



**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 25<sup>1</sup> 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

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<sup>1</sup> 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. **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**

**(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 15<sup>th</sup> 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.

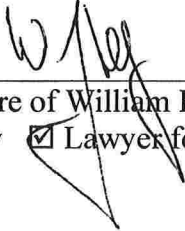
49. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

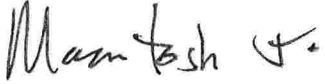
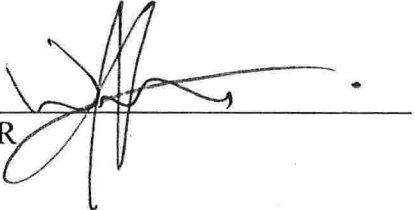
50. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if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

<b>Name of Counsel</b>	<b>Party Represented</b>
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 25<sup>1</sup> 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 course<sup>2</sup>. 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

<sup>1</sup> Of the 25 employees, 15 are employed by the Petitioners.

<sup>2</sup> 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, 2020<sup>3</sup> 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 <sup>4</sup>	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.

<sup>3</sup> Balances are based on ACC and ACBI’s unaudited financial statements as at December 31, 2020.

<sup>4</sup> 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
<b>Total</b>	<b>1,617</b>

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
<b>Total</b>	<b>2,488</b>

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
<b>Receipts</b>	
Intercompany	4,415
Interest	151
Management fees	42
	4,608
<b>Disbursements</b>	
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.<sup>5</sup>

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<sup>5</sup> Excludes pre-filing bonuses.

5. KSV is of the view that the D&O Charge is reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Petitioners and these proceedings.

#### **4.3 Priority of Charges**

1. The Petitioners propose the Court-ordered charges have the following priority:
  - a) First, the Administration Charge; and
  - b) Second, the D&O Charge.

#### **5.0 Creditor Notification**

1. The proposed Initial Order requires the Monitor to:
  - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
  - b) within five days of the granting of the Initial Order to:
    - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
    - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
    - iii. prepare a list, showing the names and addresses of those creditors, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, save and except the Petitioners' investors, whose addresses and claim amounts shall be treated confidentially.
2. ACC's management has advised KSV that its investors have an expectation of privacy and would therefore be averse to having their addresses and amounts invested in the Petitioners made publicly available. Accordingly, the Initial Order contemplates that the addresses and the amounts invested by investors will be not be disclosed on the creditors' list that will be made available on the Monitor's website or elsewhere. As a result of the privacy expectations of the investors, the Monitor supports this relief.
3. If appointed Monitor, KSV will also post the Initial Order and all motion materials on a its case website.

## 6.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Sections 1.0 (3) and 1.1 (1)(e) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

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

## **Appendix “A”**

No: \_\_\_\_\_  
Vancouver Registry

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

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

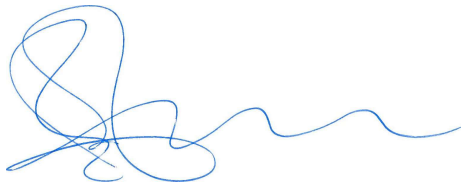
**PETITIONERS**

**CONSENT TO ACT AS MONITOR**

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

DATED at Toronto this 1<sup>st</sup> day of March, 2021.

**KSV RESTRUCTURING INC.**



Per: \_\_\_\_\_

Name: Robert Kofman

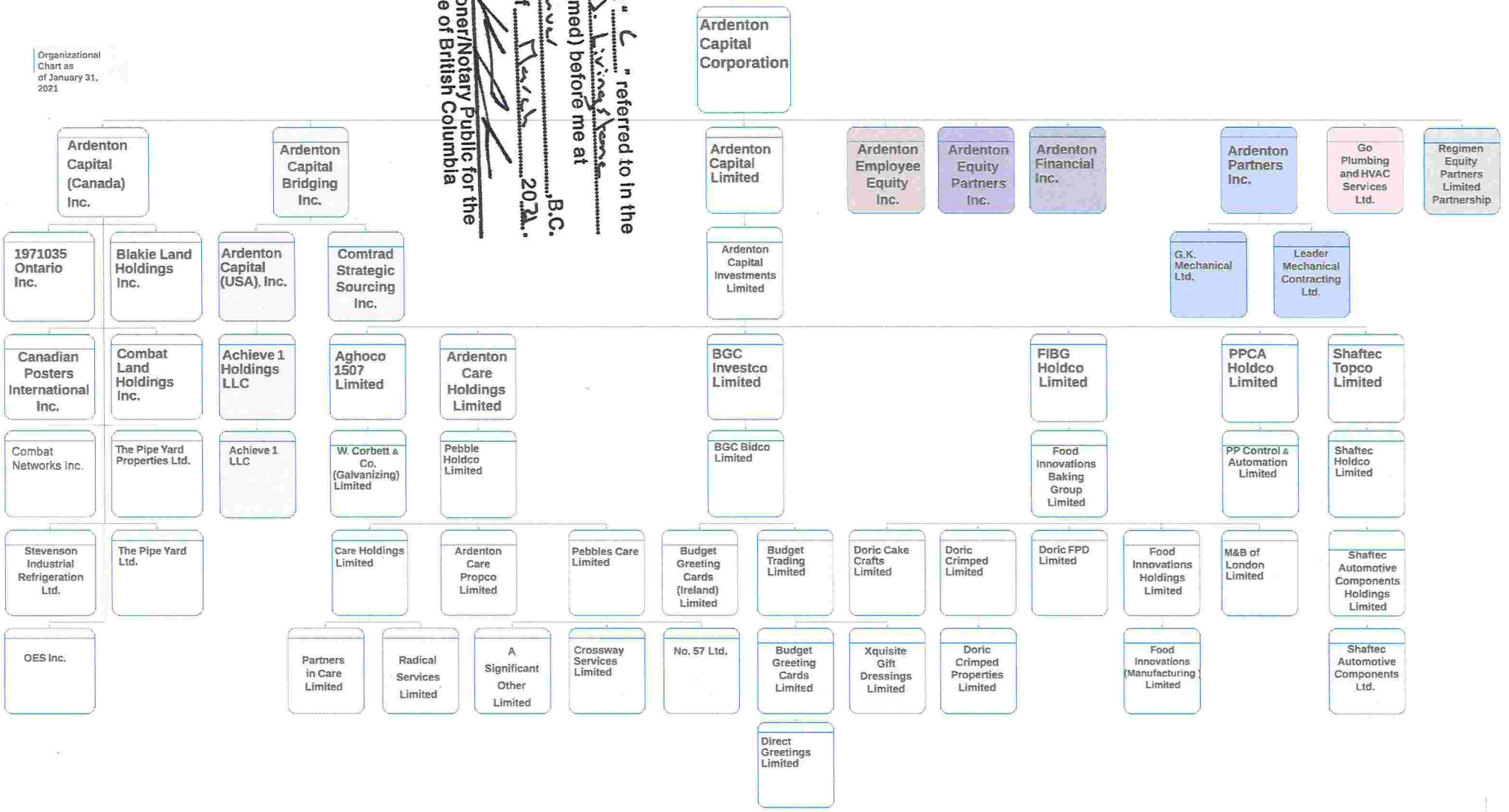
Title: President



## **Appendix “B”**

Organizational Chart as of January 31, 2021

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



## **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)

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**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.



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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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 (0.26%)
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%)
Directors: 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%)
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
<b>Total Receipts</b>		<b>634,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353,030</b>	<b>-</b>	<b>2,888,796</b>	<b>-</b>	<b>511,744</b>	<b>220,000</b>	<b>4,608,395</b>
<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
<b>Total Disbursements</b>		<b>64,467</b>	<b>204,739</b>	<b>77,162</b>	<b>-</b>	<b>271,357</b>	<b>-</b>	<b>319,547</b>	<b>-</b>	<b>226,148</b>	<b>-</b>	<b>1,163,421</b>
<i>Net cash flow before the undernoted</i>		<b>570,358</b>	<b>(204,739)</b>	<b>(77,162)</b>	<b>-</b>	<b>81,672</b>	<b>-</b>	<b>2,569,249</b>	<b>-</b>	<b>285,596</b>	<b>220,000</b>	<b>3,444,973</b>
Restructuring fees	8	-	-	200,000	-	200,000	-	200,000	-	200,000	-	800,000
<b>Net cash flow</b>		<b>570,358</b>	<b>(204,739)</b>	<b>(277,162)</b>	<b>-</b>	<b>(118,328)</b>	<b>-</b>	<b>2,369,249</b>	<b>-</b>	<b>85,596</b>	<b>220,000</b>	<b>2,644,973</b>
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
<b>Closing Cash Balance</b>		<b>823,349</b>	<b>618,610</b>	<b>341,448</b>	<b>341,448</b>	<b>223,120</b>	<b>223,120</b>	<b>2,592,369</b>	<b>2,592,369</b>	<b>2,677,965</b>	<b>2,897,965</b>	<b>2,897,965</b>

Ardenton Capital Corporation and Ardenton Capital Bridging Inc.

**Notes to Projected Statement of Cash Flow**

For the Period Ending May 9, 2021

(Unaudited; \$C)

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**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.