following construct:
 - a) the Investor Committee is intended to perform an advisory and consultation function so that the goals and priorities of the Companies’ creditors are considered and reflected in the Plan;
 - b) the decisions of the Investor Committee are not binding on the creditors, the Monitor or the Companies;
 - c) the members of the Investor Committee will not be compensated for sitting on the Investor Committee;
 - d) the Investor Committee is to consider the interests of all ACC and ACBI investors;
 - e) in the event that any member of the Investor Committee is unhelpful, disruptive or misses, without reasonable explanation, either two consecutive Investor Committee meetings, or three Investor Committee meetings in aggregate, the member can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members or the Monitor can bring a motion to have them removed;
 - f) there may be instances when Investor Committee members believe it would be helpful to discuss ideas and issues with stakeholders and/or the constituents that they represent or with whom they have a relationship. Generally, Investor Committee discussions are to be conducted on a confidential basis; however, the Monitor will work with the Investor Committee to agree to the scope of information that can be shared with other stakeholders. An Investor Committee member that breaches the Committee confidentiality rules can be expelled from the Committee by a resolution passed by two-thirds of the other Committee members, or the Monitor can bring a motion to have them removed;

⁴ Pursuant to the terms of the Initial Order, the amount owing to each investor is confidential. Accordingly, that information has not been provided in this Report, except in the confidential appendices.

- g) members of the Investor Committee should not have any liability for sitting on the Investor Committee, except for their gross negligence or wilful misconduct. The Monitor is of the view that Investor Committee members should be afforded protections consistent with those provided to the Monitor or a court-appointed officer in an insolvency proceeding. It is contemplated that leave of the Court would be required to commence an action against the Investor Committee or any member of the Investor Committee; and
- h) The establishment of the Investor Committee will not obviate the need for the Companies to provide creditors with periodic updates concerning the performance of the PCs and other financial updates.

3.1 Recommendation Re Investor Committee

1. For the following reasons, the Monitor recommends that the Court issue an order approving the appointment of the Investor Committee and its initial members, and granting protections to the Investor Committee and its members consistent with those provided to the Monitor in the Initial Order:
 - a) the Investor Committee members own or represent a cross-section of Securities totaling, at least, approximately \$156 million (or 44%) of the total Securities outstanding as of the date of the Initial Order;
 - b) the Investor Committee will provide the Companies and the Monitor with the opportunity to engage with a single representative group of investors on the formulation of the Plan so that the goals and priorities of the investors are reflected in the Plan. This will assist to make these CCAA proceedings more efficient and will reduce the professional costs in these proceedings;
 - c) without the establishment of a single investor committee, it is likely that there will be several informal committees established, each advancing its own interests. This will make it difficult for the Monitor to build broad consensus for the Plan and could cause these proceedings to be unsuccessful. It is also likely to significantly increase professional costs and cause delay in reaching consensus concerning a Plan;
 - d) based on the Monitor's discussions with the prospective Investor Committee members, the members of the Investor Committee have significant financial and/or operational experience that should facilitate the restructuring process;
 - e) Investor Committee members should not have any liability for serving on the Investor Committee and accordingly, it is appropriate to grant them Court-ordered protections similar to those afforded to the Monitor in the Initial Order. If Investor Committee members are not provided appropriate protections, it is unlikely that investors would be prepared to sit on the committee, which would be to the detriment of the successful completion of these proceedings;

- f) Investor Committee members will not be compensated for sitting on the Investor Committee; and
- g) the decisions of the Investor Committee are not binding on the Companies' creditors, the Monitor and the Companies, but rather are intended to provide guidance to the Monitor and the Companies as to the structure of a Plan that addresses the key issues that will be considered by creditors so that the Plan has the best opportunity to be accepted by the creditors.

4.0 DIP Solicitation Process

1. The Monitor advised in its pre-filing report and in the First Report that the Companies may need DIP financing. Mr. Livingstone also foreshadowed the potential need for DIP financing in his affidavits sworn in these proceedings. These reports and affidavits discussed that ACC was at the date of the Initial Order working on a PC Refinancing Transaction, and if completed, the Companies would not require a DIP Facility, at least in the short-term.
2. Since the commencement of these proceedings, it has become apparent that the PC Refinancing Transaction will not be completed at this time and accordingly, given their lack of liquidity, the Companies require a DIP Facility to fund their operating expenses and professional costs during these proceedings. Additionally, the DIP Facility provides the Companies with liquidity if the Companies incur negative cash flow variances versus its cash flow forecasts. Accordingly, on March 10, 2021, the Monitor commenced the DIP Solicitation Process to obtain DIP Facility proposals by sending a letter (the "DIP Solicitation Letter") to prospective DIP lenders (the "Prospective Lenders"). A copy of the letter sent by the Monitor to Prospective Lenders is attached as Appendix "D".
3. An overview of the DIP Solicitation Process is as follows:
 - a) early in these proceedings, several Prospective Lenders contacted the Monitor to advise of their interest to provide a DIP loan to the Companies;
 - b) the Monitor sent the DIP Solicitation Letter to eight Prospective Lenders, including those which had contacted the Monitor;
 - c) to be permitted into the process, Prospective Lenders were required to sign a confidentiality agreement (the "CA"). Upon execution of the CA, Prospective Lenders were provided access to an online data room, which included financial information concerning the Companies and the PCs, as well as a draft term sheet for the DIP Facility prepared by the Monitor, in consultation with the Companies; and
 - d) Prospective Lenders were encouraged to submit proposals using the draft term sheet, with any changes blacklined against it.

4.1 DIP Solicitation Process Results

1. The results of the DIP Solicitation Process are summarized as follows:
 - a) eight parties executed the CA and were provided access to the data room; and
 - b) three offers were submitted.
2. A summary of the offers is provided in Confidential Appendix “3” (the “DIP Summary”). The Companies and the Monitor are of the view that the best DIP Facility proposal was submitted by the Lender.

4.2 DIP Facility⁵

1. The terms of the DIP Facility are set out in the term sheet (the “DIP Term Sheet”). A copy of the DIP Term Sheet is attached as Appendix “E”. The significant terms of the DIP Facility are below.
 - a) Lender: RCM
 - b) Guarantor: ACBI
 - c) Amount: \$5 million
 - d) Maturity Date: ACC will repay all of the Interim Financing Obligations in full, on the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the implementation of a Plan and by an order entered by the Court; (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (iv) the date that is six months from the date of the Initial Advance, subject to the ability of the Borrower, with the reasonable consent of the Lender to extend the Maturity Date for an additional six month period by notice in writing to the Interim Lender delivered prior to the expiry of the initial six month term (the earliest of such dates being the “Maturity Date”).
 - e) Interest rate: 10% per annum on outstanding advances (there are no unused facility fees, set up fees or other fees related to the DIP Facility).
 - f) DIP Charge: First-ranking Court ordered charge over the Borrowers’ business and assets, subject to the Administration Charge to a maximum of \$750,000 and the secured claims of TD Bank (to a maximum of \$100,000) and HSBC.

⁵ Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.

- g) Budget: The Borrower has delivered, with consent of the Monitor, and the Lender has accepted, a current weekly line-item budget covering the period of at least ninety-one (91) days following the date of this Term Sheet (together with all updates thereto approved by the Interim Lender in their sole discretion, including the Revised Budget if approved by the Interim Lender in their sole discretion, the “Agreed Budget”).

On Wednesday of each week by 4:00 p.m. (Vancouver time), commencing on the first week after the initial funding, ACC will deliver to the Lender: (i) a report showing actual cash receipts and actual expenditures for each line-item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line-item during such one week period, and (ii) a one week roll-forward of the Agreed Budget, which shall reflect the Borrower’s good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Lender in its sole discretion (if so approved by the Interim Lender, the “Revised Budget”).

- h) Conditions, include:

- i. reduction in the Administration Charge to \$750,000;
- ii. entry of the DIP Order and the granting of the DIP Charge; and
- iii. no Default or Event of Default shall have occurred or, if applicable, will occur as a result of the requested Interim Advance;

- i) Events of Default, include:

- i. termination of the CCAA proceedings or lifting the CCAA stay of proceedings to permit (A) the enforcement of any Lien against Companies, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor, or the making of a bankruptcy order against the Companies; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens;
- ii. the issuance of an order modifying the DIP Charge or any orders in a manner which adversely impacts the Lender without the prior consent of the Lender;
- iii. failure of any of the Companies to comply with (i) any of the negative covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of ten (10) Business Days or (ii) any of the positive covenants in the DIP Term Sheet, and to the extent such failure or default is capable of being remedied, such failure or default shall continue unremedied for a period of thirty (30) Business Days;

- iv. if the Companies' exposure to HSBC exceeds \$40,000;
- v. the occurrence of a Material Adverse Change⁶;
- vi. any material violation or breach of any Court Order by the Companies;
and
- vii. any Revised Budget (A) contemplates or forecasts an adverse change from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (B) contemplates or forecasts a cash flow deficit in excess of \$500,000 or the equivalent amount thereof in any other currency (each, an "Updated Budget Default").

4.3 Secured Creditors

1. The DIP Facility will not have priority over the following obligations owing to TD Bank to a maximum of \$100,000 and HSBC.

4.3.1 TD Bank

1. TD Bank has registered financing statements against ACC under the British Columbia, Ontario and Saskatchewan Personal Property Security Acts.
2. The Monitor has been advised that TD's registrations were made in respect of:
 - a) 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. The Monitor understands that ACC is working with TD to reflect the correct owner of the pledged PC shares; and
 - b) a GSA which secured the Companies' TD VISA corporate credit card liabilities, which are currently approximately \$47,000.
3. As the subsidiaries for which TD has a secured limited recourse guarantee are now owned by ACCI and not ACC, the Amended and Restated Initial Order sets out that the Court-Ordered Charges rank in priority to the TD security interest, subject to a \$100,000 priority afforded to TD for amounts owing to it or that may be owing to it in the future in respect of the TD VISA cards.

⁶ "Material Adverse Change" means any event which, individually or in the aggregate, results, or could reasonably be expected to result, in a material adverse change in: (a) the ability of the Companies to perform any obligation under the DIP Term Sheet or any Court Order, or the ability of ACC to carry out a Plan; (b) the validity or enforceability of any of the D&O Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Lender under the D&O Charge; (c) the rights and remedies of the Lender under the DIP Term Sheet; (d) the business of the Companies, on a consolidated basis, including without limitation a material adverse qualification (other than a "going concern" qualification resulting from the CCAA proceedings); (e) the ability of the Companies to carry on its business as conducted as of the date of this Term Sheet; or (f) the Collateral.

4. The Monitor understands that TD has recently terminated the Visa facilities and that the Companies intend to repay this obligation at their earliest opportunity.

4.3.2. HSBC

1. HSBC has registered a financing statement against ACC under the British Columbia Personal Property Security Act. HSBC is not a lender to the Companies. ACC maintains bank accounts at HSBC and has a Visa facility with HSBC. The HSBC registration against ACC relates to HSBC's security for ACC's obligations in relation to account management and related services, as well as any exposure under the Visa facility. The amounts that may be owing to HSBC at any point in time are not anticipated to be significant and the ranking of HSBC's security is not to be affected by the DIP Charge.

4.3.3. Priority of Charges

1. The proposed priority of the Court-ordered charges is as follows:
 - a) first, the Administration Charge;
 - b) second, the DIP Charge;
 - c) the D&O Charge; and
 - d) the Intercompany Charge.

4.4 Recommendation re DIP Facility

1. The Monitor considered the following factors regarding the terms of the DIP Facility, as well those set out in Section 11.2 of the CCAA:
 - a. the Companies are facing a liquidity crisis. They are projected to exhaust their cash balances by approximately mid-April. Absent DIP Financing, the Companies may not be able to pay operating costs and professional fees in relation to these proceedings. In the Monitor's view, the Companies require the DIP Facility to ensure that they have sufficient liquidity to continue to operate and to fund the costs of these proceedings for the benefit of all of the Companies' stakeholders;
 - b. the DIP Facility enhances the prospect that the Companies will be able to successfully restructure and will prevent a fire sale of certain of the PCs, which would be the Companies' only other option to generate liquidity, if required. Such option is not in the interest of the Companies' stakeholders;
 - c. the DIP Facility is for six months and can be extended by another six months by ACC, which may be necessary if these proceedings are not completed by the six-month anniversary of these proceedings;

- d. the DIP Facility has no fees, including an unused line fee, which is an important consideration as the full amount of the DIP Facility is not projected at this time to be drawn;
- e. the Companies are permitted to repay the DIP Facility at any time, without penalty; and
- f. based on the other DIP proposals received, and a comparison of the terms of the DIP Facility to the terms of other DIP facilities approved by Canadian courts in CCAA proceedings commenced between 2018 and 2021 (see Appendix “F”), the Monitor believes that the terms of the DIP Facility are reasonable for the following reasons:
 - the interest rate of the proposed DIP Facility is consistent with, and in many instances lower than, DIP facilities approved by Canadian courts in other CCAA and restructuring proceedings;
 - there are no fees payable under the DIP Facility, including an unused line fee; and
 - the DIP Facility is for a six-month term and can be extended at no cost for an additional six months, if required. The maximum term of the DIP Facility should be sufficient to complete or substantially complete these proceedings.

5.0 Claims Procedure⁷

1. **This Report summarizes the Claims Procedure. Interested parties are strongly encouraged to read the Claims Procedure Order in its entirety. To the extent there are inconsistencies between this Report and the Claims Procedure Order, the Claims Procedure Order shall prevail. The full details of the Claims Procedure have not been reproduced or summarized in this Report.**
2. The Monitor developed the Claims Procedure to solicit and determine any and all Claims, including Pre-Filing Claims, D&O Claims and Restructuring Claims.
3. The key terms and provisions of the Claims Procedure are summarized in the following sections of this Report.

5.1 Notice to Creditors

1. The Claims Procedure requires a Notice to Claimants to be published in *The Globe and Mail* (National Edition) and the Vancouver Sun by the Monitor by no later than April 6, 2021.

⁷ Capitalized terms in this section have the meaning provided to them in the Claims Procedure Order unless otherwise defined herein.

2. The Monitor will post the Notice to Claimants, the Claims Package and the Claims Procedure Order on its website as soon as possible. The Claims Package includes an Instruction Letter, a Proof of Claim and a Notice of Dispute.
3. The Monitor shall send a Known Claimant Claims Package to each Known Claimant and to Canada Revenue Agency, and any similar revenue or taxing authority of each and every province or territory of Canada in which the Companies carry on business within ten (10) Business Days following the granting of the Claims Procedure Order, by ordinary mail or electronic mail to the Known Claimant's last known address provided by the Companies, or the address provided to the Monitor by the Known Claimant.

5.2 Proof of Claims

1. Most of the creditors of the Companies are investors. To increase the efficiency of the Claims Procedure, the Monitor and the Companies will determine the claim amounts for all Known Claims as at the Filing Date, based on the Companies' books and records. Any Known Claimant that does not dispute the amount of its Known Claim is not required to take any further action and the Known Claim will be deemed to be the Claimant's proven claim for the purposes of voting and distribution under any Plan.
2. Any Known Claimant wishing to dispute the amount or other aspect of the Known Claim must file a Notice of Known Claim Dispute with the Monitor on or before the Pre-Filing Claims Bar Date, being 4:00 p.m. (PST) on May 14, 2021 or such other date as may be ordered by the Court.
3. Any Person who wishes to assert:
 - a. a Pre-Filing Claim (not set out in a Known Claimant Notice) must deliver a completed Proof of Claim to the Monitor on or before the Pre-Filing Claims Bar Date;
 - b. a Restructuring Claim⁸, must deliver a completed Proof of Claim form to the Monitor on or before the applicable Restructuring Claims Bar Date. The Restructuring Period Claims Bar Date is the later of (i) the Pre-Filing Claims Bar Date; and (ii) thirty (30) days after the Monitor sends a Claims Package with respect to a Restructuring Claim; and
 - c. a D&O Claim, must deliver a completed Proof of Claim form to the Monitor on or before the Pre-Filing Claims Bar Date, if in respect of a claim arising before the Filing Date, or the Restructuring Claims Bar Date if in respect of a Disclaimer, as applicable.

⁸ Any right or claim of any Person that may be asserted or made in whole or in part against the Companies in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Companies to such Person arising out of the Disclaimer of any lease, contract, or other arrangement, agreement or obligation (whether oral or written) by any of the Companies on or after the Filing Date, whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Procedure Order.

4. Any Person who does not file a Proof of Claim in accordance with this Claims Procedure Order with the Monitor by the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date, as applicable, shall:
 - a) not be entitled to receive further notice with respect to, and shall not be entitled to participate as a Claimant or creditor in, the Claims Procedure or the CCAA Proceeding in respect of such Claim;
 - b) with respect to a Pre-Filing Claim or a Restructuring Claim, upon approval of a Plan, be forever barred from asserting such Claim against the Companies and the Companies shall not have any liability in respect of such Claim and such Claim shall be extinguished;
 - c) with respect to a D&O Claim, upon approval of a Plan, be forever barred from asserting such Claim against any of the Directors or Officers and the Directors and Officers shall not have any liability in respect of such Claim and such Claim shall be extinguished;
 - d) not be permitted to vote on any Plan at any Meeting on account of such Claim; and
 - e) not be permitted to participate in any distributions under any Plan related to such Claim or under this CCAA Proceeding.

5.3 Determination of Claims

1. The Monitor, in consultation with the Companies (and in the case of a D&O Claim, in consultation with the respective Directors or Officers, if applicable) shall review all Proofs of Claim and Notices of Known Claim Dispute filed in accordance with this Claims Procedure Order, and at any time may, among other things:
 - a) attempt to resolve and settle any issue arising in a Proof of Claim or Notice of Known Claim Dispute or in respect of a Claim;
 - b) accept the claim; and
 - c) revise or disallow the amount of any Claim and so notify the Claimant in writing by way of a Notice of Revision or Disallowance.
2. The Monitor will not accept or revise any portion of a D&O Claim absent: (i) the consent of the applicable Director and Officer in consultation with the applicable insurer; or (ii) further Order of the Court.
3. Any Person who intends to dispute the amount set out in a Notice of Revision or Disallowance must deliver a Notice of Dispute to the Monitor in writing, with a copy to the Monitor, by 4:00 p.m. (PST) on the day that is no later than fourteen (14) calendar days after such Claimant received the Notice of Revision or Disallowance. If they do not submit a Notice of Dispute, the value and status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance, respectively, for the purposes of voting and distribution under any Plan.

4. In the event that the Monitor and the Claimant are unable to resolve any Disputed Claim in respect of any Pre-Filing Claim or Restructuring Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed Claim determined by the Court.
5. In the event that the Monitor, in consultation with the applicable Director or Officer, is unable to resolve any Disputed Claim in respect of any D&O Claim, the Monitor shall bring a motion for advice and direction to have the unresolved Disputed D&O Claim determined by the Court.

5.4 Excluded Claims

1. The only Excluded Claims are the secured claims of TD, HSBC and amounts secured by the Court-Ordered Charges.

5.5 Recommendation re: Claims Procedure

1. The Monitor believes the Claims Procedure is reasonable and appropriate for the following reasons:
 - a) the filing of claims and the completion of the Claims Procedure is a gating issue to the timely completion of these proceedings. The Monitor has stated in its reports and in its discussions with investors, that it is its intention to advance these proceedings expeditiously. Commencing the Claims Procedure at this time is consistent with this objective;
 - b) the proposed notices, dispute resolution provisions and timelines set out in the Claims Procedure Order are consistent with those commonly approved by Canadian courts in CCAA proceedings and are sufficient to allow creditors to file Claims in these proceedings, particularly as the Companies will be providing most of the creditors with the amounts of their claims as of the date of the Initial Order, as set out in the Companies' books and records;
 - c) in the Monitor's view, the Pre-Filing Claims Bar Date, being approximately 44 days from the date scheduled for this application, is sufficient for creditors to file a Proof of Claim and D&O Proof of Claim (as applicable) with the Monitor; and
 - d) in the Monitor's view, the basis on which the Claims Procedure proposes to address Known Claims, being by far the largest pool of creditors, will allow the Monitor to calculate Known Creditor claims on a consistent manner based on the Companies' books and records, and minimize the number of disputed claims, thereby streamlining the Claims Procedure and minimizing the professional costs of the Claims Procedure.

6.0 Professional Fees

1. At the Comeback Motion, there was a discussion concerning the Administration Charge and the professional fees incurred to-date. Additionally, one of the purposes of the DIP Facility is to fund the fees and costs of the Administration Professionals. Accordingly, the Monitor is providing an update on the estimated fees and costs of the Administration Professionals as of March 15, 2021, as summarized in the table below.

	(\$000s)
KSV	280
DLA Piper (Canada) LLP	61
Aird & Berlis LLP	200
MLT Aikins LLP	62
Nathanson Shachter & Thompson LLP (D&O counsel)	5
	608

2. Since the commencement of these proceedings, one of the Administration Professionals has received payment of one invoice in the amount of \$29,341, while none of the other Administration Professionals has received payment of their fees and costs since that time, including in respect of their activities related to preparing for these proceedings. Additionally, one of the Administration Professionals has an outstanding retainer of \$50,000. If the DIP Facility is approved, the Administration Charge will be reduced from \$1 million to \$750,000. The Administration Professional with a retainer intends to apply its retainer against its first invoice rendered in these proceedings.
3. As a result of the discussion at the Comeback Motion, and subject to the approval of the DIP Facility, the Administration Professionals have agreed to reduce the Administration Charge to \$750,000. This is also a condition of the DIP Facility.

7.0 Confidential Appendices

1. This Report discusses two sets of information that the Monitor believes should be sealed: information concerning the amounts owed to Investors and the DIP Summary.
2. As discussed in the Monitor's Pre-Filing Report and in the affidavit of Mr. Livingstone sworn March 2, 2021, the Companies' investors have an expectation of privacy as to the amounts owing to them by the Companies. The Initial Order authorizes the Companies to keep this information confidential and accordingly, the Monitor believes it is appropriate that the information provided in Confidential Appendices "1" and "2" be sealed on that basis. The Monitor does not believe any party will be prejudiced if this information is sealed.

3. The DIP Summary provided in Confidential Appendix “3” includes a summary of the DIP proposals. The Monitor believes that the DIP Summary should be filed with the Court on a confidential basis and be sealed (“Sealing Order”). If the DIP Facility transaction does not close for any reason, a subsequent DIP solicitation process would be prejudiced by the release of the information. The Monitor is not aware of any party that will be prejudiced if the information is sealed. Accordingly, the Monitor believes the proposed Sealing Order is appropriate in the circumstances.

8.0 Companies’ Activities Since the Date of the Initial Order

1. The Companies’ activities since the date of the Initial Order have included:
 - a) continuing to operate its business in the ordinary course;
 - b) engaging routinely with the Companies’ investors and interested parties;
 - c) overseeing the operations of the PCs;
 - d) considering Ardenton’s liquidity issues and assisting the Monitor to respond to questions from Prospective Lenders;
 - e) communicating with suppliers to secure goods and services during these proceedings;
 - f) dealing with regulators;
 - g) advancing its restructuring efforts and considering various restructuring options;
 - h) working on a multi-year pro-forma of the PCs;
 - i) providing feedback from investors concerning the Investor Committee and discussing same with the Monitor;
 - j) assisting the Monitor with the drafting of a claims procedure;
 - k) drafting an investor update (in progress);
 - l) dealing with its auditors;
 - m) restructuring its US operations;
 - n) preparing to move its Vancouver office effective April 1, 2021; and
 - o) keeping the Monitor apprised of all of the foregoing.

9.0 Monitor's Activities

1. The Monitor's activities since the commencement of these proceedings have included:
 - a) corresponding regularly with Ardenton's management regarding all aspects of these proceedings;
 - b) continuing to engage with investors;
 - c) working with the Companies to put in place the Investor Committee;
 - d) speaking with several individuals who expressed an interest in sitting on the Investor Committee;
 - e) drafting the Claims Procedure Order and discussing same with the Companies;
 - f) corresponding with the Companies' creditors;
 - g) preparing and updating a virtual data room for Prospective Lenders;
 - h) facilitating due diligence by Prospective Lenders;
 - i) negotiating and finalizing the DIP Term Sheet;
 - j) monitoring the Companies' receipts and disbursements;
 - k) working with the Companies to consider restructuring issues;
 - l) dealing with the Companies' auditors;
 - m) dealing with issues affecting the UK operations, including the UK PCs;
 - n) drafting the First Report and this Report; and
 - o) maintaining the service list.

10.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1(1)(g) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**



**Fourth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

June 18, 2021

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COURT FILE NO.: S-211985

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

FOURTH REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

JUNE 18, 2021

1.0 Introduction

1. Pursuant to an order (the “Initial Order”) of the Supreme Court of British Columbia (the “Court”) made on March 5, 2021, Ardenton Capital Corporation (“ACC”) and Ardenton Capital Bridging Inc. (“ACBI” and together with ACC, the “Companies”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”), and KSV Restructuring Inc. (“KSV”) was appointed monitor (the “Monitor”). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the “Report”) as “Ardenton”.
2. Pursuant to the terms of the Initial Order, the Court granted:
 - a) an initial stay of proceedings until March 15, 2021 (the “Stay Period”); and
 - b) a charge:
 - i. in the amount of \$350,000 (the “Administration Charge”) on the Companies’ current and future property, assets and undertaking (collectively, the “Property”) to secure the fees and disbursements of the Companies’ counsel, as well as the fees and disbursements of the Monitor and its counsel; and
 - ii. in the amount of \$110,000 (the “D&O Charge”) on the Property in favour of the Companies’ sole director, as well as its officers.

3. At the initial application, the Court set March 15, 2021 as the date for the comeback motion in these proceedings (the “Comeback Motion”). At the Comeback Motion, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
 - a) the Stay Period was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”).
4. Pursuant to orders issued by the Court on March 31, 2021, the Court:
 - a) approved the appointment of a committee comprised of seven investors (the “Investor Committee”) having claims, or representing claims, totaling at least \$156 million, which was put in place to provide the Monitor and the Companies with insight into the objectives and priorities of the investors so that these are reflected in the Plan of Arrangement or Compromise (the “Plan”) which will be presented to creditors;
 - b) approved a debtor-in-possession loan facility (the “DIP Facility”) in the amount of \$5 million from RCM Capital Management Ltd. (which was subsequently assigned to its affiliate, RCM Capital-WSCO Holding Ltd., the “DIP Lender”) and granted a charge on the Property in favour of the DIP Lender for this amount (the “DIP Charge”);
 - c) reduced the amount of the Administration Charge to \$750,000; and
 - d) approved a claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers (the “Claims Procedures Order”).
5. Pursuant to orders issued by the Court on May 6, 2021, the Court:
 - a) approved a key employee retention plan for certain of Ardenton’s employees; and
 - b) granted a further extension of the Stay Period to July 6, 2021.
6. The principal purpose of the CCAA proceedings is to provide the Companies 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 are intended to provide a forum to allow the Companies to develop a Plan that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information regarding the Companies and these proceedings;
 - b) provide an update on the results of the Companies' portfolio companies (collectively, the "PCs") for the period ending April 30, 2021;
 - c) provide an update on the Monitor's dealings with the Investor Committee;
 - d) provide an update on the Claims Procedure;
 - e) comment on the Companies' cash flow projection for the period commencing July 7, 2021 through the week ending October 1, 2021 (the "Cash Flow Forecast"); and
 - f) recommend that the Court issue an order, *inter alia*, granting an extension of the Stay Period to October 1, 2021.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records and discussions with the Companies' management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. The Monitor 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 on the Companies' business and operations, including on the PCs. Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

2.0 Background

1. ACC is the parent company of a 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 US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "A".
3. ACC does not use a typical private equity model, which relies on a limited partnership structure to raise capital for its investors. Rather, ACC raised 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.
4. All of ACBI's debt was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units¹, preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire the interests in the PCs and to make intercompany loans to certain PCs, and together with PC Distributions (as defined below), were used to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations², by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,281	17,961	19,242
Preferred Securities	261,603	-	261,603
Hybrid Securities	67,065	-	67,065
Total	329,949	17,961	347,910

7. ACC's interests in the PCs are owned indirectly through various holding company subsidiaries, including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives loan interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case. In addition, ACC has on one occasion sourced capital from a PC by having the PC refinance its loan from ACC with bank debt priced less expensively than the ACC loan.

¹ Hybrid units have a debt and an equity warrant component.

² Includes accrued and unpaid interest at the date of the Initial Order.

8. Further information regarding the Companies and these proceedings can be found in the Monitor's prior reports issued in these proceedings and the prior affidavits sworn by Mr. Livingstone. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Portfolio Companies

1. The Monitor has been working closely with Ardenton to oversee the PCs. In that respect, the Monitor deals regularly with Ardenton's portfolio managers and has, in some cases, dealt directly with PC management.
2. Since the hearing on May 6, 2021, ACC has prepared, with the assistance of the Monitor, and delivered a quarterly report to investors at the end of May, with respect to the financial performance of ACC and the PCs in the first quarter of 2021. The Monitor has assisted the Petitioners with financial reporting processes and has prepared various analyses as requested by the Investor Committee.
3. A summary of the PCs' financial performance for the four-month period ending April 30, 2021 compared to the same period in 2020 is provided below.

(unaudited; \$000s)	2021	2020	Change (\$)	Change %
Revenue				
North America	70,731	65,658	5,073	8%
UK	86,764	67,617	19,147	28%
	157,495	133,274	24,221	18%
Cost of Goods Sold				
North America	51,834	45,636	(6,199)	(14%)
UK	61,902	51,121	(10,781)	(21%)
	113,736	96,756	(16,980)	(18%)
Gross Profit				
North America	18,897	20,022	(1,126)	(6%)
UK	24,862	16,496	8,366	51%
	43,759	36,518	7,241	20%
Gross Margin				
North America	27%	30%		(3%)
UK	29%	24%		5%
	28%	27%		1%
Operating Expenses				
North America	10,532	12,101	1,570	13%
UK	17,144	14,476	(2,668)	(18%)
	27,676	26,578	(1,098)	(4%)
EBITDA				
North America	8,365	7,921	444	6%
UK	7,718	2,020	5,699	282%
	16,083	9,940	6,143	62%
Net Income/(Loss)				
North America	2,682	2,445	236	10%
UK	(2,746)	(7,168)	4,422	62%
	(65)	(4,723)	4,659	99%

4. As reflected above:
 - a) PC revenue increased by \$24 million from \$133 million to \$157 million versus the comparable period last year. The improvement is largely attributable to the performance of the UK PCs and the poor performance of the PCs in April 2020 due to the COVID-19 pandemic;
 - b) PC gross margin increased by 1% year-over-year, with higher gross margins achieved by the UK PCs. Increased freight, raw material and labor costs negatively impacted North American PC gross margins; and
 - c) PC EBITDA increased significantly, as EBITDA grew 62% to \$16.1 million. This was largely driven by the UK PCs; the North American PCs achieved modest EBITDA growth. As Ardenton's weighted average ownership interest in the PCs is approximately 72%, its share of the EBITDA is approximately \$11.7 million.

4.0 Investor Committee

1. As of the date of this Report, the Monitor has convened twelve formal meetings with the Investor Committee, as well as numerous information updates. As set out in the Monitor's Third Report to Court dated April 28, 2021 (the "Third Report"), the initial six Investor Committee meetings mainly provided the Investor Committee with the background information they required to properly consider the issues relevant to a Plan and to have the information necessary to perform their role on behalf of creditors.
2. In early May 2021, the Investor Committee advised the Monitor that it believed it was appropriate for the Investor Committee to retain independent legal counsel to, *inter alia*, assist it to consider its fiduciary obligations. The by-laws of the Investor Committee specifically permit the Investor Committee to engage legal counsel. The Investor Committee interviewed five firms and ultimately retained Bennett Jones LLP ("Bennett Jones"). The role of Bennett Jones is to provide legal advice to the Investor Committee; however, its engagement is not to provide legal advice to individual committee members or any other individual investors. The fees and costs of Bennett Jones are paid by ACC.
3. The Monitor and the Companies have prepared a draft term sheet (the "Term Sheet") that reflects an outline of a Plan. In May 2021, the Monitor presented the Term Sheet to the Investor Committee. The Investor Committee was generally supportive of the salient features of the Term Sheet. The Monitor and its counsel are working closely with the Companies, their legal counsel and Bennett Jones to prepare the Plan consistent with the structures set out in the Term Sheet. The objective is to finalize the Plan document in consultation with the Investors Committee by the end of July 2021 (or thereabouts), at which time the Companies will seek an order to, *inter alia*, authorize the Companies to file the Plan and direct the Companies to call and conduct a meeting or meetings of their creditors to consider and vote on the Plan.

5.0 Update on Claims Procedure

1. A copy of the Claims Procedure Order is attached as Appendix “B”.
2. To increase the efficiency of the Claims Procedures, the Claims Procedure Order provides that the Monitor and the Companies will identify and quantify all known claims (the “Known Claims”) and provide these creditors with a completed claims package (the “Known Claimant Claims Package”), which the known claimants will have a right to dispute.
3. Following the approval of the Claims Procedure Order, and consistent with the terms of the Claims Procedure Order, the Monitor:
 - a) distributed by the date required under the Claims Procedure Order (being April 15, 2021) to approximately 400 Known Claimants Claims Packages by ordinary mail or electronic mail to the known claimant’s last known address provided by the Companies, or to the address provided to the Monitor by the known claimant;
 - b) published on April 7, 2021, a notice advising of the Claims Procedure in *The Globe and Mail (National Edition)* and the *Vancouver Sun*; and
 - c) posted on its website immediately after the Claims Procedure Order was made, a notice to claimants, the claims package and the Claims Procedure Order.
4. The claims bar date for Known Claims, Pre-Filing Claims and director and officer claims (“D&O Claims”) was May 14, 2021.
5. A summary of the status of the claims is provided below.

(unaudited; C\$000s)	Accepted Claims		Disputed Claims	
	Amount (\$)	Number	Amount (\$)	Number
ACC	336,498	402	14,321	12
ACBI	17,971	10	-	-

6. Substantially all of the claims that the Companies intend to dispute relate to former employee claims, landlord claims and a claim filed by an investment management firm for unpaid fees. The Monitor intends to attempt to work with the potential creditors to resolve these claims. If the Monitor is unsuccessful in resolving these claims, it may be necessary to have the disputed claims adjudicated by the Court.
7. In addition to the claims noted above, five D&O Claims were filed. Four of these claims were filed by members of the Investor Committee and one was filed by another Investor. The Monitor also sent a letter to ACC which attached a claim from a member of the Investor Committee advising the Companies it intended to accept one of the claims filed against the D&Os as a placeholder representative claim made on behalf of all of the Companies’ investors. The Monitor requested that ACC provide a copy of its letter to relevant directors and officers so that they can report to their insurer. Discussions with respect to the placeholder representative claim are ongoing among the Monitor, ACC and the Investor Committee. Further details regarding the Claims Procedure and the D&O Claims will be provided in a future report to court.

6.0 Cash Flow Forecast

1. The Companies are seeking an extension of the Stay Period from July 7, 2021 to October 1, 2021 (the "Period"). The Companies prepared the Cash Flow Forecast for the Period.
2. The Cash Flow Forecast and the Companies' statutory report on the Cash Flow Forecast pursuant to Section 10(2)(b) of the CCAA are attached as Appendices "C" and "D", respectively.
3. The Cash Flow Forecast reflects that the Companies will have sufficient liquidity to pay post-filing expenses, as summarized below.

(unaudited; \$000s)	Amount
Receipts	
Intercompany	789
Interest	151
	940
Disbursements	
Payroll and benefits	553
Professional services	125
IT	81
Rent	24
Insurance	51
Restructuring fees	1,400
Other	168
DIP Interest	51
	2,453
Net Cash Flow	(1,513)
Estimated Opening Cash Balance	162
Net Cash Flow	(1,513)
Additional DIP Financing	1,500
Closing Cash Balance	149
Opening DIP Balance	1,000
Additional DIP Financing	1,500
DIP Financing at end of Period	2,500

4. The principal amount of the DIP Facility is \$5 million. At the end of the Period, the Companies are projected to have drawn \$2.5 million under the DIP Facility.
5. Based on the Monitor's review of the Cash-Flow Statement, there are no material assumptions which seem unreasonable. The Monitor's statutory report on the cash flow is attached as Appendix "E".

7.0 Stay Extension

1. The Companies are requesting an extension of the Stay Period until October 1, 2021.
2. The Monitor supports the request for an extension to the Stay Period for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) no creditor will be prejudiced if the extensions are granted;
 - c) it will provide the Companies with additional time to draft the Plan, deal with disputed claims filed in the Claims Procedure, consult with the Investor Committee and advance these proceedings towards a creditors' meeting and sanction motion;
 - d) as of the date of this Report, neither the Companies nor the Monitor is aware of any party opposed to an extension;
 - e) filing a Plan is in the interest of stakeholders as it is intended to provide a result superior to an immediate liquidation of the Companies' interests in the PCs; and
 - f) the Companies are projected to have sufficient liquidity to fund their operations until October 1, 2021.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court grant the relief detailed in Section 1.1(1)(f) of this Report.

* * *

All of which is respectfully submitted.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**



**Fifth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

July 15, 2021



**Fifth Report of
KSV Restructuring Inc.
as CCAA Monitor of
Ardenton Capital Corporation and
Ardenton Capital Bridging Inc.**

July 15, 2021

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COURT FILE NO.: S-211985

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

FIFTH REPORT OF KSV RESTRUCTURING INC. AS
MONITOR

JULY 15, 2021

1.0 Introduction

1. Pursuant to an order (the "Initial Order") of the Supreme Court of British Columbia (the "Court") made on March 5, 2021, Ardenton Capital Corporation ("ACC") and Ardenton Capital Bridging Inc. ("ACBI" and together with ACC, the "Companies") were granted protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and KSV Restructuring Inc. ("KSV") was appointed monitor (the "Monitor"). The Companies and their non-filing affiliates and related companies are collectively referred to in this report (the "Report") as "Ardenton".
2. Also pursuant to the terms of the Initial Order, the Court granted:
 - a) an initial stay of proceedings until March 15, 2021 (the "Stay Period"); and
 - b) a charge:
 - i. in the amount of \$350,000 (the "Administration Charge") on the Companies' current and future property, assets and undertaking (collectively, the "Property") to secure the fees and disbursements of the Companies' counsel, as well as the fees and disbursements of the Monitor and its counsel; and
 - ii. in the amount of \$110,000 (the "D&O Charge") on the Property in favour of the Companies' sole director, as well as its officers.

3. On March 15, 2021, the Court issued an amended and restated Initial Order (the “Amended and Restated Initial Order”) pursuant to which:
 - a) the Stay Period was extended to May 7, 2021;
 - b) the amount of the Administration Charge was increased to \$1 million;
 - c) the amount of the D&O Charge was increased to \$240,000; and
 - d) a charge in favour of ACBI was created for any advances it makes to ACC during these proceedings (the “Intercompany Charge”).
4. Pursuant to orders issued by the Court on March 31, 2021, the Court:
 - a) approved the appointment of a committee comprised of seven investors (the “Investor Committee”) having claims, or representing claims, totaling at least \$156 million, which was put in place to provide the Monitor and the Companies with insight into the objectives and priorities of the investors so that these are reflected in the Plan of Arrangement or Compromise (the “Plan”) which will be presented to creditors;
 - b) approved a debtor-in-possession loan facility (the “DIP Facility”) in the amount of \$5 million from RCM Capital Management Ltd., or its assignee (the “DIP Lender”) and granted a charge on the Property in favour of the DIP Lender for this amount (the “DIP Charge”);
 - c) reduced the amount of the Administration Charge to \$750,000; and
 - d) approved a claims procedure (the “Claims Procedure”) for soliciting and determining claims against the Companies and against the Companies’ directors and officers (the “Claims Procedure Order”).
5. Pursuant to an order issued by the Court on May 6, 2021, the Court:
 - a) approved a key employee retention plan for certain of ACC’s employees; and
 - b) granted an extension of the Stay Period to July 6, 2021.
6. Pursuant to an order issued by the Court on June 28, 2021, the Court granted an extension of the Stay Period to October 1, 2021.
7. The principal purpose of the CCAA proceedings is to provide the Companies 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 are intended to provide a forum to allow the Companies to develop a Plan that is intended to provide creditors with a better outcome than an immediate liquidation of the Companies’ business and assets.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) discuss the terms of a consulting agreement (the “Consulting Agreement”) whereby ACC will engage Kingsman Scientific Management Inc. (the “Consultant”) to provide the services of Kyle Makofka to perform the services of a Chief Restructuring Officer (“CRO”) during the CCAA proceedings and to perform the services of a Chief Executive Officer (“CEO”) upon ACC exiting the CCAA proceedings, subject to the approval of a board of directors to be appointed through the Plan (the “New Board”);
 - b) discuss the terms of a mutual separation agreement (the “Separation Agreement”) pursuant to which James Livingstone, ACC’s sole director and CEO, intends to resign and which is subject to the approval by the Court of the Consulting Agreement and the Separation Agreement;
 - c) recommend that the Court issue an order, *inter alia*:
 - i. approving the Consulting Agreement and the Separation Agreement;
 - ii. sealing the unredacted Consulting Agreement;
 - iii. granting a charge (the “CRO Charge”) in favour of the Consultant in the amount of \$200,000 to protect the Consultant for its fees and disbursements, which charge shall rank *pari passu* with the Administration Charge; and
 - iv. granting Court ordered protections to the Consultant and the CRO (in those capacities) save and except for gross negligence or wilful misconduct.

1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the Companies’ unaudited financial information, books and records and discussions with the Companies’ management and its legal counsel.
2. The Monitor has not audited or otherwise verified the accuracy or completeness of the financial information relied upon 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, the Monitor 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. This Report does not consider the potential future impact of the COVID-19 pandemic (the “Pandemic”) on the Companies’ business and operations, including on the Companies’ portfolio companies (each a “PC” and collectively the “PCs”). Such impact cannot be determined at this time.

1.3 Currency

1. All currency references in this Report are in Canadian dollars.

2.0 Background

1. ACC is the parent company of a multinational private equity business. Through various holding companies, including ACBI, ACC acquired, 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 US and the United Kingdom. A copy of ACC's corporate chart is attached as Appendix "A".
3. ACC did not use a typical private equity model to raise capital and invest in businesses, which typically relies on a limited partnership structure to raise capital from its investors. Rather, ACC raised 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.
4. All of ACBI's debt (other than a small amount of trade debt) was raised through the issuance of promissory notes.
5. Through the end of 2020, the Companies had raised over \$400 million through the issuance of common equity, hybrid units¹, preferred securities and promissory notes (each instrument being a "Security" and collectively, the "Securities"). The monies raised by ACC and ACBI were used in part to acquire the PCs, and together with PC Distributions (as defined below), to pay Ardenton's operating expenses, fund interest on the Companies' existing debt obligations and redeem Securities.
6. A summary of ACC's and ACBI's obligations², by Security, as at the date of the Initial Order is provided in the table below.

(unaudited; \$000s)	ACC	ACBI	Total
Promissory Notes	1,312	18,205	19,517
Preferred Securities	263,952	-	263,952
Hybrid Securities	67,050	-	67,050
Total	332,315	18,205	350,520

¹ Hybrid units have a debt and an equity warrant component.

² Includes accrued and unpaid interest as of the date of the Initial Order.

7. ACC's interests in the PCs are owned indirectly through various holding company subsidiaries, including ACBI (the "HoldCos"). ACC's acquisitions are funded through a combination of debt and equity advanced by ACC indirectly to the PCs through the HoldCos that own the PCs. ACC indirectly receives interest, management fees and dividends from the PCs (collectively "PC Distributions"), although these PC Distributions have not historically been a major source of capital for ACC, which continues to be the case.
8. Further information regarding the Companies and these proceedings can be found in the Monitor's prior reports issued in these proceedings and the prior affidavits sworn by Mr. Livingstone. Court materials in these proceedings can be found on the Monitor's website at <https://www.ksvadvisory.com/insolvency-cases/case/ardenton-capital-corporation>.

3.0 Management

1. Prior to the CCAA proceedings, Ardenton was principally focused on raising capital, considering investment opportunities, acquiring the PCs and working with management of the PCs.
2. Many of the PCs were acquired in late 2019, just prior to the onset of the Pandemic. While the results of the PCs to-date in 2021 have improved on a year-over-year basis, many of the PCs continue to be affected by the Pandemic and continue to receive financial support under government programs.
3. The Companies are presently preparing the Plan which is intended to provide creditors and investors with a better return than if the PCs are sold in the near term. The Companies, the Investor Committee and the Monitor share the view that an orderly process to improve the financial performance of the PCs, provide them the opportunity to materially reduce their debt and then refinance and sell the PCs, will take several years.
4. In light of these considerations, the Investor Committee undertook a process to assess the management skillset required to work with the PCs and their management teams to materially grow the value of the PCs going forward. The Investor Committee believes an experienced executive with an operational background and strong communication and interpersonal skills is best suited to achieve these objectives.
5. The Investor Committee was of the view that a process should be undertaken to identify candidates to take on a leadership role at ACC. In this regard, the Investor Committee met with six candidates for the role, including Mr. Livingstone. The individuals interviewed included candidates recommended by the Monitor and Investor Committee members.

6. During meetings with Mr. Livingstone, he advised that the interests of the Companies' stakeholders would be better served by an individual with an operational background, which is not his particular skill set. Accordingly, Mr. Livingstone has confirmed that he intends to resign as the Companies' CEO upon the appointment of the Consultant. Mr. Livingstone has advised that he will facilitate an orderly leadership transition and that he will be available to work with Mr. Makofka to the extent requested. Mr. Livingstone's assistance to-date in these proceedings has contributed to advance these proceedings.
7. To identify a person to take on the leadership role at ACC, the Investor Committee conducted several rounds of interviews with the candidates. The Investor Committee also performed extensive due diligence on the leading candidates. The Investor Committee ultimately selected Mr. Makofka, on behalf of the Consultant, to take on the leadership role. Mr. Makofka has requested that the Consultant's engagement be approved by the Court and that the approval order provide the Consultant and Mr. Makofka with the customary court ordered protections of a CRO, as set out in greater detail in section 3.1.3 below. A copy of Mr. Makofka's CV is attached as Appendix "B".
8. Unless the Consulting Agreement is terminated earlier in accordance with its terms, Mr. Makofka will perform the services of a CRO up to and including the earlier of the date the Plan is implemented and the termination of the CCAA proceedings. After the CCAA proceedings, Mr. Makofka is to perform the services performed by a CEO, if appointed by the New Board.
9. Mr. Makofka was recommended by Jed Wood, a member of the Investor Committee. Mr. Wood and/or entities affiliated with him have retained Mr. Makofka on several occasions to assist him to address issues in his businesses or investments. Pursuant to the terms of the Consulting Agreement, Mr. Makofka provided disclosure summarizing his relationship with Mr. Wood and his affiliated entities. Mr. Makofka has advised that he has two ongoing mandates where Mr. Wood has an interest, one of which is to wind-down in the next 60 to 90 days and one of which is to wind-down by the end of 2021. Mr. Makofka does not believe that the time commitment related to these mandates is significant nor will they affect his ability to perform his role under the Consulting Agreement. Mr. Makofka has agreed during the CCAA proceedings to not take on any new roles involving any member of the Investor Committee, including Mr. Wood, without the prior written consent of the Monitor and the Investor Committee and, during the post-CCAA period, without the prior written consent of the New Board. Under the terms of the Consulting Agreement, Mr. Makofka's full-time attention is to be focused on acting as the senior executive at ACC.

3.1 Consulting Agreement ³

1. A copy of the redacted Consulting Agreement is attached as Appendix "C". A copy of the unredacted Consulting Agreement is attached as Confidential Appendix "1".

³ Capitalized terms in this section have the meaning provided to them in the Consulting Agreement.

2. The Monitor is seeking a sealing order to redact the Consulting Agreement for certain confidential provisions in the Consulting Agreement related to the Consultant's compensation, which may be considered personal information and subject to privacy legislation. Accordingly, the Monitor respectfully requests that the unredacted Consulting Agreement be filed with the Court on a confidential basis and be sealed ("Sealing Order"). The Monitor is not aware of any party that will be prejudiced if the information is sealed. The Monitor believes the proposed Sealing Order is appropriate in the circumstances.
3. A summary of the key terms of the Consulting Agreement is provided below.

- **Services:**

- (i) During the CCAA Period, Mr. Makofka will:
 - a) be a signing authority for ACC, provided that any material agreement is approved by the Monitor or the Court, as required;
 - b) engage and/or terminate ACC employees or contractors and direct ACC employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of ACC;
 - c) assist the Monitor and Investor Committee in the development, negotiation, evaluation and implementation of the Plan;
 - d) make decisions with respect to operations that will enable or assist the parties to complete the proposed restructuring; and
 - e) provide direction for ACC;
- (ii) during the post-CCAA Period, Mr. Makofka will perform the services typically performed by a CEO, with a focus on management of the PCs and maximizing ACC's return on its investment in the PCs, including providing such services to support ACC's subsidiaries and affiliates as ACC may direct; and
- (iii) Mr. Makofka will also serve as a director and/or officer of ACC and/or any of its subsidiaries or affiliates as may be required, without additional compensation.

- **Conditions and Term:** the Consulting Agreement is to have a five-year term (the "Term") and is conditional upon ACC obtaining a Court order which, among other things: (i) approves the Consulting Agreement, (ii) provides that the Consultant and Mr. Makofka will have no liability to any party during the CCAA Period other than in respect of their gross negligence or willful misconduct, (iii) provides that during the CCAA Period, the Consultant shall be entitled to the benefit of the CRO Charge, which charge shall rank *pari passu* with the Administration Charge, (iv) during the CCAA Period, provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant or Mr. Makofka without leave of the Court, and (v) provides that the Consulting Agreement will be effective from the date of such Order.

- **Fees:** the Consultant will be paid a monthly fee (the July 2021 fee will be pro-rated). The Consultant's monthly compensation is consistent with Mr. Livingstone's current compensation.
- **Short-Term Success Fee ("STSF")**. The Consultant will be eligible to earn a STSF. Two-thirds of the STSF is tied to the annual improvement in the combined EBITDA of the PCs and one-third of the STSF is in the discretion of the New Board.
- **Long-Term Success Fee ("LTSF")**. The Consultant will also be eligible to receive a LTSF, which is based on distributions made to the creditors and investors of the Companies under the Plan.
- **Termination:**
 - (i) The Consultant may terminate the Consulting Agreement at any time and for any reason upon the giving of 60 days' written notice to ACC;
 - (ii) ACC may terminate the Consulting Agreement at any time without cause. In such cases, ACC is obligated to pay the Consultant termination fees which reflect the length of the Consultant's service and the remaining Term;
 - (iii) ACC may terminate the Consulting Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's or Mr. Makofka's failure to comply with any provision of the Consulting Agreement or commit any act or omission that would constitute just cause at common law in the event that Mr. Makofka was an employee of ACC. In the event of termination for cause, the Consultant will be paid its monthly fee up to and including the effective date of termination.

3.2 Recommendation

1. The Monitor recommends that the Court approve the Consulting Agreement and grant the CRO Charge and related CRO protections for the following reasons:
 - a) based on diligence performed by the Investor Committee and the Monitor, Mr. Makofka appears to have the experience, skillset and qualifications to perform the mandate. The Investor Committee made its recommendation after interviewing several candidates and performing extensive diligence on the leading candidates;
 - b) an Investor Committee member, Mr. Wood, has worked with Mr. Makofka extensively. Mr. Wood is supportive of Mr. Makofka's retention based on his positive experiences working with him;

- c) the Investor Committee supports Mr. Makofka's retention and the terms of the Consulting Agreement, including the amount of his compensation and the compensation structure;
- d) the Consultant's proposed remuneration under the Consulting Agreement appears fair and reasonable and the compensation incentives under the Consulting Agreement were designed to align the interests of the Consultant with the interests of creditors and investors. In these respects, the Consultant's monthly fees are consistent with Mr. Livingstone's salary, so the Consultant's base consideration does not add incremental cost to the Companies' operations. The STSF is tied to improvements in the performance of the PCs, while the LTSF is tied to distributions to investors. Additionally, Mr. Makofka is entitled to an annual bonus in the discretion of the New Board; and
- e) Mr. Makofka is to provide his full-time attention to ACC.

4.0 Separation Agreement

1. Mr. Livingstone is the founder of ACC. He is presently the CEO and the sole director of ACC. He provides director services through Livingstone Holdings Inc. ("LHI"). As discussed above, Mr. Livingstone intends to resign upon the appointment of the Consultant. In connection with his resignation, the Companies, Mr. Livingstone and LHI entered into a Separation Agreement, which is conditional on Court approval. A copy of the Separation Agreement is attached as Appendix "D".
2. The Separation Agreement was negotiated by the Monitor, with input from the Investor Committee. The Monitor also received input from executives at ACC other than Mr. Livingstone. The Separation Agreement provides a full and final resolution to all amounts owing to and from Mr. Livingstone, LHI and ACC and avoids potential litigation among the parties. As discussed below, pursuant to the terms of the Separation Agreement, Mr. Livingstone has agreed to withdraw and limit several of his claims against the Companies and has agreed to assist in the transition of ACC's business to the Consultant.
3. As part of the Claims Procedure, five claims were filed against directors and officers, including against Mr. Livingstone. Four of these claims were filed by members of the Investor Committee and one was filed by another investor. The Monitor also sent a letter to ACC which attached a claim from a member of the Investor Committee advising the Companies it intended to accept one of the claims filed against the directors and officers as a placeholder representative claim made on behalf of all of the Companies' investors. Discussions with respect to the placeholder representative claim are ongoing among the Monitor, ACC and the Investor Committee. It is expected that the Plan will address these claims.

4. A summary of the Separation Agreement is provided below.

- **End date:** The active employment of Mr. Livingstone and the services of LHI shall conclude by mutual agreement on the date the Court makes an order approving the Separation Agreement (the “Effective Date”).
- **Role and Duties:** Up to 11:59 p.m. on the Effective Date, Mr. Livingstone will continue in his position as CEO of the Companies and LHI will continue to provide director services, under the supervision of the Monitor, and will perform such duties and continue to have such authority as is normally associated with the position, including assisting with the transition of duties.
- **Resignation from Additional Positions:** As of 11:59 p.m. on the Effective Date, Mr. Livingstone and LHI will be deemed to have resigned as an officer and director of the Companies. Mr. Livingstone and LHI agree to continue to serve as an officer and director (as applicable) of any subsidiary or affiliate of the Companies until the earlier of (i) such time that ACC is reasonably satisfied that Mr. Livingstone and/or LHI can be removed, (ii) a replacement officer and/or director is appointed, and (iii) October 15, 2021;
- **Vacation:** After the Effective Date, Mr. Livingstone will receive a lump sum payment for outstanding vacation pay owing to him in the amount of \$110,096, which shall be paid to him in accordance with ACC’s policies;
- **Unsecured Claim:** After the Effective Date, Mr. Livingstone will be entitled to a claim against the Companies in the amount of \$191,166, which is equivalent to six (6) months of Mr. Livingstone’s base salary, less the amount of \$83,834 representing personal expenses incurred by Mr. Livingstone and/or LHI owing to ACC. The Monitor understands that Mr. Livingstone’s agreed claim for severance and termination is significantly less than Mr. Livingstone is contractually entitled to, and likely much less than he would be entitled to under common law if his contract was ignored. For clarity, this unsecured claim will be treated as a general unsecured claim against ACC and will be paid on a *pari passu* basis with all other general unsecured claims pursuant to the Plan.
- **Waiver of 2019 Bonus.** Mr. Livingstone will waive any right to payment of an unpaid portion of his 2019 bonus, being \$378,630.
- **Settlement of Shareholder Loan:** ACC will waive all outstanding loan amounts owing from LHI to ACC (which amount is approximately \$196,000) in consideration for LHI assigning to the Companies its outstanding loan in the amount of \$54,975 currently owing from Pipe Yard Properties Ltd., a PC.
- **Post-Transition Information Sharing:** Mr. Livingstone will remain reasonably available to ACC for a period of six (6) months from the Effective Date for post-transition information sharing.

- **Limit of Liability under CCAA Plan:** ACC agrees that the Plan it proposes will provide that, subject to any limitations in the CCAA, Mr. Livingstone and LHI will have no personal liability in respect of any claims against Mr. Livingstone and LHI in their capacity as an officer or director of the Companies, and that any such claims would be limited to recoveries under Ardenton's applicable Directors and Officers Liability Insurance policies. Mr. Livingstone and LHI will waive all indemnities provided to them by Ardenton for the pre-Effective Date period, which indemnities rank senior to many of the investor claims.
- **Mutual Release:** ACC and Mr. Livingstone and LHI will enter into a mutual release.

4.1 Recommendation

1. The Monitor recommends that the Court approve the Separation Agreement for the following reasons:
 - a) the Investor Committee supports the terms of the Separation Agreement;
 - b) the Separation Agreement avoids potentially protracted and costly litigation with Mr. Livingstone. The Separation Agreement will allow the Companies to focus on the Plan and operational matters;
 - c) Mr. Livingstone and LHI will provide the Companies with a broad full and final release of all claims they may have against the Companies;
 - d) parties with claims against Mr. Livingstone will still be able to pursue the Insurance in respect of any potential director and officer claims, but without creating indemnity claims against ACC that would be senior to most of the investor claims in accordance with the terms of the preferred securities and hybrid securities issued by the Companies;
 - e) the Separation Agreement is fair and reasonable, in the circumstances, as it represents a commercially reasonable compromise in respect of the claims against the Companies and it is in the best interests of the Companies and their respective stakeholders; and
 - f) the Separation Agreement provides that Mr. Livingstone will assist with transition issues, which should help avoid any disruption to Ardenton's operations.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that the Court grant the relief detailed in Section 1.1(1)(c) of this Report.

* * *

All of which is respectfully submitted.

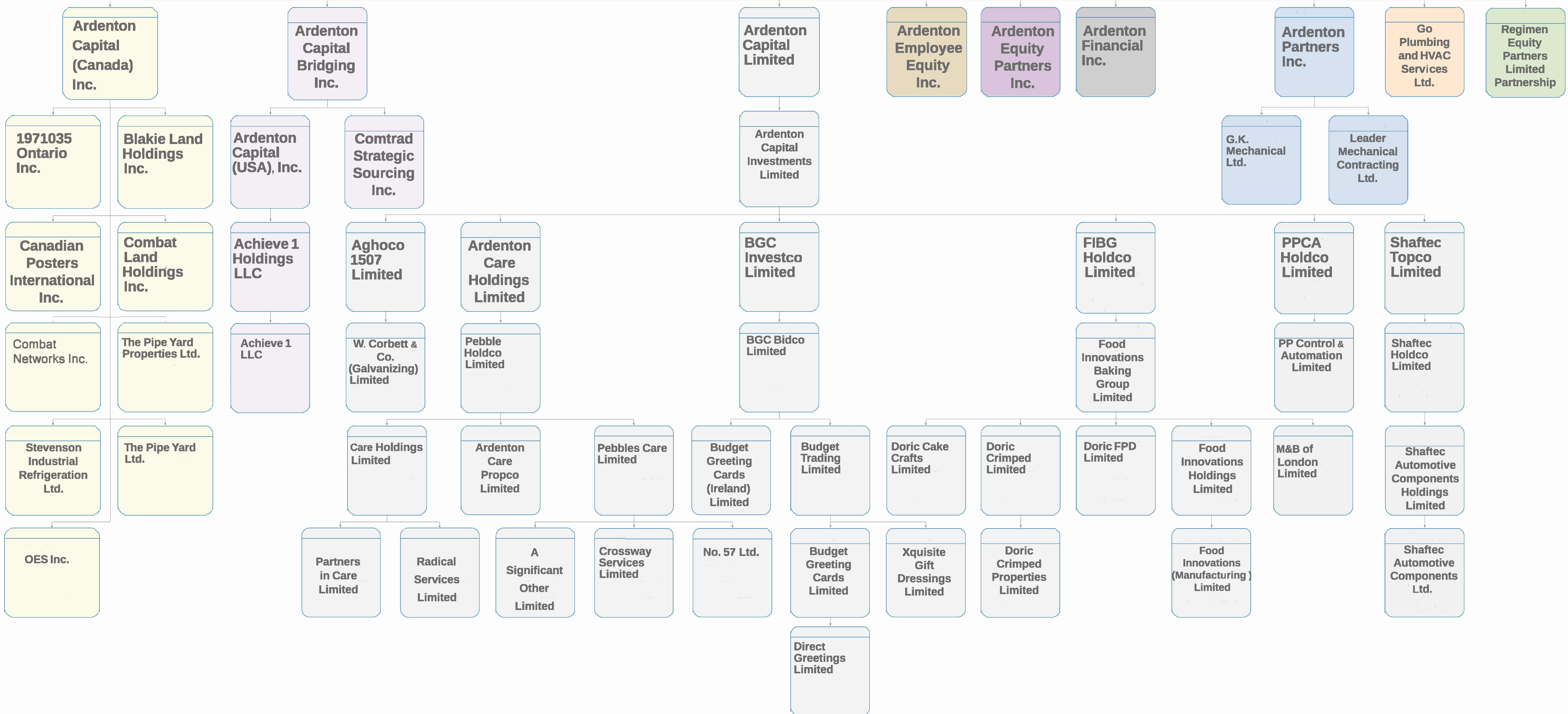
KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS MONITOR OF
ARDENTON CAPITAL CORPORATION AND ARDENTON CAPITAL BRIDGING INC.
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES**

Appendix “A”

Organizational
Chart as
of January 31,
2021

**Ardenton
Capital
Corporation**



Appendix “B”



Kyle Makofka

President & CEO | [in](#)

AREAS OF EXPERTISE

Developing Business Systems

Developing Technologies

Quality Management Systems

Process Optimization

Project Management

Competency Based Training

Programs

Wellbore Optimization

Specialized Services for Plant and Pipeline Construction

Oilfield Service Company Growth Strategies

Manufacturing Process

Entrepreneur Development

PERSONAL SKILLS

Resourceful

Leader

Strategic

Driven

Analytical

Visionary

CONTACT INFORMATION

T: 403.340.9207

E: kmakofka@kingsmansm.com

Over 29 years of experience as a Founder, Partner, or Senior Manager in multiple companies that have led to operations in over 14 different Countries. I am focused on driving a rate of return on investments through optimizing organizational structure and efficiency, using the principles of management in coalition with unique integrated business systems and software. My focus is on emerging markets or specialized technology that require prevalent business development. My team and I only take on specific projects and with a strategic focus on execution and return on investment for the stakeholders.

PROFESSIONAL EXPERIENCE

Kingsman Scientific Management Inc. – Calgary and Red Deer, AB

FOUNDER

2005 – Present

- As Founder and President of KSM, my team and I work with Family Offices and Corporations to evaluate, build, or restructure companies to grow and protect their return on investments. We manage and develop partner companies through technological innovation and implementation of quality-based business management systems, ultimately elevating these businesses to unrealized potential.
- Corporate or investment portfolio due diligence.

Hemostemix Inc. (HEM.V) – Calgary, AB

PRESIDENT & CEO

Oct 2017 – Oct -2019

CHIEF RESTRUCTURING OFFICER

Dec 2016 – Oct 2017

- President & CEO of this publicly traded clinical-stage biotechnology company focused on developing and commercializing a proprietary autologous cell therapy to treat ischemic diseases.
- Phase 2 Clinical trials – Health Canada, US FDA.
- Chief Restructuring Officer from 2016-2017.

Midstream Silica Inc. – Red Deer, AB

PRESIDENT & CEO

2016 – Present

- Currently President & CEO of this transload company with operations in Western Canada.
- Restructured and expanded business through implementation of quality-based business management systems.
- Doubled capacity resulting in substantial revenue increases.

Aspire Health Science - Orlando Florida

DIRECTOR

2017 – Present

- FDA compliant manufacturer for Biologics.
- GMP compliant manufacturer.
- Stem Cell Research and Development group.
- Manufactures Cell Based therapies.

Quantum Petrophysics Inc. – Red Deer, AB

FOUNDER

2010 – 2018

- Founded Quantum to provide innovative, highly technological logging instrumentation for energy sector application.

Drive Capital Corp. – Red Deer, AB

FOUNDER / DIRECTOR

2012 – 2018

- Managing Director of this private equity firm specializing in a variety of service companies and commercial development.

Red Flame Industries – Red Deer, AB

OWNER/OPERATOR VP BUSINESS DEVELOPMENT

2011 – 2013

- Doubled revenue and double EBITDA before monetization event.
- Developed and implemented procedures to become an ISO Certified Shop.
- Developed and implemented procedures to become an API Certified Shop.
- Industry Leader in Specialized Hot Tap Services.
- Developed the large diameter inflatable bag isolation system for pipeline.

Victory Rig Equipment – Red Deer, AB

OWNER/PARTNER/ PRESIDENT

2007 – 2009

- Grew this manufacturing company from \$9 million to \$52 million in sales. Sold company to Trinidad Drilling.
- Developed High Torque Top Drive.
- Developed 250-ton Direct Drive Top Drive.
- Developed Mobile Drilling Rig System for operations in Mexico and Russia.

Exact Canada Industries – Red Deer, AB

OWNER/PARTNER/ VICE PRESIDENT

2004 – 2007

- Grew this manufacturing company from \$350,000 to \$10.5 million, ultimately selling the company in 2007.
- On Venture Magazine's Fast Growth 50 list for 2 years.
- Nominated for Red Deer Chamber of Commerce Business of the Year.
- Developed Super Single Rig for 75% Road Band.
- Only ISO 9001 certified manufacturing shop in Red Deer at that time.

Victory Energy Rentals – Red Deer, AB

PRESIDENT/FOUNDER

2002 – 2004

- Grew this business from \$0 to \$2 million in sales in 24 months, ultimately selling to my partner in 2004.

High Arctic Well Control – Red Deer, AB

GENERAL MANAGER

1999 – 2004

- Assisted in growing the company from a local 3 rig company to a \$75 million trust in 5 years, operating in 4 different countries.
- In charge of operations, staffing, training, technology, safety, and manufacturing.
- Developed first underbalanced multi zone Snub Fracturing System.
- Constructed the only 11" 10,000 PSI snubbing unit in Canada.
- Project Managed the highest pressure snubbing operation in Canada with 11" stack (CNRL Grande Cache).
- Project Manager and Well Site Supervisor for the first Stand Alone Snubbing System to operate in Argentina.
- Committee Lead for the initial recommended practices for snubbing operation in Canada. Adopted as IRP 15.
- First rig company in Canada to be ISO 9001 certified.
- First snubbing company to have competency-based training program, which led to an industry wide adoption initiative.
- Developed Version 1 of Rack and Pinion Snubbing System.
- Developed Version 1 of Underbalanced Rotation Flow Diverter for drilling operations.

PanCanadian Petroleum – Red Deer, AB

WORKOVER AND COMPLETIONS FOREMAN

1997 – 1999

FIELD OPERATION AND PROCESS

1993 – 1997

FACILITY CONSTRUCTION AND MAINTENANCE

1991 – 1993

PROFESSIONAL ACHIEVEMENT

- Worked in various capacities throughout Canada, USA, Argentina, Armenia, Australia, Dubai, Malaysia, Mexico, Norway, Papua New Guinea, Russia, Singapore, and Ukraine.
- Mentored and developed a multitude of staff that have been successful and safe throughout their careers.

Appendix “C”

CONSULTING AGREEMENT

BETWEEN:

KINGSMAN SCIENTIFIC MANAGEMENT INC.
(the "**Consultant**")

-and-

ARDENTON CAPITAL CORPORATION
(the "**Company**")

WHEREAS on March 5, 2021 the Supreme Court of British Columbia (the "**Court**") made an order in Court File No. S-211985 granting the Company and its subsidiary, Ardenton Capital Bridging Inc. ("**ACBI**", and with the Company, the "**Debtors**"), protection under the *Companies' Creditors Arrangement Act* (the "**CCAA**", with such proceedings being the "**CCAA Proceedings**") and appointing KSV Restructuring Inc. as monitor of the Debtors (the "**Monitor**");

AND WHEREAS the primary purpose of the CCAA proceedings is to provide the Debtors with the opportunity to restructure their debt obligations pursuant to a plan of compromise or arrangement to be filed (the "**CCAA Plan**");

AND WHEREAS pursuant to an order pronounced March 31, 2021 in the CCAA Proceedings (the "**Committee Order**"), the Monitor was authorized to create a single investor committee (the "**Investor Committee**") comprised of up to seven individuals who either personally hold or represent entities holding securities issued by the Debtors as set out in Schedule "B" to the Committee Order;

AND WHEREAS the Company would like to engage the Consultant, and the Consultant wishes to be engaged by the Company, to provide certain services as described below;

NOW THEREFORE, in consideration of the covenants and agreements contained in this Agreement, the Consultant and the Company agree as follows:

1. Services

- (a) The Company hereby engages the Consultant to provide the personal services of Kyle Makofka (the "**Representative**") to perform the following services and any other services as the parties may agree upon from time to time (the "**Services**") under this Agreement:
 - (i) during the "**CCAA Period**", being the period from the Effective Date (as defined below) up to and including the earlier of the date the CCAA Plan is implemented and the termination of the CCAA Proceeding in respect of the Debtors, the Representative shall perform for the Company the services typically performed by a Chief Restructuring Officer during a CCAA Proceeding, including but not limited to, the following:
 - (A) acting as one of the signing authorities for the Company, including entering into agreements on behalf of the Company, provided any material agreement is approved by the Monitor or the Court, as required;

- (B) engaging and/or terminating Company employees or contractors and directing Company employees or contractors with respect to day-to-day operations to preserve and enhance the going concern value of the Company;
 - (C) assist the Monitor and Investor Committee in the development, negotiation, evaluation and implementation of the CCAA Plan;
 - (D) making decisions with respect to operations that will enable or assist the parties to complete the proposed restructuring; and
 - (E) providing direction for the Company throughout the CCAA Period;
- (ii) during the "**Post CCAA Period**", being the period after the CCAA Period, the Representative shall perform the services typically performed by a Chief Executive Officer, with a focus on management of the Company's portfolio companies and maximizing the Company's return on its investment in the portfolio companies, including providing such services to support the Company's subsidiaries and affiliates as the Company may direct; and
 - (iii) the Representative shall serve as a director and/or officer of the Company and any of its subsidiaries or affiliates, without additional compensation, as required by the Company.
- (b) The Consultant states that the Representative has and will have the required skills and experience to perform the Services. The Consultant shall not delegate or assign the performance of the Services to any other person other than the Representative without the prior written consent of the Monitor and the Investor Committee during the CCAA Period or during the Post CCAA period without the prior written consent of the new Board of Directors of the Company to be appointed in connection with the implementation of the CCAA Plan (the "**Board**"). The Consultant also acknowledges that neither the Consultant nor Representative shall retain any third party consultant during the CCAA Period without the prior written consent of the Monitor and the Investor Committee or during the Post CCAA period without the prior written consent of the Board.
 - (c) The Consultant further states that the letter dated June 7, 2021 and the email dated June 8, 2021 from the Consultant to the Monitor provides full and accurate disclosure of all current affiliations and commercial transactions of the Consultant, the Representative and the Representative's immediate family members with members of the Investor Committee and with the Company, its subsidiaries and affiliates, as well as their respective current director roles (the "**Disclosure**"). During the CCAA Period, the Consultant, the Representative and the Representative's immediate family members shall not enter into any new affiliations, director roles or commercial transactions with members of the Investor Committee without the prior written consent of the Monitor and the Investor Committee and, during the Post CCAA Period, without the Board's prior written consent. Without limiting the scope of the Disclosure, the Consultant and the Representative further state that they are not indebted to any member of the Investor Committee (or any affiliates thereof) and that all financial relationships with any member of the Investor Committee (or any affiliates thereof) have been disclosed to the Investor Committee.

- (d) The Consultant and the Representative will perform the Services on a "full-time" basis commencing as of the Effective Date. The Company acknowledges that the Consultant has four active mandates for other clients (the "**Existing Mandates**"). The Consultant hereby agrees that the Consultant and Representative will cease performing services on the Existing Mandates by the later of (i) 90 days after the Effective Date and (ii) such later date as if approved in writing by the Investor Committee or Board (as applicable). The Consultant and the Representative will not accept any other mandates or provide any other services during the CCAA Period without the Investor Committee's prior written consent or during the Post CCAA Period without the Board's prior written consent. For clarity, the Representative is permitted to continue to serve as a director of Daystar Mechanical, Hubble Incubator, Pride Petroleum Ltd. and the Consultant.

2. Term of Agreement

This Agreement is conditional upon obtaining an Order of the Court in form and substance acceptable to the Company and the Consultant which, among other things, (i) approves this Agreement, (ii) provides that the Consultant and the Representative shall have no liability to any party during the CCAA Period other than in respect of gross negligence or wilful misconduct by the Consultant or the Representative, (iii) provides that during the CCAA Period the Consultant shall be entitled to the benefit of and is granted a charge on the Property as security for its fees and disbursements incurred hereunder, which charge shall be *pari passu* with the Administrative Charge granted pursuant to the Amended and Restated Initial Order pronounced on March 15, 2021 in the CCAA Proceedings, (iv) during the CCAA Period provides that no action or other proceeding shall be commenced directly or indirectly against or in respect of the Consultant or the Representative without leave of the Court, and (v) provides that this Agreement will be effective from the date of such Order (the "**Effective Date**"). After the Effective Date, the Agreement will continue for a term of five (5) years (the "**Term**"), unless this Agreement is terminated earlier in accordance with Section 15 below.

3. Base Fee for Services

During the Term, the Company shall pay to the Consultant for the provision of the Services a base fee at the rate of \$ [REDACTED] per month (the "**Base Fee**"), which is equivalent to annualized compensation of \$ [REDACTED].

4. Short-Term Success Fee

During the Post CCAA Period and for the balance of the Term, the Consultant will also be eligible to receive, on an annual basis, a short-term success fee (the "STSF") for the successful performance of the Services as follows:

- (a) up to \$ [REDACTED] for a [REDACTED]% improvement in EBITDA calculated consistently from year-to-year based on the Company's financial statements using a baseline of trailing twelve months EBITDA for the twelve completed months immediately prior to the Effective Date for all of the Company's portfolio companies listed on Schedule "A" (the "**Initial Baseline**"). EBITDA shall be calculated excluding management fees paid by the Company's portfolio companies listed in Schedule "A" to the Company or to one of the Company's subsidiaries and on the basis provided in Schedule "A". The Initial Baseline is \$ [REDACTED] and will be reset for each twelve month period after the Effective Date (with each such period being a "**Year**") by the greater of [REDACTED]% and the actual increase in the prior Year's EBITDA (the "**Reset Baseline**"). The STSF will only be payable in any Year to the extent that EBITDA exceeds the Initial Baseline for the first Year of the Term or the

then applicable Reset Baseline for each additional Year of the Term, and will be payable on a pro-rated basis from the then applicable baseline to the new applicable baseline multiplied by █%. Each Year will be assessed independently, and the Consultant is not eligible to aggregate increases over multiple Years for the purposes of earning an STSF. In addition, if any portfolio company on Schedule "A" is sold, the Reset EBITDA will be adjusted for the Year following such sale to exclude the EBITDA related to such sold portfolio company so that the STSF is payable only on the increase in EBITDA of the remaining portfolio companies; and

(b) █, at the sole discretion of the Board.

Notwithstanding the foregoing, if during the Post CCAA Period the STSF is not payable when assessed using the factors set out in Section 4(a), the Board may, in consultation with the Consultant, adjust the factors considered in calculating the STSF for the purposes of any Year in a manner that would permit payment of the STSF that would otherwise have been payable during the subject Year or a portion thereof.

5. Long-Term Success Fees

During the Post CCAA Period, the Consultant will also be eligible to receive long-term success fees (the "LTSF") based on the quantum of cash payments made to the creditors of the Debtors under the CCAA Plan ("Repayments") on the terms outlined in Schedule "B", and payable as such Repayment Thresholds (as defined on Schedule "B") are achieved. For clarity, creditors include the Debtors' investors, whether in respect of their existing debt or any portion of the equity of the Company that they may hold in the Post CCAA Period.

6. Expenses

The Company shall reimburse the Consultant for the Consultant's out-of-pocket business expenses reasonably and properly incurred by the Consultant or the Representative in the performance of the Services in accordance with this Agreement. Expenses are reimbursement of actual costs incurred and the Consultant is not permitted to charge any service or administrative fee on such expenses. Any expense of \$15,000 or more to be incurred during the CCAA Period must be pre-approved by the Monitor and Investor Committee in writing, and during the Post CCAA Period, by the Board. For all expenses, the Consultant shall furnish to the Company satisfactory statements and receipts, which for clarity shall include the name of the person the Representative meets with and the reason for the expense.

7. Invoices and Applicable Taxes

Invoices for the Base Fee, together with satisfactory statements and receipts for all expenses claimed by the Consultant, shall be submitted by the Consultant to the Company on the 15th day of each month during the term of this Agreement. Payment will be made to the Consultant by the Company within 30 days from receipt by the Company of an invoice.

All payments (including the Base Fee, STSF and the LTSF) from the Company to the Consultant under this Agreement are subject to any applicable HST, GST and sales tax.

8. Intellectual Property

The Consultant and the Representative hereby assign to the Company all rights to, titles of and interests in any improvements, technologies, trade secrets, works, source code, computer programs, data, know-how, licenses, and all other materials, information, instruction (technical or other), as well as their derivatives, whether they can be patented or not, whether they can be protected by copyright or not, that are (i) conceived, developed or produced, directly or indirectly by the Consultant or Representative, alone or with others during the Term, and (ii) implemented as part of the Company's business or operations (collectively, the "**Intellectual Property**").

9. Equipment and Tools

The Consultant shall provide at its own risk and expense all equipment and tools that may be required to perform the Services. The Consultant warrants that all such equipment and tools will be in good repair and appropriate for the task.

10. Licenses and Permits

The Consultant shall be responsible for obtaining all necessary licenses and permits and for complying with, and ensuring the Representative complies with, all applicable laws, codes and regulations in connection with the provision of the Services.

11. Insurance

During the Post CCAA Period, the Representative shall be covered by the Company's directors' and officers' liability insurance, which shall be established and maintained by the Company at its expense. The Company agrees to take reasonable steps to obtain such insurance with coverage not less than \$5,000,000.

12. Indemnity

The Consultant and the Representative shall, on a joint and several basis, indemnify the Company and any related or associated companies and their respective boards of directors, officers, employees or agents, from and against all claims, actions, demands, suits, liabilities, losses, expenses, costs, penalties, or damages for liabilities under the *Income Tax Act* or other applicable legislation for the failure of the Company to make withholdings from any fees or payments from the Company to the Consultant under this Agreement, which the Company, or any related or associated companies, and their respective boards of directors, officers, employees or agents may have or suffer arising out of the Consultant providing the personal services of the Representative.

Notwithstanding Section 11, the Company agrees to indemnify each of the Representative and the Consultant (each, an "**Indemnified Party**" and collectively, the "**Indemnified Parties**") to the maximum extent permitted by law, against all costs, charges and expenses, including, without limitation, all amounts paid to settle any action or satisfy any judgment, reasonably incurred by the Indemnified Parties in respect of any civil, criminal, administrative, investigative or other proceeding (collectively, a "**Proceeding**") in which the Indemnified Party is involved because of the Indemnified Party's association with the Company, provided that: (i) the Indemnified Party acted honestly and in good faith with a view to the best interests of the Company; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Party had reasonable grounds for believing that the Indemnified Party's conduct was lawful. The Company shall advance monies to the Indemnified Party for

the costs, charges and expenses of any Proceeding referred to above, provided that the Indemnified Party shall repay the monies if the Indemnified Party does not fulfill the conditions set out in (i) and (ii) above.

13. Independent Contractor

- (a) In the performance of this Agreement, each of the Representative and the Consultant will at all times act in the Representative's and Consultant's own capacity and right as an independent contractor. The Company will not be required to pay for or maintain any employee benefits, including workplace safety insurance (workers' compensation), Canada Pension Plan, employer health tax, employment insurance and other similar levies, nor to make withholdings and remittances for income tax in respect of any remuneration payable by the Company to the Consultant or by the Consultant to the Representative pursuant to this Agreement or otherwise. The Consultant will be solely responsible for making all such contributions, premium payments and income tax remittances in conformity with any applicable statutory requirements on the Representative's and/or Consultant's own behalf.
- (b) The Representative is not an employee of the Company and shall not be entitled to receive from the Company any employment benefits. For clarity, the Consultant and the Representative agree that the Representative is not entitled to the rights and benefits afforded to the Company's employees, including participation in any of the Company's group insurance plans, vacation pay, overtime pay, termination pay or severance pay. The Consultant and the Representative expressly acknowledge and agree that the Company shall not, under any circumstances, be required to provide any notice, or compensation or damages in lieu of notice, of the termination of the Services beyond that provided for under Section 15 below.

14. Confidentiality

The Consultant and the Representative acknowledge that, because of the nature of the Services to be provided, the Consultant and the Representative will have access to confidential information about the business and affairs of the Company and its subsidiaries or affiliates ("**Confidential Information**"). The Consultant and the Representative agree that, during and after the term of this Agreement, the Consultant and the Representative will not disclose to any person (except in the proper course of the performance of the Services) or use for their own purposes or for any purposes other than the provision of the Services, any Confidential Information acquired, created or contributed to by them. Confidential Information does not include (a) the general skills and experience gained by the Consultant and the Representative during the Term, (b) information publicly known or received by them from a third party unrelated to the Company without a breach of an obligation of confidentiality, (c) information the disclosure of which is required to be made by any law or court, and (d) information the disclosure of which is permitted pursuant to any applicable regulatory whistleblowing legislation.

15. Termination

- (a) *By the Consultant:* The Consultant may terminate this Agreement at any time and for any reason upon the giving of 60 days' written notice to the Company.
- (b) *By the Company without Cause prior to the end of the Term:* The Company may terminate this Agreement at any time (including prior to the end of the Term) without cause and with immediate effect as follows:

- (i) Prior to the 12 month anniversary date of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF for the period from the Effective Date to the effective date of termination equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (ii) On or after the 12 month anniversary date of the Effective Date but prior to the 24 month anniversary of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (iii) On or after the 24 month anniversary date of the Effective Date but prior to the 48 month anniversary of the Effective Date upon providing the Consultant with only (i) \$ [REDACTED] as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
 - (iv) On or after the 48 month anniversary date of the Effective Date but prior to the end of the Term upon providing the Consultant with only (i) the lesser of (A) \$ [REDACTED] and (B) an amount equivalent to the Base Fees from the effective date of termination to the end of the Term as pay in lieu of Base Fees; (ii) pay in lieu of any STSF equal to the greater of (A) \$ [REDACTED] and (B) pro-rata STSF calculated based on EBITDA to the end of the month preceding the month of the effective date of termination of the Consultant; and (iii) any LTSF that is earned based on Repayments to the effective date of termination but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the effective date of termination, payable no later than 9 months after the effective date of termination.
- (c) *By the Company for Cause:* Notwithstanding Section 15(b) above, the Company may terminate this Agreement at any time and with immediate effect, without any notice or pay or damages in lieu of notice, in the event of the Consultant's or the Representative's failure to comply with any provision of this Agreement or commit any act or omission that would constitute just cause at common law in the event that the Representative was an employee of the Company. In the event of termination for cause pursuant to this

Section 15(c), the Company shall pay all amounts owing to the Consultant under Sections 3 above up to and including the effective date of termination. Without limiting the foregoing, the Parties agree that any breach of the representation or covenant in Section 1(c) of this Agreement shall constitute cause for termination.

- (d) *Termination at end of Term:* Subject to a termination of this Agreement prior to the end of the Term in accordance with Section 15(a), (b) or (c) above, and subject to the Company and the Consultant agreeing in writing to extend the Term, the Consultant's Services shall terminate at the end of the Term and the Consultant shall be entitled to (i) any outstanding Base Fees for Services rendered up to the end of the Term; (ii) eligibility for a STSF for the fifth year of the Term calculated in accordance with Section 4 above; and (iii) any LTSF that is earned based on Repayments to the end of the Term but for which the LTSF remains outstanding, plus any LTSF earned based on Repayments in the next 6 months following the end of the Term, payable within 30 days of such amounts being determined.

In the event that, contrary to the intention of the parties, a court or tribunal having jurisdiction over the parties determines that the relationship between the Company on the one hand and the Consultant and/or the Representative on the other is that of a dependent contractor or employment relationship, then the Consultant and the Representative acknowledge and agree that they will only be entitled to the greater of (1) the Consultant's entitlements under Section 15 above and (2) such minimum amount of notice, severance pay and other minimum entitlements required by the applicable employment standards legislation in full and final satisfaction of any Claim which they might have arising from or relating to the termination of the Services hereunder, whether such Claim arises under statute, contract, common law or otherwise.

16. Effect of Termination

Upon the termination of this Agreement for any reason:

- (a) the Company shall provide the Consultant with all Base Fees accrued and owing as of the effective date of termination, upon the Consultant's provision of an invoice, as well as reimbursement for all eligible expenses that have been incurred and remain outstanding as of the effective date of termination, upon the Consultant's submission of satisfactory statements and receipts;
- (b) the Consultant shall immediately deliver to the Company or permanently delete/destroy any Company property and information (including Confidential Information) that may be in the Consultant's and Representative's possession or control and the Consultant acknowledges that neither the Consultant nor the Representative are permitted to use any of the Company or its affiliates' Confidential Information following the termination of the Consultant's Services for any reason whatsoever; and
- (c) at the Company's request, the Representative shall resign, effective at the time directed by the Company, from any position that the Representative may have as an officer or director of the Company together with any other office, position or directorship which the Representative may hold in any of the Company's subsidiaries or affiliates. In such event, the Representative shall, at the request of the Company, promptly sign all documents appropriate to evidence such resignations. Neither the Consultant nor the Representative shall be entitled to any payments or damages in respect of these resignations in addition to those provided for herein.

17. No Other Entitlements

The Consultant and the Representative acknowledge and agree that they shall have no other entitlements (including to damages of any kind), whether under contract, statute, common law or otherwise, upon the termination of the Services for any reason, except as provided in Sections 15 and 16 above and the Consultant and the Representative shall sign a release of claims as a condition of any payment under Section 15.

18. Survival

Notwithstanding any termination of this Agreement for any reason, the provisions of Sections 8, 11, 12, 13, 14, 15 and 16, and any other provisions of this Agreement necessary to give efficacy those Sections, shall continue in full force and effect.

19. Entire Agreement

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter of this Agreement and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, forms, conditions, undertakings or collateral agreements, express or implied or statutory between the parties other than expressly set out in this Agreement. Each party waives any right to assert a claim based on pre-contractual representations, negligent or otherwise, made by the other party, its subsidiaries or affiliates or their representatives.

20. Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless in writing and duly executed by both parties. No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

21. Severability

If any provision of this Agreement is determined to be invalid or unenforceable in full or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions of this Agreement shall continue in full force and effect.

22. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.

23. Attornment

The Company and the Consultant each hereby attorns to the jurisdiction of the courts of the Province of British Columbia.

24. Independent Legal Advice

The Consultant and the Representative confirm that they have each had the reasonable opportunity to confer with an independent legal advisor if they so wished, in advance of signing this Agreement. The

Consultant and the Representative further confirm that they have each read this Agreement and they accept and agree to be bound by its terms.

25. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties have executed this Agreement this _____ day of _____, 2021.

**KINGSMAN SCIENTIFIC MANAGEMENT
INC.**

Per: _____
Name: Kyle Makofka
Title: Managing Director
I have the authority to bind the corporation

ARDENTON CAPITAL CORPORATION

Per: _____
Name:
Title:
I have authority to bind the corporation

By signing below, the Consultant's Representative, Kyle Makofka, confirms that he has read, understands and agrees to the terms and conditions above, including his obligations in his personal capacity pursuant to the applicable provisions of this Agreement between the Consultant and the Company.

SIGNED in the presence of:

}
}

Witness
Name:

Kyle Makofka

Schedule "A"
Portfolio Companies

North America

1. The Pipe Yard Ltd.
2. Stevenson Industrial Refrigeration Ltd.
3. Combat Networks Inc.
4. OES Inc.
5. The Leone Group
6. Comtrad Strategic Sourcing Inc.
7. Achieve 1 LLC
8. Canadian Posters International Inc.

United Kingdom

1. W. Corbett & Sons (Galvanizing) Limited
2. PP Control & Automation Limited
3. Shaftec Automotive Components Ltd.
4. Budget Greeting Cards Limited
5. Food Innovations Baking Group
6. Pebbles Care Limited

Illustrative Examples for Calculating Short Term Success Fee

"EBITDA" shall be calculated as per below:

Net Income
(+) Interest
(+) Taxes
(+) Depreciation/Amortization
(+) Unrealized foreign exchange gain/loss
(+) Ardenton management fees
=EBITDA

Initial Baseline and Reset Baseline are defined in the Agreement.

[REDACTED]

Example

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Schedule "B"
Long-Term Success Fee

<u>Repayment</u> <u>Thresholds</u>	<u>Minimum</u> <u>Repayments</u>	<u>Maximum</u> <u>Repayments</u>			
Below Threshold	0	200,000			
Level 1	200,000	250,000			
Level 2	250,000	300,000			
Level 3	300,000	350,000			
Level 4	350,000	N/A			
Target					

[Redacted]

[Redacted]

[Redacted]