

COURT FILE NUMBER 2403-15089

COURT Court of King's Bench of Alberta

JUDICIAL CENTRE Edmonton

IN THE MATTERS OF THE *COMPANIES CREDITORS
ARRANGEMENTS 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

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Department of Justice Canada
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Attention: George F. Bódy
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File number: 500202833

Affidavit of Debbie Mitchell sworn February 24, 2025

I, Debbie Mitchell, of Regina, Saskatchewan, make oath and say that

1. I am employed by the Canada Revenue Agency (“CRA”) at its Regina office, have conduct of the CRA’s files relating to Freedom Cannabis Inc., and have personal knowledge of the matters set out below except where stated to be based on information and belief and, where so stated, I believe them to be true.
2. I have informed myself from books or records maintained by the CRA, and where I have done so, I affirm that, to the best of my knowledge:
 - a. these books or records were part of CRA’s ordinary books or records;
 - b. any entries in these books or records were made in the usual and ordinary course of CRA’s business;
 - c. these books and records were and are in the custody and control of CRA;
 - d. any copies of these books or records appended to this Affidavit are true copies thereof; and
 - e. I believe the information set out in CRA’s records concerning Freedom Cannabis Inc. to be true.

3. It is my understanding this Honourable Court issued its initial order on August 8, 2024 affording Freedom Cannabis Inc. protection under the *Companies' Creditors Arrangements Act* (the "IO").
4. CRA maintains four accounts for Freedom Cannabis Inc., tracking the company's liability to the Minister of National Revenue on different tax statutes.

Payroll account

5. With respect to its "RP" account, which tracks liability for employee source deductions and employer contributions pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act*, and the *Alberta Personal Income Tax Act*, CRA's records show a liability of \$327.36 for this account pre-dating the issuance of the IO.

Corporate income tax account

6. With respect to its "RC" account, which tracks liability for tax on income pursuant to the *Income Tax Act*, CRA's records show the last income tax return filed by the company was for the 12 month period ending December 31, 2022. As of the date of this affidavit, CRA's records do not show any liability for this account. However, CRA has no income information for any periods after December 31, 2022.

GST account

7. With respect to its "RT" account, which tracks liability for goods and services tax (GST) and harmonized sales tax (HST) pursuant to the *Excise Tax Act*, as of February 21, 2025, the balance outstanding on this account is \$117,958.15 for the period ending August 8, 2024. However, there is also a credit of \$70,391.36 for post-IO period, which CRA is setting off against the post-IO GST debt.

Cannabis duty account

8. With respect to its "RD" account, which tracks liability for duty pursuant to the *Excise Act, 2001*, as of February 21, 2025, the balance outstanding is \$9,693,946.85. As set out in the table, below, this liability accrued between August 2022 and August 2024.
9. Pursuant to the *Excise Act, 2001* and the regulations of that statute, CRA currently holds \$483,500.00 as security for the RD account liability. To date, CRA has not set off the security against the account debt.

10. CRA's records indicate the RD account debt accrued over a 2 year period, from August 2022 to August 2024. The details of the monthly accumulation of the debt (including excise tax, interest, and penalties assessed pursuant to the *Excise Act, 2001*) are set out below:

Period	Outstanding excise tax	Interest assessed	Penalty assessed	Period total	Running Total
2022-08-01 2022-08-31	\$ 379,985.17	\$ 110,523.31	\$ -	\$ 490,508.48	\$ 490,508.48
2022-09-01 2022-09-30	315,456.55	54,191.44	-	369,647.99	860,156.47
2022-10-01 2022-10-31	776,417.59	129,441.37	7,764.17	913,623.13	1,773,779.60
2022-11-01 2022-11-30	316,986.60	50,134.67	-	367,121.27	2,140,900.87
2022-12-01 2022-12-31	392,294.62	59,706.28	4,903.67	456,904.57	2,597,805.44
2023-01-01 2023-01-31	241,516.45	34,950.87	2,415.16	278,882.48	2,876,687.92
2023-02-01 2023-02-28	392,612.51	53,214.94	-	445,827.45	3,322,515.37
2023-03-01 2023-03-31	188,753.79	36,819.44	3,137.53	228,710.76	3,551,226.13
2023-04-01 2023-04-30	222,789.45	28,516.36	-	251,305.81	3,802,531.94
2023-05-01 2023-05-31	99,311.76	24,944.52	-	124,256.28	3,926,788.22
2023-06-01 2023-06-30	375,233.32	38,233.95	-	413,467.27	4,340,255.49
2023-07-01 2023-07-31	20,350.79	2,907.34	-	23,258.13	4,363,513.62
2023-08-01 2023-08-31	359,800.92	32,138.60	5,000.00	396,939.52	4,760,453.14
2023-09-01 2023-09-30	570,291.86	44,016.18	-	614,308.04	5,374,761.18
2023-10-01 2023-10-31	799,784.44	55,934.08	7,997.84	863,716.36	6,238,477.54
2023-11-01 2023-11-30	318,857.21	19,677.97	3,188.57	341,723.75	6,580,201.29
2023-12-01 2023-12-31	1,412.49	637.57	-	2,050.06	6,582,251.35

2024-01-01					
2024-01-31	0.01	31.13	-	31.14	6,582,282.49
2024-02-01					
2024-02-29					6,582,282.49
2024-03-01					
2024-03-31	0.01	196.85	-	196.86	6,582,479.35
2024-04-01					
2024-04-30	0.01	591.41	-	591.42	6,583,070.77
2024-05-01					
2024-05-31	951,239.44	9,196.95	-	960,436.39	7,543,507.16
2024-06-01					
2024-06-30	611,727.74	1,204.44	-	612,932.18	8,156,439.34
2024-07-01					
2024-07-31	1,511,189.72	-	-	1,511,189.72	9,667,629.06
2024-08-01					
2024-08-31	25,437.61	880.18	-	26,317.79	9,693,946.85

11. I make this affidavit to set out the claims of His Majesty the King in right of Canada, as represented by the Minister of National Revenue, herself represented by her statutory agent, the Canada Revenue Agency, against Freedom Cannabis Inc.

SWORN BEFORE ME at Regina,)
 Saskatchewan this ____ day of)
 February, 2025.)

Donna Ferguson)
 A commissioner for oaths)
 in and for Saskatchewan)
 My commission expires:)
Nov 30, 2026)

Debbie Mitchell
 Debbie Mitchell

Donna Ferguson
 A Commissioner for Oaths for
 Saskatchewan
 My appointment expires: Nov. 30, 2026