



Canada Revenue Agency Agence du revenu
du Canada

Tax Services Office
Edmonton AB T5J 4C8

June 28, 2023

DYNALEO GROUP SERVICES INC.
3365 11TH STREET #2
NISKU AB T9E 8M8

Dear Sir:

Subject: Payroll examination statement of account

We have recently completed an examination of your books and records. Enclosed is your PD83-1, Payroll Examination Statement of Account.

If you have questions or need information about the attached documentation, please call me at.

Yours truly,

Lynn Brown
Trust Accounts Examination Officer

Canada

Edmonton Tax Services Office
9700 Jasper Avenue
Edmonton AB T5J 4C8

Local : 780-916-2864
Long Distance : 833-594-1912
Fax : 833-582-3323
Web site : canada.ca/taxes



Payroll Examination Statement of Account

Taxpayer's Name DYNALEO GROUP SERVICES INC		Date 2023-06-27	
Taxpayer's Address #2 3365-11TH AVE NISKU, AB T9E 8M8		Collections Section Contact VOICE OFFICE CALL ALLOCATION SYSTEM, OPEN UNTIL 9 PM	
Account Number 759468705RP0001		Collections Section Telephone (800)675-6183	
		Tax Services Office 1225 Edmonton	
An examination of your payroll records performed on 2023-06-27		covering the period from 2023-01-01 to 2023-05-31	
discloses discrepancies in your remittances as follows			
Details	2023 \$	\$	\$
Total deductions and taxpayer's obligation	675,822.30		
Total credits (includes amounts remitted and assessed)	538,478.70		
Adjustments	0.00		
Difference	137,343.60		
Corrections re EI and/or CPP (See PD86 attached)	0.00		
Balance	137,343.60		
Failure to remit penalty	13,734.36		
Interest	1,436.00		
Late remitting penalty	0.00		
Failure to deduct penalty	0.00		
Late filing penalty	0.00		
Mandatory electronic filing penalty	0.00		
Total owing	152,513.96		
Total arrears disclosed during examination		152,513.96	Applicable mandatory electronic filing penalties may be assessed when the additional T4 and/or T4A slips are processed.
Previous arrears		0.00	
Adjustments (Previous arrears)		0.00	
Interest to date on previous arrears		0.00	
Sub total		152,513.96	
Less: Current payment		0.00	
Balance due		152,513.96	

A notice of assessment will follow shortly. However, the amount owing is due and payable immediately and you are therefore required to provide the examination officer with the appropriate payment. Failure to do so may result in legal proceedings either by way of garnishee or action in the Federal Court which could result in seizure and sale of your assets.

LYNN M BROWN **2023-06-28**
 For Assistant Director Revenue Collections Division Date

Signature for receipt only of this statement

Penalties for failure to comply

Every employer or person who deducts or withholds any amount under the *Income Tax Act*, the *Canada Pension Plan* and the *Employment Insurance Act* shall be deemed to hold the amount so deducted or withheld in trust for Her Majesty. All amounts so deducted or withheld are trust funds and in the event of any liquidation, assignment, receivership or bankruptcy, the said amounts shall be deemed to be separate and form no part of the estate in liquidation, assignment, receivership or bankruptcy.

An employer or person who fails to deduct or who fails to remit tax that was deducted may be prosecuted and if convicted, will be fined not less than \$1 000 and not exceeding \$25,000, or may be fined and imprisoned for a period not exceeding 12 months. If the employer is a corporation, any officer, director or agent of the corporation who participated or acquiesced in the commission of the offence is equally liable with the corporation.

As of 2015 large employers, whose "average monthly withholding amount" (AMWA) is between \$25,000 and \$99,999 (Threshold 1) and those with an "AMWA" of \$100 000 or more (Threshold 2); are required to remit on an accelerated basis. For threshold 1 employers, withholdings from paydays occurring during the first 15 days of the month must be received by the 25th of that month and withholdings from paydays occurring during the remainder of the month must be received by the 10th day of the next month. Threshold 2 employers are required to remit withholdings by the 3rd day (not including a Saturday, a Sunday or a holiday) from the end of defined periods in which the payday(s) occur. The periods are: from the 1st to the 7th, the 8th to the 14th, the 15th to the 21st and the 22nd to the end of the month. Regular employers will continue to remit withholdings by the 15th day of the month following the month in which the amounts were deducted or withheld.

Amounts greater than \$500, that are remitted late or that are deficient (except for wilful delays or deficiencies) are subject to penalties under the *Income Tax Act*. The rate is 10% for the first late penalty assessed and 20% on subsequent late penalties assessed for the same calendar year when the subsequent failure was made knowingly or under circumstances amounting to gross negligence. If it is determined that the payment is wilfully late or deficient, the \$500 exemption will not be given. Daily compound interest at the prescribed rate is charged on all outstanding balances by aw

Liability of Directors

Where a corporation has failed to deduct or withhold an amount or has failed to remit such an amount as required under the *Income Tax Act* (or any other act for which the Minister is administratively responsible) the Directors of the corporation at the time the corporation was required to deduct, withhold or remit may be jointly and severally liable, together with the corporation, to pay any amount that the corporation is liable to pay in respect of that amount, including any interest or penalties relating thereto.

However, a director who exercises the degree of care, diligence, and skill that a reasonably prudent person would exercise will not be liable. To benefit from this provision a director should take positive action to ensure the corporation makes the necessary deductions and remittances. For further details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2R3, a copy of which may be obtained from your tax services office.

This examination does not constitute a complete audit of the financial records and does not preclude another audit being performed.

Clerk's stamp:

COURT / ESTATE FILE NUMBERS 24-2946872

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

APPLICANTS IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF
INTENTION TO MAKE A PROPOSAL OF DYNALEO
INC. AND DYNALEO GROUP SERVICES INC.

DOCUMENT **AFFIDAVIT NO. 3 OF MICHAEL KRESTELL**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT MILLER THOMSON LLP
Barristers and Solicitors
3000, 700 – 9th Avenue SW
Calgary, AB, Canada T2P 3V4

Attention: James W. Reid / Kyla Mahar

Phone: 403-298-2418 / 416-597-4303

E-mail: jwreid@millerthomson.com /
kmahar@millerthomson.com

File No.: 0277934.0001

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AFFIDAVIT NO 3. OF MICHAEL KRESTELL

Sworn on August 14, 2023

I Michael Krestell, of the city of Thornhill, in the Province of Ontario, **MAKE OATH AND SAY THAT:**

1. This Affidavit is made in support of the application (the "**Application**") by Dynaleo Inc. ("**Dynaleo**") and Dynaleo Group Services Inc. ("**Dynaleo Services**" and together with Dynaleo, the "**Companies**") returnable August 22, 2023, before the Court of King's Bench of Alberta (the "**Court**").
2. I am the Executive Chairman and director of each of the Companies. As such, I have personal knowledge of the Companies and matters to which I depose in this Affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.
3. I have previously sworn an affidavit in these proceedings on May 24, 2023 (the "**First Krestell Affidavit**") in support of the May 30, 2023 Order (as defined below) and on July 24, 2023 (the "**Second Krestell Affidavit**") in support of the July 31, 2023 Stay Extension Order (as defined below).
4. Unless otherwise stated, monetary figures in this Affidavit are expressed in Canadian dollars.

INTRODUCTION

5. As noted in the First Krestell Affidavit, on May 23, 2023, the Companies filed a notice of intention to make a proposal (the "**NOI**") under section 50.4(1) of *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**"). The NOI was filed in consultation with the Companies' professional advisors to attempt to restructure the Companies for the benefit of their stakeholders and after identifying no viable alternative process due to the Companies' insolvency.
6. Pursuant to section 50.4(8) of the BIA, the initial stay period under these proceedings was from May 23, 2023 to June 22, 2023.
7. On May 30, 2023, on application by the Companies, the Court granted an order (the "**May 30, 2023 Order**") that, among other things:

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- (a) appointed Harris & Partners Inc. as the trustee in these proceedings (the "**Proposal Trustee**");
 - (b) approved a sale and investment solicitation process (the "**SISP**") described in the Proposal Trustee's First Report to the Court dated May 24, 2023 (the "**First Report**") and authorized and directed the Companies and the Proposal Trustee to carry out the SISP;
 - (c) granted a charge, not to exceed \$200,000, as security for the fees and costs of the Proposal Trustee, its independent legal counsel, and legal counsel to the Companies;
 - (d) granted a Directors' and Officers' Charge over the assets and property of Dynaleo only, to a maximum amount of \$75,000, in favour of the directors and officers of the Companies;
 - (e) extended the time for filing a proposal pursuant to section 50.4(9) of the BIA up to and including August 5, 2023; and
 - (f) consolidated, for procedural purposes only, the Court of King's Bench of Alberta Bankruptcy and Insolvency Estate Nos. 24-2946871 and 24-2946872 into Estate No. 24-2946872.
8. On July 31, 2023, on application by the Companies, the Court of King's Bench of Alberta granted an order (the "**July 31, 2023 Stay Extension Order**") that, among other things, extended the time for filing a proposal pursuant to section 50.4(9) of the BIA up to and including September 19, 2023, to allow the Companies to pursue bids that were submitted in respect of the SISP.
9. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the First Krestell Affidavit or the APA (defined below).

NATURE OF APPLICATION AND OVERVIEW OF RELIEF SOUGHT

10. This Affidavit is made in support of the Application for an order, among other things:
- (a) abridging the time for service of the Application and the supporting material, if necessary, and deeming service thereof to be good and sufficient;

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- (b) extending the time by which the Companies may file proposals to their creditors pursuant to section 50.4(9) of the BIA for a 30-day period following the current deadline to do so;
- (c) approving the purchase and sale transaction contemplated in the draft asset purchase agreement (the "**APA**") between the Companies, as vendors, and Radco Ventures Inc. or its nominee, as purchaser (the "**Purchaser**"), on the terms set forth in the APA;
- (d) authorizing the Companies to make an interim distribution from the net proceeds of the transaction pursuant to the APA for the payment of priority deemed trust portions of source deduction arrears owing to the Canada Revenue Agency;
- (e) if necessary, approving the assignment of the lease between Dynaleo and 1806949 Alberta Ltd. (the "**Landlord**") dated June 1, 2019 (the "**Lease**") to the Purchaser;
- (f) approving releases ("**Releases**") in favour of (i) the current and former directors, officers, employees, legal counsel and advisors of the Companies, (ii) the Proposal Trustee and its legal counsel, and (iii) the Purchaser and its current and former directors, officers, employees, legal counsel and advisors ("**Released Parties**");
- (g) sealing confidential appendices (the "**Confidential Appendices**") to the Third Report of the Proposal Trustee (the "**Third Report**"); and
- (h) such further and other relief as counsel may request and this Honourable Court may deem appropriate;

(collectively, the "**Relief Sought**").

11. I have been advised by the Proposal Trustee that it supports the Relief Sought in the Application.

BACKGROUND

Operations and Organization

12. As noted in the First Krestell Affidavit, the Companies are private companies in the business of producing and distributing cannabis infused gummies.

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13. Dynaleo is incorporated pursuant to the *Business Corporations Act*, RSA 2000, c B-9. Its registered office is located at 2500-10175 101 Street NW, Edmonton, Alberta.
14. Dynaleo Services is incorporated pursuant to the *Canada Business Corporations Act*, RSC 1985, c C-44.
15. The Companies together are in the business of producing and distributing the highest quality cannabis-infused edible gummies (the "**Product**").
16. Dynaleo Services manages the production of the Product and at its peak employed approximately 65 full-time employees.
17. Dynaleo owns the equipment and supplies necessary for the production of the Product. Dynaleo also holds the lease in which the Companies operate out of and is responsible for distribution of the Product to the Companies' customers.
18. The Companies are insolvent and each filed a Notice of Intention to Make a Proposal with the Official Receiver on May 23, 2023 in order to restructure their affairs for the benefit of their stakeholders.

Employees

19. When its operations were in full production, Dynaleo Services had over 65 employees (the "**Employees**"), all of whom were based in Alberta, with the exception of four employees based in Ontario and one in British Columbia.
20. On May 9, 2023, after being informed by a critical customer of Dynaleo that this customer was going to reduce Product volume purchases, Dynaleo Services laid off 25 of its employees.
21. The remainder of the employees were terminated after filing the NOI. Five individuals have been retained on a contract basis to assist the Companies with carrying out the SISP and these proceedings.

The SISP

22. As set out in the First Krestell Affidavit beginning at paragraph 75, and the First Report beginning at paragraph 36, the Companies, with support of the Proposal Trustee, sought and obtained approval of the SISP to undergo a restructuring process and allow

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all qualified and interested parties to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Companies' assets and business operations (the "**Opportunity**").

23. The Companies commenced the SISP in June of 2023. It was designed to be flexible, such that any proposed transaction structure would be considered, whether it be for shares, or assets of the Companies, or any combination of these transactions.

24. The SISP milestones were:

Milestone	Deadline
Proposal Trustee to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	June 2, 2023
Phase 1 Bid Deadline	June 23, 2023
Phase 2 Bid Deadline	July 7, 2023
Transaction Approval Application Hearing	July 14, 2023
Closing Date Deadline	July 21, 2023

25. The Companies and Proposal Trustee worked together to prepare a list of Potential Bidders, including: (i) parties that have approached the Companies and/or the Proposal Trustee indicating an interest in the Opportunity, and (ii) strategic and financial parties who the Companies, in consultation with the Proposal Trustee, believe may be interested in purchasing all or part of the Business and Property or investing in the Companies pursuant to the SISP.

Results of the SISP

26. On or around June 2, 2023, the Proposal Trustee circulated to interested parties a process summary (the "**Teaser Letter**"), describing the Opportunity, the non-disclosure agreement, the process under the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP. A copy of the correspondence providing the Teaser Letter, details of the SISP process, and the non-disclosure agreement is attached as **Exhibit "A"**.

27. Interested parties were requested to submit an executed NDA, a letter setting forth the required information as laid out in the SISP, and a form of financial disclosure and credit

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quality support to enable the Companies and Proposal Trustee to understand the potential bidder's ability to consummate a potential transaction.

28. If the Companies, in consultation with the Proposal Trustee, determined that a potential bidder satisfied the requirements within the SISP procedure document, then the potential bidder was deemed to be a "**Phase 1 Qualified Bidder**".
29. A Phase 1 Qualified Bidder that wished to pursue the opportunity further was required to deliver a non-binding letter of intent (an "**LOI**") to the Proposal Trustee by 5:00 p.m. MST on June 23, 2023 (the "**Phase 1 Bid Deadline**").
30. It is my understanding that five Phase 1 Potential Bidders, including the Purchaser, submitted an LOI by the Phase 1 Bid Deadline.
31. Following the Phase 1 Bid Deadline, the Companies, in consultation with the Proposal Trustee, assessed the LOIs and selected certain parties (each a "**Phase 2 Qualified Bidder**") to proceed to Phase 2 of the SISP.
32. It is my understanding that two Phase 2 Qualified Bidders submitted binding offers by the bid deadline (each, a "**Binding Offer**"). Following receipt of the Binding Offers, the Companies, with the assistance of the Proposal Trustee determined that the Binding Offer submitted by the Purchaser provides the greatest recovery to stakeholders with the least closing risk.
33. Since the bid deadline, the Companies, with the assistance of the Proposal Trustee and their respective legal advisors have been negotiating the APA with the Purchaser for the Purchased Assets, subject to Court approval. I understand that a copy of the redacted APA, which is near final, will be attached as an appendix to the Third Report of the Proposal Trustee. A copy of the unredacted APA will be attached as a confidential appendix to the Third Report of the Proposal Trustee, to be filed.
34. On July 31, 2023, on application by the Companies, the Court of King's Bench of Alberta granted an order (the "**July 31, 2023 Stay Extension Order**") that, among other things, extended the time for filing a proposal pursuant to section 50.4(9) of the BIA up to and including September 19, 2023, to allow the Companies additional time to close the transaction contemplated by the APA and restructure their affairs.

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RELIEF REQUESTED

Extension of Time to File a Proposal

35. An extension of time for the Companies to file a proposal or proposals is a material component of these proceedings to allow the Companies to restructure their affairs, including completing the transaction contemplated by the APA.
36. Since filing the NOI, the Companies have been diligently complying with the various requirements under the BIA, including:
 - (a) preparing and analyzing the list of creditors;
 - (b) providing the Proposal Trustee with access to the Companies' senior employees and books and records;
 - (c) completing a cash flow forecast to the week ending October 19, 2023; and
 - (d) working with the Proposal Trustee to review and analyse binding offers submitted in the SISP and to negotiate and enter into the APA.
37. The Companies are working in good faith and with a view to maximize value for the Companies' creditors and other stakeholders.
38. I understand that in order to continue to work toward the formulation and filing of a proposal or proposals, the Companies will require an extension of the time period within which they may file a proposal or proposals to their creditors. In this regard:
 - (a) the Companies have acted and are acting in good faith and with due diligence both in the period prior to and since filing of the NOI;
 - (b) an extension will enhance the Companies' abilities to make a viable proposal or proposals following the completion of the transaction under the APA; and
 - (c) an extension will also allow the Companies to carry out certain dispute resolution steps pursuant to a litigation scheduling order of this Court.
39. I do not believe that an extension will prejudice any of the creditors.

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Approval of the Asset Purchase Agreement

40. The Companies seek approval of the transaction contemplated by the APA in the form of an Approval and Vesting Order.
41. The key terms of the APA are as follows:
 - (a) the Purchaser will acquire all of Companies' right, title and interest in and to the Purchased Assets from the Companies;
 - (b) the transaction is anticipated to close as soon as practicable, being five business days following the receipt of an Approval and Vesting Order or such other later date as may be determined between the parties, but in no event later than August 30, 2023 ("**Closing Date**");
 - (c) the Purchaser will acquire all of Companies' right, title, interest and obligation in and to the Companies' lease for the licensed facility as well as any other contracts of the Companies designated by the Purchaser prior to the Closing Date;
 - (d) the Purchaser may identify certain former employees of the Companies that it wishes to offer employment to following the Closing Date. The Purchaser shall bear any obligations or liabilities in relation to employees who accept the Purchaser's offer of employment following the Closing Date; and
 - (e) the Purchaser and Companies will enter into a post-closing storage agreement whereby the Purchaser will store certain assets of the Companies, if any, and as may be designated by the Companies or the Proposal Trustee, at no cost to the Companies (and provide all reasonable access to allow the Companies and the Proposal Trustee to access and remove such assets), and other terms as may be agreed between the Purchaser and Companies.
42. The Companies request that the Court approve the APA for the following reasons:
 - (a) the APA was submitted in compliance with the requirements of the Court-approved SISP;
 - (b) the APA is the result of extensive negotiations and represents the highest and best offer for the Purchased Assets in the present circumstances as well as having the highest likelihood of closing on an expedited timeline; and

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- (c) the APA will provide the potential for continued employment for some of the Companies' employees.

43. The Proposal Trustee was kept apprised of and was involved in the progress and status of the SISP and the subsequent negotiations of the APA, is supportive of the transaction contemplated by the APA, and is satisfied that sufficient effort was made to get the best price for the Purchased Assets and that further marketing efforts are not required.

Approval of the Assignment of the Lease

- 44. Dyanleo is the tenant under the Lease. The Landlord and the Tenant are currently negotiating terms for entering into a new lease arrangement for the premises upon which the Purchaser will operate, or alternatively, enter into a lease assignment agreement.
- 45. In the event that the Landlord and the Purchaser have not entered into an arrangement at the time of the Application, the parties are seeking an assignment of the Lease to the Purchaser.
- 46. It is expected that all amounts owing to the Landlord by Dynaleo under the Lease will be paid up in full prior to the Application.

Approval of the Disbursement for Source Deductions

- 47. Pursuant to an audit conducted by the Canada Revenue Agency (the "CRA") dated June 28, 2023, \$152,513.96 is owing for unpaid source deductions, inclusive of penalties and interest. The source deduction amounts relate to amounts owing pursuant to the Companies unpaid payroll remittances for the two pay periods prior to filing for creditor protection, being \$64,659.15 from April 6, 2023, and \$67,231.53, from May 5, 2023. Attached as **Exhibit "B"** is a copy of the statement of account for Dynaleo Services.
- 48. The source deduction amounts owing relate to deemed trust amounts that Dynaleo Services was required to withhold from its employees and remit to the CRA, plus penalties and interest. In early 2023, all the employees of Dynaleo were transferred to Dynaleo Services, however, Dynaleo Services never opened a bank account, and all payroll matters continued to be controlled and paid by Dynaleo. Further, no services

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contract was entered into between Dynaleo Services and Dynaleo, so effectively, for all intents and purposes, the employees of Dynaleo Services continued to work for and be paid by Dynaleo.

49. As a result, both Companies are party to the APA, and the Companies are seeking approval to make a distribution to the CRA of the deemed trust portion of the source deduction amounts owing.
50. An interim distribution to the CRA for the deemed trust portion of the outstanding source deduction amounts owing will prevent further interest and penalties from accruing to the detriment of the estate.

Approval of the Releases

51. The Companies seek the approval of Releases in favour of the Released Parties.
52. The Released Parties have made material contributions to these proceedings. Leading up to, and since the initiation of the proceedings, the Released Parties have worked diligently towards, or otherwise facilitated, a going-concern transaction of the Purchased Assets. Such efforts resulted in a successful SISP, multiple offers, and the negotiated APA.
53. The Releases are also critical to the orderly wind-down of these proceedings, as they will facilitate further monetary distributions to the secured creditors, which would otherwise be held back for an expensive and unnecessary claims process. In this respect the Releases facilitate the release of the Court-ordered charges without requiring a reserve for potential claims.
54. The requested Releases are necessary to bring finality to the proceedings, and will allow for further distributions to creditors in any proposal the Companies intend to put to their creditors.
55. Throughout these proceedings, the Released Parties acted in good faith and with due diligence.
56. The Releases explicitly do not release or discharge any claim that is not permitted to be released, pursuant to BIA section 50(14), including claims that are based on

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allegations of misrepresentation made by directors to creditors or of wrongful or oppressive conduct by directors.

- 57. With respect to the Releases being sought in favour of the directors and officers of the Companies, which include only myself and Peter Guo, it is important to note that both Mr. Guo and I are significant investors that, like other investors, have lost our investments in Dynaleo.

Sealing Order

- 58. I understand that the confidential appendices to the Third Report contain confidential and commercially sensitive information.
- 59. An order sealing the confidential appendices is appropriate given the commercially sensitive information contained therein and the potential negative impact that disclosure of such information may have on these proceedings and a future sale process in the event that the transaction contemplated in the APA does not close.

CONCLUSION

- 60. I swear this Affidavit in support of the Application and any other proper purpose in connection with these proceedings.
- 61. I was not physically present before the commissioner when swearing this Affidavit but was linked with the commissioner utilizing video technology and that the protocol described in the Alberta Court of King's Bench Notice to the Profession and Public dated March 25, 2020 with respect to remote commissioning of Affidavits was followed.

SWORN BEFORE me at the City of Thornhill, in the Province of Ontario, this 14th day of August, 2023.

Anna Kosa

A Commissioner for Oaths in and for the Province of Alberta.

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Michael Krestell

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

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This is Exhibit "A" referred to in the Affidavit of Michael Krestell sworn before me this 14th day of August 2023

Anna Kosa

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

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From: Jill Strueby <jill@harrispartners.ca>
Sent: Friday, June 2, 2023 2:12 PM
To: Jill Strueby
Subject: Dynaleo - Investment or Purchase Opportunity
Attachments: SISP Procedures.pdf; Non-Disclosure Agreement for SISP - Dynaleo NOI.pdf; Dynaleo - Teaser.pdf

Good afternoon,

We thought this investment or acquisition opportunity might be of interest to you. We have attached a Teaser, the SISP Procedures and a Non-Disclosure Agreement and would be happy to set up a call to discuss the SISP process in more detail.

The Investment or Purchase Opportunity and Process

On May 23, 2023, Dynaleo Inc. ("**Dynaleo**") and Dynaleo Group Services Inc. ("**Dynaleo Services**" and together with Dynaleo, the "**Companies**") filed a Notice of Intention to Make a Proposal ("**NOI**"). On May 30, 2023, the Honourable D.B. Nixon of the Court of King's Bench of Alberta (the "**Court**") granted an Order (the "**SISP Order**") in the NOI Proceedings, among other things, authorizing the Companies, with the assistance of the Proposal Trustee, to pursue all avenues of sale of or investment in of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

Pursuant to the SISP, interested parties who wish to pursue a potential investment or acquisition are required to execute a Non-Disclosure Agreement to receive access to the data room.

The Proposal Trustee is accepting non-binding bids until **5:00pm Calgary Time on June 23, 2023 (Phase I Bid Deadline)**.

Additional information is available on the Proposal Trustee's website: www.hpiadvisory.com/dynaleo.

We look forward to hearing from you.

Sincerely,



Jill Strueby CPA, CA, CIRP

Partner | Licensed Insolvency Trustee

T: [403-800-1574](tel:403-800-1574) | M: [403-629-9848](tel:403-629-9848) | F: [905-479-2346](tel:905-479-2346)

W: www.harrispartnersadvisory.ca



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Attachment One to Email

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Sale and Investment Solicitation Process

Introduction

1. On May 23, 2023, each of Dynaleo Inc. ("**Dynaleo**") and Dynaleo Group Services Inc. ("**Dynaleo Services**") and collectively, the "**Companies**") filed a Notice of Intention to Make a Proposal (each, an "**NOI**") pursuant s. 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**") in Estate Nos 24-2946871 and 24-2946872 (the "**NOI Proceedings**").
2. Harris & Partners Inc. is the proposal trustee of each of the Companies in the NOI Proceedings (in such capacity, the "**Proposal Trustee**").
3. On May 30, 2023, the Honourable D.B. Nixon of the Court of King's Bench of Alberta (the "**Court**") granted an Order (the "**SISP Order**") in the NOI Proceedings, among other things, authorizing the Companies, with the assistance of the Proposal Trustee, to pursue all avenues of sale of or investment in their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.
4. In this regard, the Proposal Trustee will conduct the sale and investment solicitation process (the "**SISP**") described herein, with the assistance of the Companies and with the approval of the Court pursuant to the SISP Order.
5. The SISP is intended to solicit interest in an acquisition or refinancing of the business or a sale of the assets and/or the Business (as defined herein) of the Companies by way of sale, merger, reorganization, recapitalization, equity issuance or other similar transaction. The Companies intend to provide all qualified interested parties with an opportunity to participate in the SISP.
6. This document (the "**SISP Procedure**") outlines the SISP, which is comprised of two phases ("**Phase 1**" and "**Phase 2**", respectively).
7. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein, any event that occurs on a day that is not a business day in the Province of Alberta (each, a "**Business Day**") shall be deemed to occur on the next Business Day.

Opportunity

8. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Companies' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Companies as a going concern, or a sale of all, substantially all, or one or more components of the Companies' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.
9. Except to the extent otherwise set forth in a definitive sale or investment agreement with a Successful Bidder (as defined herein), any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Proposal Trustee, the Companies, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Companies in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders,

to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.

Timeline

10. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Proposal Trustee to create list of Known Potential Bidders and distribute Teaser Letters and NDAs to Known Potential Bidders	June 2, 2023
Phase 1 Bid Deadline	June 23, 2023
Phase 2 Bid Deadline	July 7, 2023
Transaction Approval Application Hearing	July 14, 2023
Closing Date Deadline	July 21, 2023

The dates set out in the SISP may be extended by the Proposal Trustee.

SOLICITATION OF INTEREST: NOTICE OF THE SISP

11. As soon as reasonably practicable, but in any event by no later than June 2, 2023:

- (a) the Companies, in consultation with the Proposal Trustee, will prepare a list of Potential Bidders (as defined herein), including:
 - (i) parties that have approached the Companies or the Proposal Trustee indicating an interest in the Opportunity; and
 - (ii) local and international strategic and financial parties who the Companies, in consultation with the Proposal Trustee, believe may be interested in purchasing all or part of the Business and Property or investing in the Companies pursuant to the SISP,

(collectively, "**Known Potential Bidders**");
- (b) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information which the Proposal Trustee, in consultation with the Companies, considers appropriate) (the "**Notice**") to be published in Insolvency Insider and any industry publication, website, newspaper or journal as the Proposal Trustee, in consultation with the Companies, considers appropriate, if any; and
- (c) the Companies, in consultation with the Proposal Trustee, will prepare:
 - (i) 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; and
 - (ii) a non-disclosure agreement in form and substance satisfactory to the Companies and the Proposal Trustee, and their respective counsel (an "**NDA**").

12. The Proposal Trustee shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than June 2, 2022, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Companies or the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

PHASE 1: NON-BINDING LOIS

Qualified Bidders

13. Any party who wishes to participate in the SISP (each, a “**Potential Bidder**”) must deliver to the Companies and the Proposal Trustee, unless the Proposal Trustee confirms to such Potential Bidder that the below documents were already provided to the satisfaction of, or are already available to, the Companies and the Proposal Trustee:
- (a) an executed NDA which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof. If the Potential Bidder has previously delivered an NDA and letter of this nature to the Companies or Proposal Trustee and the NDA remains in effect, the Potential Bidder is not required to deliver a new NDA or letter pursuant to this section unless otherwise requested by the Proposal Trustee;
 - (b) a letter setting forth the Potential Bidder's (i) identity, (ii) contact information and (iii) full disclosure of its direct and indirect principals; and
 - (c) a form of financial disclosure and credit quality support or enhancement that allows the Companies and the Proposal Trustee to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Sale Proposal or Investment Proposal (as each is defined herein), as applicable.
14. If the Companies, in consultation with the Proposal Trustee, determine that a Potential Bidder has:
- (a) delivered the documents contemplated in paragraph 13 above; and
 - (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP,
- then such Potential Bidder will be deemed to be a “**Phase 1 Qualified Bidder**”. For greater certainty, no Potential Bidder shall be deemed to be a Phase 1 Qualified Bidder without the approval of the Proposal Trustee, in consultation with the Companies.
15. At any time during Phase 1 of the SISP, the Companies may, in their reasonable business judgment and after consultation with the Proposal Trustee and with the consent of the Proposal Trustee, eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will be eliminated from the SISP and will no longer be a Phase 1 Qualified Bidder for the purposes of the SISP.
16. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Companies.

Due Diligence

17. The Proposal Trustee, in consultation with the Companies, shall in its reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to due diligence material and information relating to the Property and Business as they or the Proposal Trustee deem appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Phase 1 Qualified Bidder may reasonably request and as to which the Companies, in their reasonable business judgment and after consulting with the Proposal Trustee, may agree.
18. The Proposal Trustee shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Companies nor the Proposal Trustee shall be obligated to furnish any information relating to the Property or Business to any person other than to Phase 1 Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Companies, in consultation with and with the approval of the Proposal Trustee, determine such information to represent proprietary or sensitive competitive information.

Non-Binding Letters of Intent from Phase 1 Qualified Bidders

19. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of intent (an "**LOI**") to the Companies and the Proposal Trustee at the addresses specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Calgary Time) on June 23, 2023 (the "**Phase 1 Bid Deadline**").
20. Subject to paragraph 45, an LOI will only be considered a qualified LOI (a "**Qualified LOI**") if:
 - (a) it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property (a "**Sale Proposal**"); or
 - (ii) make an investment in, restructure, reorganize or refinance the Business or the Companies (an "**Investment Proposal**");
 - (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the Purchase Price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required for a final and binding offer;

- (v) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (d) in the case of an Investment Proposal, it identifies or contains the following:
- (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or the Companies in Canadian dollars;
 - (iii) the underlying assumptions regarding the *pro forma* capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and
- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Proposal Trustee or the Companies.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

21. Following the Phase 1 Bid Deadline, the Companies, in consultation with the Proposal Trustee, will assess the Qualified LOIs and, if it is determined that a Phase 1 Qualified Bidder that has submitted a Qualified LOI:
- (a) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be); and
 - (b) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided;

then such Phase 1 Qualified Bidder will be deemed a “**Phase 2 Qualified Bidder**”, provided that the Companies may, in their reasonable business judgment and after consultation with the Proposal Trustee and with the approval of the Proposal Trustee, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in paragraph 22 hereof and any material adverse impact on the operations and performance of the Companies. Only Phase 2 Qualified Bidders shall be permitted to proceed to

Phase 2 of the SISP. No Phase 1 Qualified Bidder that has submitted a Qualified LOI shall be deemed not to be a Phase 2 Qualified Bidder without the approval of the Proposal Trustee.

22. As part of the assessment of Qualified LOIs and the determination of the process subsequent thereto, the Companies, in consultation with the Proposal Trustee, shall determine the process and timing to be followed in pursuing Qualified LOIs based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to:
- (a) the number of Qualified LOIs received;
 - (b) the extent to which the Qualified LOIs relate to the same Property or Business or involve Investment Proposals predicated on certain Property or Business;
 - (c) the scope of the Property or Business to which any Qualified LOIs may relate; and
 - (d) whether to proceed by way of sealed bid or auction with respect to some or all of the Property.
23. If the Proposal Trustee is not satisfied with the number or terms of the Qualified LOIs, the Proposal Trustee, in consultation with the Companies, may either terminate this SISP, or extend the Phase 1 Bid Deadline without further Court approval and, unless otherwise provided for by the Proposal Trustee, the Phase 2 Bid Deadline (as defined herein), and any other deadlines or timeframes hereunder, shall not apply, or may be extended by the Proposal Trustee as it deems necessary in consultation with the Companies.
24. If the Proposal Trustee, in consultation with the Companies, is of the view there is only one Qualified LOI worth the Company pursuing a transaction with, the Proposal Trustee, in consultation with the Companies, may terminate this SISP and bypass the steps set out in Phase 2 of this SISP, and the Companies, in consultation with the Proposal Trustee, may enter into exclusive negotiations with such Phase 1 Qualified Bidder for a transaction. In such circumstances, any finalized and binding bid by the Phase 1 Qualified Bidder may be selected as the Successful Bid (defined below), and the Phase 1 Qualified Bidder as the Successful Bidder (defined below), for the purposes of the Transaction Approval Application (defined below).
25. If the Proposal Trustee, in consultation with the Companies, elect to bypass Phase 2, the timelines set out in these SISP Procedures shall be proportionally accelerated.
26. Subject to paragraphs 24 and 25 above, following the determination of the manner in which to proceed to Phase 2 of the SISP in accordance with paragraphs 21 and 22 hereof, the Companies, in consultation with the Proposal Trustee and with the approval of the Proposal Trustee, may prepare a bid process letter for Phase 2 (the "**Bid Process Letter**") to be (a) sent by the Proposal Trustee to all Phase 2 Qualified Bidders as soon as practically possible following the Phase 1 Bid Deadline, and (b) posted by the Proposal Trustee on the website the Proposal Trustee maintains in respect of the NOI Proceedings.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

27. Paragraphs 28 to 34 below and the conduct of Phase 2 are subject to paragraphs 21 to 26, above, any adjustments made to Phase 2 in accordance with the Bid Process Letter, and any further Court order regarding the SISP.

Formal Binding Offers

28. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Companies or their Property or Business shall submit a binding offer (a "**Phase 2 Bid**") that complies with all of the following requirements to Companies and the Proposal Trustee at the addresses specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 5:00 PM (Calgary Time) on July 7, 2023, or as may be modified in the Bid Process Letter (the "**Phase 2 Bid Deadline**"):
- (a) the bid shall comply with all of the requirements set forth in paragraph 20 above in respect of Phase 1 Qualified LOIs;
 - (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Companies or their Property or Business and is consistent with any necessary terms and conditions established by the Companies and the Proposal Trustee and communicated to Phase 2 Qualified Bidders;
 - (c) the bid includes a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
 - (d) the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;
 - (e) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Companies and the Proposal Trustee to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
 - (f) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 1 from the Phase 2 Qualified Bidder, or (ii) obtaining financing, but may be conditioned upon the Companies receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
 - (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
 - (h) for a Sale Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable deposit in the form of a wire transfer to a trust account specified by the Proposal Trustee (a "**Deposit**") in the amount of not less than 15% of the Purchase Price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
 - (i) for an Investment Proposal, the bid includes a Deposit in the amount of not less than 15% of the total new investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;

- (j) the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:
 - (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Companies prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 1 from the Phase 2 Qualified Bidder);
 - (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and
 - (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Companies or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Companies;
 - (k) the bid is received by the Phase 2 Bid Deadline; and
 - (l) the bid contemplates closing the transaction set out therein on or before July 21, 2023.
29. Following the Phase 2 Bid Deadline, the Companies, together with the Proposal Trustee, will assess the Phase 2 Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Phase 2 Bids received shall be deemed to be Qualified Bids without the approval of the Proposal Trustee. Only Phase 2 Qualified Bidders whose bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).
30. The Proposal Trustee shall notify each Phase 2 Qualified Bidder in writing as to whether its Phase 2 Bid constitutes a Qualified Bid within ten (10) Business Days of the Phase 2 Bid Deadline, or at such later time as the Proposal Trustee deems appropriate.
31. If the Company, in consultation with the Proposal, is not satisfied with the number or terms of the Qualified Bids, the Proposal Trustee may, elect to (i) extend the Phase 2 Bid Deadline; or (ii) seek Court approval to formally amend to the SISF.
32. The Companies may, in consultation with the Proposal Trustee, aggregate separate Phase 2 Bids from unaffiliated Phase 2 Qualified Bidders to create one Qualified Bid.

Evaluation of Competing Bids

33. The Companies, in consultation with the Proposal Trustee, will evaluate Qualified Bids based upon several factors including, without limitation:
- (a) the Purchase Price and the net value provided by such bid;
 - (b) the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions;
 - (c) the proposed transaction documents;

- (d) factors affecting the speed, certainty and value of the transaction;
- (e) the assets included or excluded from the bid;
- (f) any related restructuring costs; and
- (g) the likelihood and timing of consummating such transaction.

Selection of Successful Bid

34. The Companies, in consultation with the Proposal Trustee, will:
- (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Companies, in consultation with the Proposal Trustee, and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Phase 2 Qualified Bid as a result of such negotiations; and
 - (b) identify the highest or otherwise best bid (the “**Successful Bid**”, and the Phase 2 Qualified Bidder making such Successful Bid, the “**Successful Bidder**”) for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Companies, with the assistance of the Proposal Trustee, shall be subject to approval by the Court.
35. The Companies shall have no obligation to enter into a Successful Bid, and it reserves the right, after consultation with the Proposal Trustee, to reject any or all Phase 2 Qualified Bids.

Transaction Approval Application Hearing

36. At the hearing of the application to approve any transaction with a Successful Bidder (the “**Transaction Approval Application**”), the Companies shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Phase 2 Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Companies on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

37. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Companies, the Proposal Trustee and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Companies, with the approval of the Proposal Trustee and consent of the applicable participants, are seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.
38. The Proposal Trustee may consult with any parties with a material interest in the BIA proceedings regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Proposal Trustee (subject to paragraph 37 and taking into account, among other things, whether any particular party is a Potential Bidder, Phase 1 Qualified Bidder, Phase 2 Qualified Bidder or other participant or prospective participant in the SISP or involved in

a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Companies and the Proposal Trustee.

Deposits

39. All Deposits shall be retained by the Proposal Trustee in a non-interest-bearing trust account located at a financial institution in Canada.
40. If there is a Phase 2 Qualified Bid that constitutes a Successful Bid, the Deposit paid by the person making such Successful Bid shall be applied to the consideration to be paid by such Qualified Bidder upon closing of the transaction constituting the Successful Bid.
41. The Deposit(s) from all Qualified Bidders submitting Phase 2 Qualified Bids that do not constitute a Successful Bid shall be returned to such Qualified Bidder within five (5) Business Days of the earlier of the date that the Companies select a Successful Bid or the Court declares a Successful Bid.
42. If the Qualified Bidder making a Phase 2 Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Proposal Trustee for and on behalf of the Companies; provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Companies have in respect of such breach or default.
43. If the Companies are unable to complete the Successful Bid as a result of its own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) than the Deposit shall be returned to the Successful Bidder.

Supervision of the SISP

44. The Proposal Trustee shall oversee, in all respects, the conduct of the SISP by the Companies and, without limitation to that supervisory role, the Proposal Trustee will participate in the SISP in the manner set out in this SISP Procedure, the SISP Order, and any other orders of the Court, and is entitled to receive all information in relation to the SISP. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
45. The Proposal Trustee, in consultation with the Company, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty,
 - (a) deem a non-compliant LOI to be a Qualified LOI; and
 - (b) waive strict compliance with any one or more of the requirements specified above and deem a non-compliant Phase 2 Bids to be a Qualified Bid.
46. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Companies or the Proposal Trustee and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Companies.
47. Without limiting the preceding paragraph, the Proposal Trustee shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Phase 1

Qualified Bidder, Phase 2 Qualified Bidder, the Successful Bidder, the Companies, or any creditor or other stakeholder of the Companies, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or wilful misconduct of the Proposal Trustee. By submitting a bid, each Phase 1 Qualified Bidder, Phase 2 Qualified Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Proposal Trustee for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct of the Proposal Trustee.

48. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any LOI, Phase 2 Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
49. Subject to the terms of the SISP Order, the Companies shall have the right to modify the SISP (including, without limitation, pursuant to the Bid Process Letter) with the prior written approval of the Proposal Trustee if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in the NOI Proceedings shall be advised of any substantive modification to the procedures set forth herein.
50. In order to discharge its duties in connection with the SISP the Proposal Trustee may engage professional or business advisors or agents as the Proposal Trustee deems fit in its sole discretion.

Further Orders

45. At any time during the SISP, the Proposal Trustee or the Companies may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder, if any.

Schedule "1"

To the Companies

Dynaleo Inc. and Dynaleo Group Services Inc.
3365-11th Street #2
Nisku, Alberta T9E 8M8

Attention: Michael Krestell

Email: michael.krestell@dynaleo.com

with a copy to

Miller Thomson LLP
3000, 700 - 9th Avenue SW
Calgary, Alberta T2P 3V4

Attention: James Reid

Email: jwreid@millertomson.com

To the Proposal Trustee:

Harris & Partners Inc.
500 4th Avenue SW, Unit 1910
Calgary, Alberta T2P 2V6

Attention: Jill Strueby

Email: jill@harrispartners.ca

with a copy to

MLT Aikens LLP
2100, 222 3 Ave SW
Calgary, AB T2P 0B4

Attention: Ryan Zahara

Email: rzahara@mltaikins.com

Attachment Two to Email

the Companies shall provide to the Potential Bidder. Confidential Information excludes any information that is, as at the Effective Date, in the public domain through no fault of the Potential Bidder, and any information that, after the Effective Date, becomes part of the public domain through no fault of the Potential Bidder; and

- (b) "**Person**" means a natural person; sole proprietorship; syndicate; estate; an individual in his capacity as trustee, executor, administrator or other legal or personal representative; firm; trust; pension plan; partnership; joint venture; association; corporation; unincorporated organization; union; governmental body; or other entity and a successor to any such Person.
- (c) "**Transaction**" means the transaction that results from the SISP.

1.2 Interpretation: In this Agreement, except as otherwise expressly provided:

- (a) all words and personal pronouns will be read and construed as the number and gender of the Parties required and the verb will be read and construed as agreeing with the required word and pronoun;
- (b) any reference in this Agreement to the Companies, the Proposal Trustee or the Potential Bidder will include and will be deemed to be a reference to such Party's successors, affiliates and permitted assigns; and
- (c) the division of this Agreement into articles and sections and the use of headings is for convenience of reference only and will not modify or affect the interpretation or construction of this Agreement or any of its provisions.

2. Confidentiality and Non-Disclosure

2.1 Disclosure: Any Confidential Information disclosed by the Proposal Trustee to the Potential Bidder is and shall at all times remain the property of the Companies, and shall be disclosed without conveying any right, title or interest of any nature whatsoever in or to such Confidential Information. All Confidential Information disclosed by the Proposal Trustee to the Potential Bidder shall be disclosed without any license to use, sell, exploit, copy or further develop in any way such Confidential Information.

2.2 Non-Disclosure: The Potential Bidder shall: (a) receive and maintain all Confidential Information in confidence; (b) keep all Confidential Information strictly secret and confidential and take all necessary steps and precautions to ensure that no other person will gain access to the Confidential Information or any part thereof; and (c) not make any disclosure of or any use of the Confidential Information except for the purpose of evaluating a Transaction and shall not take advantage of or use any of the Confidential Information to solicit investors, creditors, customers or suppliers of the Proposal Trustee or for any other reason.

2.3 Maintaining Confidentiality:

- (a) Except as may be required by applicable law, the Potential Bidder will not divulge any Confidential Information to other persons unless first approved by the Proposal Trustee in writing, in which case any permitted disclosure shall be limited to the extent necessary to allow the Potential Bidder to evaluate and consider the Confidential Information for the purpose of evaluating a Transaction. To the extent disclosure is made to any third party,

such third parties are to be instructed that the Confidential Information is confidential and must first agree to keep such Confidential Information confidential.

- (b) In the event the Potential Bidder becomes legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigation, demand, order or other legal process) to disclose any of the contents of the Confidential Information, the Proposal Trustee agrees that the Potential Bidder may do so without liability, provided that the Potential Bidder: (a) cooperates with the Proposal Trustee in any attempts it may make to obtain a protective order or other appropriate assurance that confidential treatment will be afforded the Confidential Information, and (b) if no protective order is obtained and disclosure is required, (i) furnish only that portion of the Confidential Information that, in the Potential Bidder's counsel's opinion, the Potential Bidder is legally compelled to disclose, and (ii) take all reasonable measures to obtain reliable assurance that confidential treatment will be accorded the Confidential Information

- 2.4 Maintenance:** The Potential Bidder shall store the Confidential Information securely and ensure that appropriate physical, technological and organizational measures are in place to protect the Confidential Information against unauthorized or unintended access, use or disclosure. The Potential Bidder shall not retain the Confidential Information for longer than is necessary to enter into and complete the Transaction, as the case may be.
- 2.5 Continuing Obligations Regarding Confidentiality:** The obligations of confidentiality and non-disclosure contained in this Agreement will survive the completion of the Transaction or notice of termination and will be binding on the Potential Bidder whether or not any such Transaction proceed.
- 2.6 Responsibility for Others:** The Potential Bidder agrees that it will be responsible for any breach of this Agreement by its respective directors, officers, employees, advisors, representatives, consultants, agents, affiliates and related Persons, as the case may be.

3. Representations, Warranties & Covenants

- 3.1 No Representation or Warranty:** Neither the Companies nor the Proposal Trustee: (a) make any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information; or (b) shall be liable to the Potential Bidder or to any other Person for any losses, liabilities, damages, claims, demands or expenses resulting from, connected with or arising out of the Potential Bidder's possession or use of the Confidential Information. Nothing in this Agreement or in the disclosure of the Confidential Information confers any interest in the Confidential Information in or on the Potential Bidder.
- 3.2 Communication:** The Potential Bidder agrees that all (a) contacts and communications regarding the Confidential Information or a Transaction, (b) requests for additional information or Confidential Information, (c) requests for facility tours or management meetings with the Companies, and (d) discussions or questions regarding procedures, will be submitted or directed only to _____. The Potential Bidder further agrees that under no circumstances will the Potential Bidder contact (directly or indirectly) any director, officer, shareholder, employee or other representative of the Companies or any of their affiliates regarding a possible Transaction or the Confidential Information without the prior written consent of the Proposal Trustee. The Potential Bidder further agrees that under no circumstances will the Potential Bidder discuss or otherwise communicate any aspect of the Confidential Information or a Transaction to any member of the management of the Companies without the express written

permission of the Proposal Trustee. Without the Proposal Trustee's prior written consent, the Potential Bidder shall not, and shall direct the Potential Bidder's representatives not to, make any contact of any nature (directly or indirectly) regarding a possible Transaction (including inquiries or requests concerning Confidential Information) with any person involved in or having had a business relationship with the Companies, including but not limited to any employee, dealer, supplier, customer, creditor, bank or other lender of or to the Companies.

- 3.3 Non-Solicitation:** The Potential Bidder agrees that they will not, for a period of twelve (12) months after the date hereof, initiate the solicitation for employment of any person who is now employed by the Proposal Trustee or any customers or suppliers of the Proposal Trustee that the Potential Bidder did not already have a pre-existing contractual arrangement with. The foregoing does not prohibit the Potential Bidder from making general non-targeted solicitations for employment or from employing any person who is now employed by the Proposal Trustee who might respond to such a general non-targeted solicitation of employment.

4. Termination & Enforcement

- 4.1 Termination by Discloser:** The Proposal Trustee may elect at any time to terminate further access by the Potential Bidder to the Confidential Information. If at any time the Potential Bidder determines not to proceed with a Transaction, the Potential Bidder will promptly notify the Proposal Trustee in writing. Following any request by the Proposal Trustee, the Potential Bidder agrees (a) to promptly re-deliver to the Proposal Trustee all written Confidential Information and any other written material containing or reflecting any of the Confidential Information in the possession of the Potential Bidder, (b) the Potential Bidder will not retain any copies, extracts or other reproductions in whole or in part, mechanical or electronic, of such written material, and (c) all the notes prepared by the Potential Bidder will be destroyed, with all such destruction being confirmed by the Potential Bidder to the Proposal Trustee in writing.

- 4.2 Indemnity:** The Potential Bidder will indemnify and save the Companies and the Proposal Trustee harmless from and against any and all liabilities, losses, costs, damages, claims, demands, suits, actions, expenses and disbursements of whatever kind and nature which may be incurred by, imposed upon, asserted against, or demanded from, the Companies in connection with any breach of or non-compliance with the provision of this Agreement by the Potential Bidder or by its respective directors, officers, employees, advisors, representatives, agents, affiliates or related Persons.

5. General

- 5.1 Waiver:** No delay or omission of the Companies in the exercise of any right accruing upon any default of the Potential Bidder, or either of them, will impair such right or be construed as a waiver thereof, and every such right may be exercised at any time during the continuance of such default. A waiver by the Companies of any breach of, or a default in, any of the terms and conditions of this Agreement by the Potential Bidder will not be construed or interpreted to be a waiver of any subsequent breach of or default in the same or any other provision of this Agreement.

- 5.2 Remedies Generally:** All of the remedies of the Proposal Trustee specified in this Agreement or otherwise available at law or in equity will be available in every instance and will not be exclusive or in the alternative but will be cumulative and may be exercised at such times and in such order as may be beneficial in the circumstances.

- 5.3 Entire Agreement:** This Agreement constitutes the entire agreement between the Parties and supersedes all prior contracts, agreements and understandings pertaining to the subject matter of this Agreement. No amendment, modification or alteration of this Agreement shall be binding unless executed in writing by the Parties. There are no representations, warranties, collateral agreements or conditions affecting this transaction other than as are expressed or referred to herein in writing.
- 5.4 Assignment:** This Agreement may not be assigned by the Potential Bidder without the prior written consent of the Proposal Trustee.
- 5.5 Enurement:** This Agreement shall enure to the benefit of the Parties and the Companies and their successors and assigns and shall be binding upon the Parties and the Companies and their successors and permitted assigns.
- 5.6 Severability:** Any article, section or other subdivision or any other provision of this Agreement that is deemed to be, or becomes, void, illegal, invalid or unenforceable will be severable from this Agreement and ineffective to the extent of such voidability, illegality, invalidity or unenforceability and will not invalidate, affect or impair the remaining provisions of this Agreement, which will be severable from any void, illegal, invalid or unenforceable article, section or other subdivision or provision.
- 5.7 Governing Law:** This Agreement and its application and interpretation will be governed by and construed in accordance with the laws in force in the Province of Alberta, and each of the Parties irrevocably submits to the jurisdiction of the Courts in the NOI proceedings for the interpretation and enforcement of this Agreement.
- 5.8 No Recourse:** The Potential Bidder shall have no recourse against the Proposal Trustee in either its personal or corporate capacity.
- 5.9 Amendment:** This Agreement may only be amended by written agreement signed by the Parties.
- 5.10 Liability of Potential Bidder:** If the Potential Bidder consists of more than one Person, the covenants of the Potential Bidder will be joint and several covenants of each such Person.
- 5.11 Electronic Copies and Counterparts:** This Agreement may be executed and delivered by electronic means of transmission and the Parties may rely upon such copies of the Agreement so delivered as though such copies are originals of this Agreement. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered will be deemed to be an original, and all such counterparts together will constitute one and the same instrument and, notwithstanding the date of execution, will be deemed to be dated as of the date written at the beginning of this Agreement.

[Remainder of the page left blank; signature page to follow]

AK

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the Effective Date.

HARRIS & PARTNERS INC., in its capacity as
Proposal Trustee of **DYNALEO INC.** and
DYNALEO GROUP SERVICES INC., and not in
its personal or corporate capacity

Per:
Title:

Potential Bidder Name:

Per:
Title:

Witness Name:

AK

Attachment Three to Email

OK

Sales and Investment Solicitation Process – Division 1 Proposal
Acquisition Opportunity: Dynaleo Inc.
Cannabis – Infused Edibles Manufacturing, in Nisku, Alberta



Innovative gummy solutions

Premier, State of the Art, Edibles Manufacturing Facility, in Nisku, Alberta

Dynaleo

Bid Deadline: June 23, 2023



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Investment or Asset Acquisition Opportunity

Company Background

Dynaleo Inc. ("Dynaleo" or the "Company") is a business that offers cannabis infused edible products with a state of the art facility in Nisku, Alberta. In 2019, the Company began an extensive project, constructing an approximately 26,000 square foot leased facility, including licensed production and packaging rooms, QA offices, a vault and multiple ingredient/storage rooms. The non-licensed space consists of office space, maintenance shop, board room, lunch and training room, change rooms and a gowning area. Upon completion of the leasehold improvements, and receiving the required Health Canada licenses, the Company began operations in 2021.

Dynaleo's head office is located at 3365 11 Street, Nisku, AB (the "Leased Premises") and it shared the facility with a related company, Dynaleo Services Inc. ("Dynaleo Services"). This leased facility is well-located, in the warehouse district of Nisku, AB and perfectly situated for a manufacturing business.

The Company's assets (the "Assets") primarily consist of extensive tenant improvements related to the construction of the facility, high end manufacturing equipment, including production and manufacturing equipment for producing gummies, sorting equipment, packaging and labelling machinery.

Dynaleo boasts superior, state-of-the-art facilities, that provide an opportunity for profitability and growth in the future. This "turn-key ready" facility is considered a very rare find and an exciting purchase opportunity for any interested buyer.

The Company's assets can produce up to 50,000 gummies per hour and labelling capability in the range of 1,200 to 1,800 packaged bags per hour depending on the size.

Court Process

On May 23, 2023, the Company filed a Notice of Intention to Make a Proposal ("NOI"). On May 30, 2023, the Honourable D.B. Nixon of the Court of King's Bench of Alberta (the "Court") granted an Order (the "SISP Order") in the NOI Proceedings which, among other things, authorized the Companies, with the assistance of the Proposal Trustee, to pursue all avenues of sale of or investment in their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.

Further information regarding the SISP can be found on the following page or on HPI's website at www.hpiadvisory.com/dynaleo.

Acquisition Highlights



Licenses

- Standard Processing license to produce and sell Edibles, Plants/Seeds, Dried/Fresh, Extracts and Topicals
- Research license to conduct sensory testing onsite



Facilities

- The leased facility offers ~26,000 square feet of space including several storage and temperature-controlled spaces.
- The facility is located in bays 2 and 3 of the building, which offers ample offices and storage space.
- The furnishings within the facility are of high-end quality and include extensive leasehold improvements.



Equipment

- All equipment required for end-to-end production and packaging of gummies are of recent age and in very good condition.
- The equipment can produce cannabis infused and non-infused gummies without modification.



Dynaleo

Harris & Partners

Location Details

Location Details

Nisku Facility
Address: #2 and #3 – 3365 11 Street, Nisku, AB
Facility Size: 26,000 square feet

Location Map



Facility Photos



Note: Approximate outline of leased space

Developed Recreational and Wellness Brands

THC ONLY



Blue Raspberry Soft Chews 5mg THC x 2
 Mango Tangerine Soft Chews 2mg THC x 5
 Sour Cherry Soft Chews 1mg THC x 10
 Watermelon Lemonade Soft Chews 2mg THC x 5
 Wild Strawberry Soft Chews 2mg THC x 5

CBD:THC



CBD:THC Blood Orange 8:1 Soft Chews 5mg CBD : 1mg THC x 10
 CBD:THC Cola 1:1 Soft Chews 5mg CBD:5mg THC x 2
 CBD:THC Fruit Stand Variety 10:1 Soft Chews 10mg CBD : 1mg THC x 10
 CBD:THC Orange Vanilla 1:1 Soft Chews 5mg CBD:5mg THC x 2

CBD ONLY



Apple Cider CBD Soft Chews 10mg CBD x 10
 Blueberry Acai CBD Soft Chews 25mg CBD x 30
 Pomegranate CBD Soft Chews 10mg CBD x 30
 Pomegranate CBD Soft Chews 10mg CBD x 60

MINOR CANNABINOIDS



CBG:CBD Asian Pear 1:1 Soft Chews 10mg.CBG:10mg.CBD x 30
 CBN:CBD Lemon.Ginger 2:1 Soft Chews 5mg.CBD : 10mg.CBD x 30
 DELTA 8 : THC Solar Punch 10:1 Soft Chews 10mg.Delta.8:1mg THC x 10
 CBN:THC Blueberry Moon 2:1 Soft Chews 2mg.CBN:1mg THC x 10.

Dynathrive, Pocket Fives, and Sunshower are the 4th largest edibles business in Canada, available in all key markets (BC, AB, SK, MB, ON).

FY 22 Revenue: \$5.9 MM
 FY 23 Revenue (4 months Jan - Apr): \$2.2 MM

Note: SKU availability by market varies

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Investment or Purchase Process and Next Steps

Next Steps

HPI is conducting the SISP in accordance with the SISP Order. The respective SISP documents can be found on the Proposal Trustee's website: www.hpiadvisory.com/dynaleo.

The SISP is intended to solicit interest in an investment in the business or completing a transaction of all or substantially all of the Company's Assets as defined on page 2. The SISP is conducted on an "**as is where is**" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Proposal Trustee or the Company whatsoever.

All qualified interested parties will be provided with an opportunity to participate in the SISP and are required to execute a Non-Disclosure Agreement that accompanies this Teaser to receive access to a data room with additional information. Please contact a representative of the Proposal Trustee listed below for further information.

Per the SISP, any interested party must abide by the following:

- **Phase I Non-Binding Bid Deadline:** 5:00pm (Calgary Time) on **June 23, 2023**
- **Phase II Binding Bid Deadline:** 5:00pm (Calgary Time) on **July 7, 2023**

HPI reserves the right at any time to amend or terminate these SISP procedures, to decline an interested party the ability to participate in the process, to terminate the discussions with any or all interested parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.

Jill Strueby
Senior Vice President
Calgary
403.800.1574
jill@harrispartners.ca

Harris & Partners Inc.
Altius Centre
Suite 1910, 6th Ave SW
Calgary, Alberta T2P

Adam Fisher
Senior Vice President
Toronto
416.318.2307
adam@harrispartners.ca

Dynaleo



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This is Exhibit "B" referred to in the Affidavit of
Michael Krestell sworn before me this 14th day
of August 2023

Anna Kosa

A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

AK



Canada Revenue Agency
Agence du revenu du Canada

Tax Services Office
Edmonton AB T5J 4C8

June 28, 2023

DYNALEO GROUP SERVICES INC.
3365 11TH STREET #2
NISKU AB T9E 8M8

Dear Sir:

Subject: Payroll examination statement of account

We have recently completed an examination of your books and records. Enclosed is your PD83-1, Payroll Examination Statement of Account.

If you have questions or need information about the attached documentation, please call me at.

Yours truly,

Lynn Brown
Trust Accounts Examination Officer

Canada

Edmonton Tax Services Office
9700 Jasper Avenue
Edmonton AB T5J 4C8

Local : 780-916-2864
Long Distance : 833-594-1912
Fax : 833-582-3323
Web site : canada.ca/taxes

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Penalties for failure to comply

Every employer or person who deducts or withholds any amount under the *Income Tax Act*, the Canada Pension Plan and the *Employment Insurance Act*, shall be deemed to hold the amount so deducted or withheld in trust for Her Majesty. All amounts so deducted or withheld are trust funds and in the event of any liquidation, assignment, receivership or bankruptcy, the said amounts shall be deemed to be separate and form no part of the estate in liquidation, assignment, receivership or bankruptcy.

An employer or person who fails to deduct or who fails to remit tax that was deducted may be prosecuted and if convicted, will be fined not less than \$1,000 and not exceeding \$25,000, or may be fined and imprisoned for a period not exceeding 12 months. If the employer is a corporation, any officer, director or agent of the corporation who participated or acquiesced in the commission of the offence is equally liable with the corporation.

As of 2015 large employers, whose "average monthly withholding amount" (AMWA) is between \$25,000 and \$99,999 (Threshold 1) and those with an "AMWA" of \$100,000 or more (Threshold 2) are required to remit on an accelerated basis. For threshold 1 employers, withholdings from paydays occurring during the first 15 days of the month must be received by the 25th of that month and withholdings from paydays occurring during the remainder of the month must be received by the 10th day of the next month. Threshold 2 employers are required to remit withholdings by the 3rd day (not including a Saturday, a Sunday or a holiday) from the end of defined periods in which the payday(s) occur. The periods are: from the 1st to the 7th, the 8th to the 14th, the 15th to the 21st and the 22nd to the end of the month. Regular employers will continue to remit withholdings by the 15th day of the month following the month in which the amounts were deducted or withheld.

Amounts greater than \$500, that are remitted late or that are deficient (except for wilful delays or deficiencies) are subject to penalties under the *Income Tax Act*. The rate is 10% for the first late penalty assessed and 20% on subsequent late penalties assessed for the same calendar year, when the subsequent failure was made knowingly or under circumstances amounting to gross negligence. If it is determined that the payment is wilfully late or deficient, the \$500 exemption will not be given. Daily compound interest at the prescribed rate is charged on all outstanding balances, by law.

Liability of Directors

Where a corporation has failed to deduct or withhold an amount or has failed to remit such an amount as required under the *Income Tax Act* (or any other act for which the Minister is administratively responsible), the Directors of the corporation at the time the corporation was required to deduct, withhold or remit may be jointly and severally liable, together with the corporation, to pay any amount that the corporation is liable to pay in respect of that amount, including any interest or penalties relating thereto.

However, a director who exercises the degree of care, diligence, and skill that a reasonably prudent person would exercise will not be liable. To benefit from this provision, a director should take positive action to ensure the corporation makes the necessary deductions and remittances. For further details regarding the joint and several liability of directors, you may wish to refer to Information Circular 89-2R3, a copy of which may be obtained from your tax services office.

This examination does not constitute a complete audit of the financial records and does not preclude another audit being performed.

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**CERTIFICATE OF COMMISSIONER OF OATHS
FOR REMOTE COMMISSIONING OF AFFIDAVIT**

I, Anna Kosa, Commissioner for Oaths in the Province of Alberta, certify that the enclosed Affidavit was commissioned remotely on August 14, 2023 using the process set out in the Alberta Court of King's Bench Notice to the Profession & Public: Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic, and that this process was necessary because it was impossible and unsafe, for medical reasons, for the deponent, Michael Krestell, and the commissioner to be physically present together.



Anna Kosa
Barrister & Solicitor

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta