



COURT FILE NUMBER 2403-15089

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PROCEEDING 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  
FREEDOM CANNABIS INC.

DOCUMENT **AFFIDAVIT IN SUPPORT OF STAY EXTENSION**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT **SHAREK LOGAN & VAN LEENEN LLP**  
Barristers & Solicitors  
2100, Rice Howard Place, 10060 Jasper Avenue NW  
Edmonton, AB T5J 3R8

**Attention: Amber M. Poburan**  
Telephone: (780) 413-3105  
Email: [apoburan@sharekco.com](mailto:apoburan@sharekco.com)

### **AFFIDAVIT OF JOHNFRANK POTESTIO**

**Sworn September 9, 2024**

I, JohnFrank Potestio, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer ("CEO") and a director of Freedom Cannabis Inc. ("**Freedom**" or the "**Applicant**"). Freedom and its non-Applciant subsidiaries, 2563138 Alberta Ltd. ("**256 Ltd**") and 2399751 Alberta Ltd. ("**239 Ltd**", and collectively with 256 Ltd., the "**Non-Applciant Stay Parties**"), are collectively referred to herein as the "**Freedom Group**".
2. I have been the CEO of Freedom since January of 2017. As such, I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

JW

COURT FILE NUMBER 2403 15089

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON

PLAINTIFF IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACTS, RSC 1985, C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FREEDOM CANNABIS INC.

APPLICANT FREEDOM CANNABIS INC.

DOCUMENT **Certificate of Lawyer, Pursuant to Court of Queen's Bench of Alberta "Notice to the Profession and Public" dated March 25, 2020**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT SHAREK LOGAN & van LEENEN LLP  
2100, 10060 JASPER AVENUE  
EDMONTON, ALBERTA T5J 3R8  
ATTENTION: JUSTIN WILLIAMS  
FILE: 23279/AMP

Clerk's Stamp

I, Justin Williams, lawyer, certify and state that:

1. I am an associate with the firm Sharek, Logan & van Leenen, solicitors for the Applicant in Alberta Court of King's Bench File Number 2403 15089.
2. I am the executing Commissioner of Oaths of the attached Affidavit, sworn by JohnFrank Potestio on September 9, 2024.
3. Following a discussion with the affiant, I am satisfied that, it was impossible or impractical to have the Affidavit of JohnFrank Potestio, sworn September 9, 2024 in person. As a result, it was necessary to have the Affidavit sworn electronically.
4. The Affidavit was sworn in accordance with the "Notice to the Profession and Public", published by the Alberta Court of Queen's Bench on March 25, 2020. This included a review of the Affiant's government-issue photo identification, a comparison of the version present before the Commissioner and that before the Affiant, and safeguards were taken to ensure that the Affidavit was sworn without concerns for duress or other undue influence.

DATED in Edmonton, Alberta, this 9<sup>th</sup> day of September, 2024.

Per:   
Justin Williams

COURT FILE NUMBER	2403-15089
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PROCEEDING	IN THE MATTER OF THE <i>COMPANIES'</i> <i>CREDITORS ARRANGEMENT ACT</i> , R.S.C. 1985, c. C-36, as amended  AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FREEDOM CANNABIS INC.
DOCUMENT	<b>AFFIDAVIT IN SUPPORT OF STAY EXTENSION</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<b>SHAREK LOGAN &amp; VAN LEENEN LLP</b> Barristers & Solicitors 2100, Rice Howard Place, 10060 Jasper Avenue NW Edmonton, AB T5J 3R8  <b>Attention: Amber M. Poburan</b> Telephone: (780) 413-3105 Email: <a href="mailto:apoburan@sharekco.com">apoburan@sharekco.com</a>

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**Sworn September 9, 2024**

I, JohnFrank Potestio, of the City of Edmonton, in the Province of Alberta, **SWEAR AND SAY THAT:**

1. I am the Chief Executive Officer ("CEO") and a director of Freedom Cannabis Inc. ("**Freedom**" or the "**Applicant**"). Freedom and its non-Applicant subsidiaries, 2563138 Alberta Ltd. ("**256 Ltd**") and 2399751 Alberta Ltd. ("**239 Ltd**", and collectively with 256 Ltd., the "**Non-Applicant Stay Parties**"), are collectively referred to herein as the "**Freedom Group**".
2. I have been the CEO of Freedom since January of 2017. As such, I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

JW

3. Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in my affidavit sworn on August 6, 2024 (the “**Initial Affidavit**”) and my second affidavit sworn on August 13, 2024 (the “**Second Affidavit**”).

#### **RELIEF SOUGHT**

4. This Affidavit is filed in support of Freedom’s application for relief under the Companies’ Creditors Arrangement Act, RSC 1985, c. C-36, as amended (the “**CCAA**”) extending the stay of proceedings established in respect of the Freedom Group, which expires September 18, 2024, to and including October 11, 2024 (the “**Stay Extension**”).

#### **BACKGROUND AND STATUS OF CCAA PROCEEDINGS**

5. Among other things, the Initial Affidavit and Second Affidavit filed in these proceedings (the “**CCAA Proceedings**”) describe: (i) the background with respect to the Freedom Group’s assets, liabilities, and operations; and (ii) details concerning the relief sought in connection with the initial CCAA application, on August 8, 2024 (the “**Initial Application**”) and the Comeback Application on August 18, 2024. The Initial Affidavit and Second Affidavit should be referred to for additional background about the Freedom Group and the events leading up to these CCAA Proceedings.
6. On August 8, 2024, the Honourable Justice Lema granted an initial order (the “**Initial Order**”), in respect of the Applicants, under the CCAA. On August 18, 2024, the Honourable Justice Nielson granted an Amended and Restated Initial Order (the “**ARIO**”). Among other things, the Initial Order and ARIO:
  - (a) established a stay of proceedings (the “**Stay of Proceedings**”) against the Freedom Group until September 18, 2024 (the “**Stay Period**”);
  - (b) appointed KPMG Inc. (“**KPMG**”) as the monitor of the Applicant;
  - (c) authorized the Applicant to borrow, under a credit facility in the maximum principal amount of \$3,000,000 (the “**DIP Facility**”) from JL Legacy Ltd. (the “**DIP Lender**”);



- (d) granted an Administration Charge, a Directors' Charge, and a DIP Lender's Charge (collectively, the "**Charges**") on the Property not exceeding the maximum amount of \$500,000 in the case of the Administration Charge, the maximum amount of \$1,500,000 in the case of the Director's Charge, and the maximum principal amount of \$1,500,000 in the case of the DIP Lender's Charge; and
- (e) ordered that each of the Charges shall rank behind Encumbrances (as defined in the Initial Order) in favour of any Persons that had not been served with notice of the Application for the Initial Order and ARIO.

#### **APPLICANT'S ACITIVITES SINCE THE AMENDED AND RESTATED INITIAL ORDER**

- 7. Following the issuance of the ARIO, the Freedom Group has continued its business operations in the ordinary course. The Freedom Group has been working with the Monitor to stabilize operations and continue its restructuring initiatives as well as engaging with stakeholders.
- 8. Since the granting of the ARIO, the Applicant, in consultation with and with the assistance of the Monitor, have been working in good faith and due diligence towards:
  - (a) communicating with, providing information to, and answering questions of, creditors, employees, and other stakeholders regarding the CCAA Proceedings;
  - (b) managing key relationships with customers and suppliers, and operating the business in accordance with the terms of the Initial Order and ARIO;
  - (c) working with and corresponding regularly with representatives of the Monitor regarding numerous issues in the CCAA proceedings, including the management of the Applicant's cash flow;

- (d) continuing discussions with the DIP Lender and the Monitor towards finalizing the terms of a Stalking Horse Agreement (the “**Stalking Horse Agreement**”) for the sale of the Applicant as a going concern;
  - (e) engaging in discussions with the Monitor and DIP Lender regarding the development of a Sales Investment and Solicitation Process (“**SISP**”); and
  - (f) engaging in discussions with the DIP Lender about the Business and next steps in the CCAA proceedings.
9. The Applicant has worked diligently and in good faith but requires additional time to determine the Applicant’s next steps and, in particular, to finalize the particulars of the SISP and Stalking Horse Agreement.

#### **EXTENSION OF THE STAY OF PROCEEDINGS**

- 10. The extension of the Stay of Proceedings is necessary and appropriate in the circumstances to provide the Applicant the opportunity to maximize value for the benefit of their stakeholders through the CCAA Proceedings by developing a SISP and Stalking Horse Agreement for the sale of Freedom as a going concern.
- 11. The Monitor and the Applicant require additional time to properly and diligently develop a SISP which will allow Freedom to be marketed and sold as a going concern to derive the maximum value possible for all stakeholders.
- 12. The Monitor, the Applicant, and the DIP Lender require additional time to finalize the particulars of the Stalking Horse Agreement, including calculating and evaluating the validity of the security documents underlying the credit value to be used in the Stalking Horse Agreement by the DIP Lender and establishing of a new corporate entity to assume the role of “Stalking Horse Purchaser.”
- 13. I understand that the Monitor will provide comment that the Freedom Group will have sufficient liquidity during the Stay Extension to fund obligations and costs of the CCAA proceedings.

14. Freedom has acted, and is acting, in good faith and with due diligence in advancing these CCAA proceedings. I do not believe any creditor will suffer material prejudice as a result of the extension of the Stay of Proceedings. The Applicants' stakeholders will benefit from the extension of the Stay of Proceedings, and the Monitor is supportive of this relief.
15. For the reasons set out herein, the Applicant respectfully requests that this Court grant the Stay Extension sought herein. I swear this Affidavit in support of the application for the relief set out above, and for no improper purpose.
16. This affidavit was sworn remotely using video technology and the deponent was not physically present before the commissioner but was linked with the commissioner utilizing video conferencing technology and the process described in the NP#2020-02, Notice to the Profession and Public Regarding Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic, dated March 25, 2020 was utilized.

**SWORN BEFORE ME,**

a lawyer in and for the Province of Alberta )  
at the City of Edmonton, in the Province of )  
Alberta, by two-way video conferencing )  
with the deponent who was at the Locality )  
of Acheson, Parkland County, in the )  
Province of Alberta, this 9<sup>th</sup> day of )  
September, 2024 on the basis of evidence )  
provided to me that enabled me to verify )  
the deponent's identity and confirm the )  
contents of the document being executed )  
)

\_\_\_\_\_  
**John Frank Potestio**

\_\_\_\_\_  
**A Commissioner for Oaths in and for the  
Province of Alberta**

**JUSTIN A. WILLIAMS**  
Barrister & Solicitor

S.

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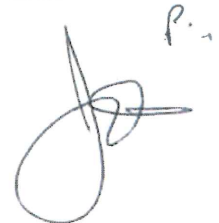
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**SWORN BEFORE ME** in the City of Edmonton,  
in the Province of Alberta this 9<sup>th</sup> day of  
September, 2024.

---

A Commissioner for Oaths in and for the  
Province of Alberta



**JOHNFRANK POTESTIO**