

COURT FILE NUMBER 2601-07007

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANADABIS CAPITAL INC., 1998643 ALBERTA LTD., STIGMA PHARMACEUTICALS INC., 2103157 ALBERTA LTD., AND FULL SPECTRUM LABS LTD.

PLAINTIFF(S)/APPLICANTS CANADABIS CAPITAL INC., 1998643 ALBERTA LTD., STIGMA PHARMACEUTICALS INC., 2103157 ALBERTA LTD., AND FULL SPECTRUM LABS LTD.

DOCUMENT **SECOND AFFIDAVIT OF TRAVIS MCINTYRE**

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I, **Travis McIntyre**, of the City of Rocky Mountain House, in the Province of Alberta,  
MAKE OATH AND SAY AS FOLLOWS:

1. I am the President, Chief Executive Officer and a director of CanadaBis Capital Inc. (“**CanadaBis**”), and its subsidiaries, Stigma Pharmaceuticals Inc. (“**Stigma Pharmaceuticals**”), 2103157 Alberta Ltd. (“**210**”), Full Spectrum Labs Ltd. (“**Full Spectrum**”), and 1998643 Alberta Ltd. (“**199**”) (collectively, the “**Applicants**”).
2. As a result of my role with the Applicants, I have knowledge of the matters to which I herein depose and attest that they are true. Unless I indicate to the contrary, the facts herein are within my personal knowledge. Where I have indicated that I have obtained facts from other sources, I have identified the sources and believe those facts to be true.
3. Capitalized terms used in this affidavit not otherwise defined have the meaning given to them in my affidavit sworn on April 16, 2026. Unless otherwise indicated, monetary references in this affidavit are to Canadian dollars.
4. This application is made within the Applicants’ proceeding under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the initial order (the “**Initial Order**”) granted on April 17, 2026 by Justice Armstrong of the Alberta Court of King’s Bench (the “**Court**”), as amended by the Amended and Restated Initial Order (the “**First ARIO**”) granted by Justice Jones on April 27, 2026.
5. This affidavit is sworn in support of the application returnable on June 10, 2026, for:
  - (a) an order (the “**SISP Order**”) substantially in the form of the draft order included at Schedule “B” of the Application granting, among other things:

- (i) approval of the sale and investment solicitation process (“SISP”) substantially in the form attached at Schedule “A” to the SISP Order;
  - (ii) authority for the Monitor and the Applicants to immediately commence the SISP;
  - (iii) authority and direction for the Monitor, the Applicants, and their respective affiliates, partners, employees, advisors and agents to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and the SISP Order; and
- (b) an order (the “**Second ARIO**”) amending and restating the First ARIO, substantially in the form of the draft order included at Schedule “C” of the application to:
- (i) permit, but not require, the Applicants to make termination and severance payments to employees terminated during this proceeding; and
  - (ii) extend the Stay in favour of the Applicants and their directors and officers (“**D&O’s**”) from June 11, 2026 to September 11, 2026.

## **I. BACKGROUND AND OVERVIEW OF THE CCAA PROCEEDING**

6. The Applicants are a vertically integrated cannabis company engaged in the cultivation, extraction, product development, and sale of cannabis and cannabis products within a single corporate group. The Applicants operate out of a 66,000 square foot facility situated on 8.2 acres of land in Red Deer, Alberta, which is owned by 199.
7. 199 is the operating arm of the Applicants’ corporate group and holds all material assets required for the cannabis business, including the inventory, production equipment, and

related operational assets. 199 also holds a Health Canada licence to sell cannabis products and an excise licence issued by the CRA under the *Excise Act, 2001*, SC 2002, c. 22 (collectively, the “Licences”). 199 sells its cannabis products across most of Canada, including Alberta, Ontario, British Columbia, Saskatchewan, Manitoba, Yukon, Nunavut, and the Northwest Territories.

8. On April 17, 2026, the Applicants obtained protection under the CCAA pursuant to the Initial Order. The Initial Order, among other things:
  - (a) granted a Stay in favour of the Applicants and their D&O’s up to and including April 27, 2026;
  - (b) appointed FTI as the Monitor of the Applicants in this proceeding;
  - (c) preserved the *status quo* in respect of the Licences;
  - (d) granted the Administration Charge up to the maximum amount of \$150,000;
  - (e) granted the D&O Charge up to the maximum amount of \$900,000;
  - (f) authorized CanadaBis to take no further steps or incur further expenses in relation to the Securities Filings, and declared that none of the D&Os, employees, or other representatives of the Applicants or the Monitor shall have any personal liability for any failure by CanadaBis to make the Securities Filings; and
  - (g) postponed the requirement for any future annual general meeting of the shareholders of CanadaBis during the CCAA Proceeding, and extended the time limit to call and hold such annual general meeting of shareholders until after the conclusion of the CCAA Proceeding.

9. On April 27, 2026, the Applicants sought and obtained the First ARIO, which, among other things:
- (a) extended the Stay until June 11, 2026;
  - (b) increased the Administration Charge up to the maximum amount of \$375,000;
  - (c) increased the D&O Charge up to the maximum amount of \$2,900,000;
  - (d) elevated the priority of the Charges ahead of all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise in favour of any person; and
  - (e) prohibited any person from setting off pre-filing obligations against post-filing obligations.

## II. THE APPLICANTS' ACTIVITIES SINCE THE INITIAL ORDER AND THE FIRST ARIO

10. Since the granting of the Initial Order and the First ARIO, the Applicants have continued to act in good faith and with due diligence to stabilize their business and operations as part of this CCAA proceeding by, among other things:
- (a) communicating with, providing information to, and answering inquiries from key stakeholders, including the Ontario Cannabis Store, one of the Applicants' largest customers;
  - (b) communicating with, providing information to, and answering inquiries from its senior secured creditor, Servus Credit Union (the "**Senior Secured Lender**");
  - (c) communicating with, providing information to, and answering inquiries from its employees;

- (d) managing key relationships with customers and suppliers and operating the Business in accordance with the terms of the First ARIO;
  - (e) working with the Monitor to manage cash flows and to make payments to suppliers in accordance with the First ARIO;
  - (f) working with and corresponding with the Monitor regarding issues related to this CCAA proceeding; and
  - (g) preparing the proposed SISP, in consultation with the Monitor and after considering feedback from the Senior Secured Lender.
11. Shortly after the comeback hearing, the Applicants' primary fuel supplier threatened to cease providing fuel to the Applicants due to outstanding pre-filing amounts. The fuel supplied by this vendor is critical to the Applicants' operations as the fuel is used to power company vehicles and other equipment necessary to the Applicants' business, including vehicles used to transport cannabis products and equipment used in the handling and movement of inventory. Given the daily fuel requirements, finding a replacement supplier on short notice would have disrupted the business and would have been on worse economic terms, as the current supplier provides rebates and year-end cash-back incentives that reduce the Applicants' operating costs. Following discussions with the supplier and the Monitor, this supplier was confirmed to be critical. Accordingly, the Applicants, following approval by the Monitor, paid certain pre-filing amounts to such supplier.
12. A similar issue arose with the Applicants' electricity supplier, Active Energy, who threatened to stop providing the Applicants with electricity if certain pre-filing amounts were not paid. Last fall, the Applicants' previous electricity provider advised that they were

no longer providing services in the Applicants' area and as such, the Applicants would need to move their electricity supply contract to a new provider. The Applicants engaged a broker to identify a new provider, with some difficulty due to their credit position. The Applicants' contract with Active Energy began in March 2026. A loss of electricity would lead to the immediate cessation of the Applicants' business. As such, following consultation with the Monitor, the Applicants deemed Active Energy a critical supplier and processed and paid the pre-filing invoices in the amount of \$9,853.14.

13. In total, the Applicants have made 35 payments to critical suppliers in the aggregate amount of \$271,872.23, of the total \$290,000 approved under the ARIIO.

### **III. THE SISP ORDER**

14. The Applicants seek Court approval of the SISP to obtain a going concern solution to maximize value for their stakeholders. The SISP has been developed by the Applicants in an effort to maximize the value of the Applicants' business and assets. The SISP was developed by the Applicants, in consultation with the Monitor, and after considering feedback from the Senior Secured Lender.

#### ***The SISP***<sup>1</sup>

15. The SISP has been designed to be fair, flexible, and to provide a process to allow interested parties sufficient time to conduct due diligence and submit a value maximizing bid in respect of the Applicants' business. The SISP is intended to solicit interest in, and opportunities for: (a) one or more sales or partial sales of all, substantially all, or certain portions of the Applicants' Property or their Business; and/or (b) an investment in,

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<sup>1</sup> Capitalized terms used in this subsection and not otherwise defined have the meaning ascribed to them in the SISP.

restructuring, recapitalization, refinancing or other form of reorganization of the Applicants or their Business.

16. The SISP provides for a two-staged process. Phase I of the SISP calls for the submission of non-binding Letters of Intent (“LOIs”) by July 15, 2026 (the “**Phase I Bid Deadline**”). Following the Phase I Bid Deadline, the LOIs will be evaluated and the Monitor, in consultation with the Applicants and the Senior Secured Lender, will determine which Qualified Phase I Bidders will proceed to Phase II of the SISP.
17. Phase II of the SISP provides an opportunity for interested parties to complete their due diligence and submit unconditional binding offers on the form purchase agreement that will be made available in the data room. The bids received during Phase II must remain irrevocable until Court approval of the Successful Bid(s).
18. A summary of the key dates of the SISP are as follows:

<b>Milestone</b>	<b>Deadline</b>
Commencement of SISP	June 10, 2026
Distribution of the Notice, Teaser Letter Confidentiality Agreement and Acknowledgement of SISP	As soon as reasonably practicable following the date on which the SISP Order is granted
Phase I Bid Deadline (5:00 P.M. (Mountain Time))	July 15, 2026
Phase II Bid Deadline (5:00 P.M. (Mountain Time))	August 10, 2026
Selection of Successful Bid(s), Back-Up Bid(s), or Notification of Auction (if any)	August 17, 2026
Auction (if any)	No later than August 20, 2026

Sale Approval Hearing	As soon as practicable following selection of Successful Bids
Closing Date Deadline	A maximum of 4 weeks after the Sale Approval Hearing, but by no later than October 8, 2026

19. The SISP allows the Monitor to amend the SISP and the timelines provided thereunder, including the above milestones, provided that any extensions to the Phase I Bid Deadline or the Phase II Bid Deadline may not be longer than fourteen calendar days without further Court approval.

**(i) Solicitation of Interest**

20. The SISP prescribes certain requirements and timelines to solicit interest and provide notice of the SISP. The SISP contemplates that the Monitor will, as soon as is reasonably practicable:

- (a) prepare a list of Known Potential Bidders, which includes:
  - (i) parties that have approached either the Applicants or the Monitor indicating an interest in the opportunity; and
  - (ii) strategic parties who the Monitor or the Applicants believe may be interested in purchasing all or part of the Business or Property or investing in the Applicants pursuant to the SISP;
- (b) prepare a process summary (the “**Teaser Letter**”) describing the opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP;
- (c) prepare a form of Confidentiality Agreement; and

(d) prepare the Data Room, with access being granted to potential bidders who have executed the Confidentiality Agreement and Acknowledgement of the SISP.

21. Further notice of the SISP will be given as notice of the SISP will be published in *The Globe and Mail* (National Edition) and *Insolvency Insider*, and any other trade industry and/or insolvency-related publications as may be considered appropriate by the Monitor.

**(ii) Phase I – Non-Binding LOIs**

22. To participate in the SISP, and prior to the distribution of any confidential information to an Interested Party (including access to the Data Room), the Interested Party must deliver an executed Confidentiality Agreement and an executed Acknowledgment of the SISP.

23. To determine whether an Interested Party is a Qualified Phase I Bidder, the Interested Party must provide, in form and substance satisfactory to the Applicants and the Monitor, among other things, a non-binding LOI describing the Phase I Bid on or before the Phase I Bid Deadline. The SISP sets out all materials and information that must be included with the non-binding LOI for such a bid to be considered a Qualified Phase I Bid, including, among other things: (a) specifics surrounding whether it is a Sale Proposal or an Investment Proposal, (b) the proposed Purchase Price, (c) the source of the bidder's proposed financing, and (d) the proposed number of employees that the Interested Party intends to retain.

24. Only Qualified Phase I Bidders will be permitted to proceed to Phase II of the SISP.

25. Following the Phase I Bid Deadline, all Phase I Bids will be evaluated and the Monitor will advise Interested Parties who submitted a Phase I Bid whether or not such party is invited to participate in Phase II of the SISP.

26. If no Qualified Phase I Bids are received, the Monitor will have the option to either extend the Phase I Bid Deadline in accordance with the SISP, terminate the SISP, or seek further advice and direction from the Court.

**(iii) Phase II – Formal Offers**

27. Qualified Phase II Bids must meet the following criteria: (a) a Phase II Bid must satisfy all of the requirements for a Qualified Phase I Bid, and (b) the Qualified Phase I Bidder must also submit, among other things, an irrevocable bid on or before the Phase II Bid Deadline.
28. The Phase II bid must include, among other things: (a) a definitive purchase agreement (in the case of a Sale Proposal) or a definitive binding term sheet (in the case of an Investment Proposal), (b) satisfactory written evidence establishing the bidder's financial ability to consummate the transaction, and (c) full details regarding the number of employees to be retained by the Phase II Bidder.

**(iv) Selection of Successful Bid**

29. Qualified Phase II Bids will be evaluated on various grounds including, but not limited to: (a) the Purchase Price or imputed or projected value, (b) the treatment of creditors and related implied recovery for creditors (in each case, as applicable), (c) the assumed liabilities, (d) the number of employees assumed, (e) the certainty of closing the transactions contemplated by the Qualified Phase II Bid on or before the Outside Date (being October 8, 2026), and (f) any delay or other risks (including closing risks) in connection with the Qualified Phase II Bids.
30. Following the Phase II Bid Deadline, the Monitor may: (a) identify and accept the highest or otherwise best bid (the "**Successful Bid**", with the Qualified Phase II Bidder making such Successful Bid, the "**Successful Bidder**"); or (b) proceed to an Auction in accordance

with the Auction Procedures set forth in the SISP; and (c) may conditionally accept a second Qualified Phase II Bid, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-Up Bid**”, and Qualified Phase II Bidder making such Back-up Bid being the “**Back-Up Bidder**”).

31. As soon as reasonably practicable and by no later than seven days after the Phase II Bid Deadline, the Monitor will advise the Qualified Phase II Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted. If one or more Qualified Phase II Bids are received, the Monitor may determine that it is necessary to conduct an Auction, and the Monitor will, as soon as reasonably practicable and by no later than August 17, 2026, advise the Qualified Phase II Bidders of the date, time, location and the rules of the Auction.
32. If no Qualified Phase II Bids are received, the Monitor may elect to extend the Phase II Bid Deadline, terminate the SISP, or seek the advice and direction of the Court.

**(v) Auction**

33. If necessary, the Auction shall proceed on a date not later than August 20, 2026, after the Phase II Bid Deadline. The below is a summary of the proposed Auction procedures:
  - (a) only Qualified Phase II Bidders (each, an “**Auction Participant**”) are eligible to participate in the Auction;
  - (b) the highest Qualified Phase II Bid will constitute the opening bid for the first round, with the highest overbid being the opening bid for following rounds. Each Auction Participant may only bid once each round;
  - (c) in order to move to the next round, an Auction Participant must bid in the previous round;

- (d) minimum overbids must be in \$50,000 increments;
  - (e) at the end of each round, the Monitor will announce the highest and/or best overbid for that round, including the identity of the Auction Participant and the material terms of the transaction;
  - (f) Auction Participants are not permitted to have discussions with other Auction Participants unless the Monitor has provided its consent; and
  - (g) The Monitor may adopt other rules for the Auction at or prior to the Auction that will better promote the goals of the Auction.
34. The Auction will end after all Auction Participants have submitted their final overbid and the Monitor has identified a Successful Bid and a Back-Up Bid, and advised the Auction Participants of same. Promptly following the end of the Auction, the parties will work to execute and deliver revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid and the Back-Up Bid(s) resulting from the Auction.
- (vi) Sale Approval**
35. Following selection of the Successful Bid(s) and the Back-Up Bid(s), the Applicants will bring an application to the Court as soon as practicable. The Applicants will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court.
36. If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Applicants will be deemed to have accepted the Back-Up Bid(s), and may proceed with the transaction pursuant to the terms thereof. The Back-Up Bid(s) must remain open for acceptance until the closing of the

Successful Bid(s), or such other later date as the Applicants and the Back-Up Bidder may agree, acting reasonably.

**(vii) Other SISP Features**

37. The SISP permits the Monitor to modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Qualified Phase I Bidders, Qualified Phase II Bidders, the Auction Participants, the Successful Bidder or the Back-Up Bidder, provided that the Monitor determines that such modification, amendment, variation or supplement is expressly limited to non-material changes that do not materially alter, amend or prejudice the rights of such bidders.
38. The SISP also acknowledges that the Applicants reserve the right to allocate the Purchase Price of a Successful Bid at a later date for distribution purposes.
39. Although the Monitor is the party who will oversee and facilitate the SISP, the Applicants are given consent rights throughout the SISP at key intervals, including assessing Phase I Bids, Phase II Bids, and deciding on the Successful Bid(s) and the Back-Up Bid(s). The SISP also affords the Senior Secured Lender extensive consultation rights throughout the process. Prior to service of this application, the Applicants provided the Senior Secured Lender with a draft of the proposed SISP. I understand that the Senior Secured Lender requested veto rights at key stages of the SISP. After further discussions with the Monitor, the Applicants declined to provide the Senior Secured Lender with such veto rights as the Applicants are worried that doing so may jeopardize a value maximizing transaction for all of the Applicants' stakeholders in favour of a transaction that primarily benefits the economic interests of the Senior Secured Lender.

40. While the SISP provides the Senior Secured Lender with extensive consultation rights, it also contains safeguards intended to preserve the fairness and integrity of the sale process. The SISP provides that any party participating in the submission of a Bid, including the Senior Secured Lender and any bidder associated with the Applicants' board of directors or management, will not be provided with information regarding the identities of other potential bidders or the terms of competing bids, and will not participate in the review or consideration of Bids, the determination of any Qualified Bids, the selection of any Successful Bid, or the negotiation of definitive transaction documents. I understand that these restrictions are intended to ensure that all bidders participate on an equal footing and that the sale process remains independent and competitive.
41. The SISP also contains additional protections applicable to insider bids. Any party associated with the Applicants' board of directors or management that intends to submit a Bid must notify the Monitor of that intention by June 30, 2026. Any such party may participate in the SISP, but will be excluded from participating in the SISP in any manner or capacity that could create an unfair advantage or otherwise jeopardize the integrity of the SISP, and will be subject to such restrictions as the Monitor considers necessary. I understand that these provisions provide the Monitor with the flexibility to address any actual or perceived conflicts of interest that may arise in connection with an insider bid.

#### **IV. THE SECOND ARIO**

##### ***Stay Extension***

42. The Applicants are seeking to extend the Stay from June 11, 2026 up to and including September 11, 2026. The extension of the Stay is necessary and appropriate in the

circumstances to provide the Applicants and the Monitor with the time necessary to complete the SISP and canvas the market for one or more potential bidders.

43. The Applicants seek the extension of the Stay at this time to minimize the costs associated with an additional hearing. Extending the Stay to September 11, 2026 will permit the Monitor, with the assistance of the Applicants, to complete the SISP and prepare materials associated with the approval of the successful bid under the SISP.
44. I have been advised by my legal counsel that the Monitor supports the extension of the Stay to September 11, 2026.
45. I have been advised by the Monitor that it will include a revised Cash Flow Forecast in its report to be filed in connection with this motion. Based on my discussions with the Monitor, the Applicants are projected to have sufficient cash to operate during the requested Stay period.
46. The Applicants have been and continue to act in good faith and with due diligence, as evidenced by the steps taken by the Applicants since the granting of the Initial Order and the ARIO set forth at paragraph 10 above.

***Termination and Severance Payments***

47. I am advised by counsel that, pursuant to the First ARIO, termination and severance payments are stayed. As part of the Applicants' ordinary course and ongoing review of business operations and personnel requirements, the Applicants may identify limited circumstances in which changes to staffing levels are appropriate having regard to the current needs of the business.

48. The Applicants believe that providing termination and severance payments to affected employees, where appropriate, is fair and reasonable in the circumstances and consistent with supporting affected employees, maintaining employee goodwill, and preserving the stability and continuity of the business. The Applicants also believe that maintaining positive relationships with former employees may be beneficial should the business transition into a future growth phase in which the Applicants, or a purchaser of the business, may seek to re-engage or rehire certain employees.
49. For these reasons, the Applicants seek authorization, but not the requirement, to make termination and severance payments to employees whose employment may be terminated during the CCAA proceeding, where the Applicants determine that such payments are appropriate in the circumstances.
50. The Applicants estimate that the maximum aggregate amount of potential termination and severance payments contemplated at this time is approximately \$30,000. The Applicants also estimate that the expected workforce reductions would reduce payroll expenses by approximately \$60,000 per month. Accordingly, the savings realized by the Applicants will greatly exceed the modest proposed termination and severance payments and such payments are reasonable and commercially justified in the circumstances.
51. The Applicants are therefore seeking an amendment to the First ARIO to permit, but not require, the Applicants to make such payments in appropriate circumstances during these proceedings.
52. I have been advised by my legal counsel that the Monitor also supports the requested relief.

**V. CONCLUSION**

53. For the reasons set out above, I believe that it is in the best interests of the Applicants and their stakeholders that this Court grant the relief requested in accordance with the terms of the proposed Second ARIO and SISP Order.

54. I swear this affidavit in support of the Applicants' application seeking the Second ARIO and SISP Order pursuant to the CCAA and for no other or improper purpose.

SWORN before me at the City of Red Deer,  
in the Province Alberta, this June 1, 2026.



Notary/Public Commissioner for Oaths in  
and for Alberta

**KAYLA BURAK**  
A Commissioner for Oaths  
in and for Alberta  
My Commission Expires  
July 9, 2027



**TRAVIS MCINTYRE**