



NO. S-229367
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF LIGHTBOX ENTERPRISES LTD.

PETITIONER

SIXTH MONITOR'S REPORT

ERNST & YOUNG INC.

July 28, 2023

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INTRODUCTION

1. On October 27, 2022 (the “**NOI Filing Date**”), Lightbox Enterprises Ltd. (“**Lightbox**”, or the “**Company**”) filed a Notice of Intention to make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). Ernst & Young Inc. (“**EYI**”) consented to act as “**Proposal Trustee**” in the proposal proceedings (the “**NOI Proceedings**”). Pursuant to section 69(1) of the BIA, the effect of the NOI filing was an automatic stay of proceedings in favour of Lightbox (the “**Stay**”) for an initial period of 30 days until November 26, 2022.
2. On November 24, 2022, pursuant to an order (the “**Initial Order**”) granted by the Honourable Justice Masuhara of the Supreme Court of British Columbia (“**Court**”), the NOI Proceedings were continued into proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”). The Initial Order further provided, among other things, that:
 - a) EYI be appointed monitor (in such capacity, the “**Monitor**”) of the Company; and
 - b) the Administration Charge and the D&O Charge (together, the “**CCAA Charges**”) be granted.
3. On December 2, 2022 (the “**Comeback Hearing**”), the Court granted a series of orders including, among others:
 - a) an order (the “**ARIO**”) that the Initial Order be amended and restated; and
 - b) an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process (“**SISP**”) in respect of the Company’s assets.
4. On March 23, 2023, the Court granted a series of orders including, among others:
 - a) a sale approval and vesting order (the “**SNDL AVO**”) approving the purchase and sale transaction contemplated in the binding offer to purchase assets and business

dated March 15, 2023 (the “**SNDL Purchase Agreement**”) between Lightbox and SNDL Inc. (“**SNDL**”); and

b) an order (the “**SISP Termination Order**”) terminating the SISP.

5. On June 12, 2023, the Monitor circulated a Supplement to the Fifth Monitor’s Report filed June 13, 2023 (the “**5th Supplement**”), which advised the Court, among other things, that during the Fourth Cash Flow Period (as defined in the Fifth Monitor’s Report dated June 8, 2023, the “**Fifth Report**”), the Company ceased paying amounts owing to the federal and provincial Crown in respect of post-filing PST and GST (the “**Post-Filing Taxes**”).

6. On June 13, 2023, the Court granted a further series of orders (collectively, the “**June 13th Orders**”) including:

a) a sale approval and vesting order (the “**Forthspace AVO**”) approving, among other things, the purchase and sale transaction (the “**Forthspace Transaction**”) contemplated by the binding offer to purchase assets and business dated May 3, 2023 (the “**Forthspace Purchase Agreement**”) between the Company, as vendor, and Forthspace Cannabis Inc. (“**Forthspace**”) as purchaser;

b) a sale approval order (the “**Cannavore Approval Order**”) approving, among other things, the proposed transaction (the “**Cannavore Transaction**”) contemplated in the assignment, termination and release agreement dated May 16, 2023 (the “**Cannavore Agreement**”) between the Company and Cannavore Cannabis Inc. (“**Cannavore**”); and

c) a sale approval and reverse vesting order (the “**484 RVO**”) approving the proposed transaction (the “**484 Transaction**”), contemplated in the binding offer to acquire the shares and business of the Company dated May 19, 2023 (the “**484 Binding Offer**”) between Lightbox and 1392484 B.C. Ltd (“**484**”).

7. The Forthspace, Cannavore, and 484 Transactions, together with the transactions approved under the SNDL AVO (the “**SNDL Transaction**”), shall collectively be referred to herein as the “**Approved Transactions**”.
8. On account of the Post-Filing Taxes, each of the June 13th Orders contained provisions (the “**Tax Arrears Provisions**”) authorizing the Monitor to reserve “from the Transaction Funds, or other funds held by the Monitor on behalf of the Petitioner...sufficient amounts to pay in full the Post-Filing Taxes as defined in the 5th Supplement, subject to a further Order of this Court or written agreement between Sundial Growers Inc., George Melville Holdings Limited, the federal Crown, and the provincial Crown”. The term “Post-Filing Taxes” in the 5th Supplement was defined to include all post-filing GST and PST arrears owing by the Company and accruing up to and including July 31, 2023.
9. On July 27, 2023, the Company filed a Notice of Application returnable July 31, 2023 (the “**Stay Extension Application**”), seeking an order (the “**Stay Extension Order**”), among other things:
 - a) extending the Stay from July 31, 2023 up to and including September 15, 2023 (the “**Stay Extension**”); and
 - b) amending the Tax Arrears Provisions (the “**Tax Arrears Provision Amendment**”) so as to authorize and direct the Monitor to “reserve from the Transaction Funds (as defined in each of the June 13th Orders), or other funds held by the Monitor on behalf of Lightbox, sufficient amounts to pay all post-filing PST and GST arrears due and accruing due owed by Lightbox, until further Order of this Court or written agreement between Sundial Growers Inc., George Melville Holdings Limited, the federal Crown, and the provincial Crown”.

PURPOSE OF THIS REPORT

10. The purpose of this Sixth Report of the Monitor dated July 28, 2023 (the “**Sixth Report**”), is to inform this Honourable Court with respect to:
- a) the Monitor’s and the Company’s activities since the Fifth Report;
 - b) an update on the Approved Transactions;
 - c) an update on the Donnelly Group CCAA (defined below), including the proposed bankruptcy of DHM (defined below);
 - d) the Company’s actual receipts and disbursements for the period from June 12 to July 23, 2023 (the “**Fifth Cash Flow Period**”), as compared to the cash flow forecast attached to the 5th Supplement as Appendix “A” (the “**Fifth Cash Flow Forecast**”);
 - e) the Company’s statement of projected cash flow (the “**Sixth Cash Flow Forecast**”) for the period of July 24 to October 1, 2023 (the “**Sixth Cash Flow Period**”). The Sixth Cash Flow Forecast, together with the underlying assumptions, is attached hereto as Appendix “A”;
 - f) the Post-Filing Taxes, and, in particular:
 - i. the amount of Post-Filing Taxes: (1) owing by the Company as at June 30, 2023 (i.e. at the beginning of the Sixth Cash Flow Period)¹; and (2) forecast to be owing by the Company as at October 1, 2023 (i.e. the end of the Sixth Cash Flow Period); and
 - ii. the amount of Transaction Funds and other monies: (1) held in trust by the Monitor on behalf of the Petitioner as at the date of this Sixth Report; and

¹ Amounts owing by the Company for July sales taxes do not come due until about mid-August.

(2) expected to be held in trust by the Monitor as at September 15, 2023
(i.e. the end of the Stay Extension period); and

g) the Monitor's comments and recommendations on the Stay Extension Order.

11. Capitalized terms used but not otherwise defined in this Sixth Report have the meanings given to them in the Stay Extension Application and the various materials filed by the Company in support thereof (collectively, the "**Application Materials**"), including the Affidavit #9 of Mr. Reid Ogdon sworn July 27, 2023 (the "**Ninth Ogdon Affidavit**"). The Sixth Report should be read in conjunction with the prior reports filed in these proceedings and the Application Materials, as certain information contained therein has been omitted here so as to avoid unnecessary duplication.
12. The Monitor has established a website in respect of this matter at www.ey.com/ca/lightbox (the "**Monitor's Website**"). All documents filed with the Court in the NOI and CCAA Proceedings, and certain other documents relating thereto, have been posted to the Monitor's Website.
13. Unless otherwise stated all monetary amounts herein are expressed in Canadian Dollars.

TERMS OF REFERENCE

14. In preparing this Sixth Report, the Monitor has been provided with and has relied upon unaudited financial information, books, records and financial information prepared by the Company, discussions with management of the Company ("**Management**"), and information from other third party sources (collectively, the "**Information**"). Except as described in this Sixth Report in respect of the Sixth Cash Flow Forecast:

a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not

audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

- b) some of the information referred to in this Sixth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

- 15. Future oriented financial information referred to in this Sixth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
- 16. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixth Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Monitor.

MONITOR'S AND THE COMPANY'S ACTIVITIES SINCE THE FIFTH REPORT

- 17. Since the Fifth Report and up to and including the date of this Sixth Report, the Monitor has, among other things:
 - a) monitored the Company's receipts and disbursements in accordance with the ARIO;

- b) engaged extensively with Management, the Company's counsel and its own counsel regarding all aspects of these CCAA Proceedings;
- c) in coordination with Management, the Company's counsel and the purchaser's counsel, assisted with the closing of the Forthspace Transaction and the Cannavore Transaction;
- d) continued to facilitate discussions with the landlord of the Company's Vancouver Marpole Store and SNDL regarding an extension of the lease for that store;
- e) in coordination with Management, analyzed the Company's expenses to rationalize costs;
- f) reviewed and monitored the Company's Post-Filing Taxes and compliance, as further described below;
- g) responded in a timely manner to inquiries from stakeholders, including the Secured Creditors, suppliers, creditors, legal advisors, and others;
- h) reviewed and commented on the Application Materials; and
- i) prepared this Sixth Report.

18. Since the Fifth Report and up to and including the date of this Sixth Report, the Company has, among other things:

- a) continued to manage its operations in the ordinary course, including by negotiating with suppliers for the continued supply of goods and services and making payments to its suppliers for amounts owing after the NOI Filing Date;
- b) filed its May 2023 and its June 2023 PST and GST tax returns, and has remitted certain sales tax related to the 484 Stores;

- c) in consultation with its counsel, closed the Forthspace and Cannavore Transactions;
- d) taken steps to rationalize the Company's costs and expenses following the close of the Forthspace and Cannavore Transactions;
- e) provided updates regarding these CCAA Proceedings to the Company's stakeholders; and
- f) prepared the Application Materials.

UPDATE ON THE APPROVED TRANSACTIONS

- 19. On June 23, 2023, the Cannavore Transaction completed in accordance with the Cannavore Agreement and the Cannavore Approval Order. Attached hereto as Appendix "B" is a copy of the Monitor's Certificate dated June 23, 2023, filed by the Monitor in respect of the Cannavore Transaction.
- 20. On July 4, 2023, the Forthspace Transaction completed in accordance with the Forthspace Agreements and the Forthspace Approval and Vesting Order. Attached hereto as Appendix "C" is a copy of the Monitor's Certificate dated July 4, 2023, filed by the Monitor in respect of the Forthspace Transaction.
- 21. Pursuant to the closing of the these transactions, as at the date of this Sixth Report the Monitor holds Transaction Funds (as defined in their respective approval Orders) in trust on behalf of the Company totalling \$1,248,000.

SNDL Transaction

- 22. In the Fifth Report, the Monitor: (a) restated the various conditions precedent to the SNDL Purchase Agreement that must be satisfied or waived before the SNDL Transaction can

complete (the “**SNDL CPs**”), which were defined and described in detail in the Fourth Monitor’s Report filed March 21, 2023 (the “**Fourth Report**”); and (b) reported that, while the Lease Assignment Provision had been satisfied, the MSA Provision, the Licensing Provision, and the Marpole Extension Provision remained outstanding.

23. Since the Fifth Report, the Monitor is advised that the parties have waived the MSA Provision. Further, the Company continues to make progress towards completing the remaining two SNDL CPs, including by:
 - a) assisting SNDL with applications for license transfers and other regulatory approvals (further to satisfying the Licensing Provision); and
 - b) assisting with and facilitating negotiations between SNDL and the landlord of the Vancouver Marpole Store (further to satisfying the Marpole Extension Provision).
24. Further regarding the Licensing Provision, the Monitor understands that: (a) on August 9, 2023, the City of Vancouver Board of Variance is scheduled to review the proposed transfer of the Vancouver Marpole Store to SNDL; and (b) if approved, the Company expects that the remaining approvals for the transfer of municipal and provincial licenses in respect of this transaction will occur by about August 25, 2023.
25. To summarize, the Monitor understands that the parties expect the SNDL Transaction to complete promptly upon satisfaction of the Licensing Provision by about the end of August 2023, and is not aware of any challenges that would prevent same.

484 Transaction

26. In the Fifth Report, the Monitor provided an overview of the conditions precedent set forth in the 484 Binding Offer that must be satisfied or waived before the 484 Transaction can complete (the “**484 CPs**”).
27. The Monitor understands that no further 484 CPs have been satisfied or waived since the Fifth Report, however, it:
 - a) understands that the Company intends to initiate discussions between the landlord of the Assigned Lease (as defined in the 484 RVO), 484, and Donnelly Hospitality Management Ltd. (“**DHM**”) further to assigning that lease to 484 by consent prior to the completion of the 484 Transaction;
 - b) notes that completion of the SNDL Transaction is one of the 484 CPs, so such must necessarily occur before the 484 Transaction can close;
 - c) understands that, also on August 9, 2023, the City of Vancouver Board of Variance is scheduled to review the proposed transfer of the Yaletown Corporate Store to 484, and, if approved, the Company expects all variances, permits, licenses and regulatory approvals relating to the 484 Stores will be obtained by about the end of August 2023; and
 - d) is advised by the Company that the parties are in the process of preparing the Definitive Agreement.
28. To summarize, the Monitor understands that the parties expect the 484 Transaction to complete promptly upon the completion of the SNDL Transaction (i.e. in about the end of August 2023), and is not aware of any challenges that would prevent same.

UPDATE ON THE DONNELLY GROUP CCAA

29. In the Fifth Report, the Monitor reported that: (a) on May 23, 2023, Donnelly Holdings Ltd. and 24 other petitioners, including DHM (collectively, the “**Donnelly Group**”) commenced CCAA proceedings under Vancouver Registry action number S-233788 (the “**Donnelly Group CCAA**”); and (b) EYI was appointed monitor of the Donnelly Group in these proceedings (in such capacity, the “**Donnelly Monitor**”).
30. On July 26, 2023, the Honourable Justice Fitzpatrick granted an order (the “**Donnelly Sanction Order**”) in the Donnelly Group CCAA that, among other things:
- a) sanctioned the Amended and Restated Plan of Arrangement dated July 7, 2023 (the “**Donnelly Plan**”); and
 - b) extended the stay of proceedings therein from July 31, 2023, to March 1, 2024, except in respect of DHM.

Bankruptcy of DHM

31. The Stay in the Donnelly Group CCAA was not extended in respect of DHM because the Donnelly Plan provides, among other things, that the Donnelly Group intends to bankrupt DHM to facilitate an orderly windup of that entity.
32. As stated in the Fifth Report filed in these proceedings, DHM is the lessee in respect of three leases (the “**DHM Leases**”) that were assigned under the Fortspace AVO and 484 RVO.
33. In this regard, the Monitor notes that:
- a) the assignment agreements in respect of the two DHM Leases purchased under the Fortspace Purchase Agreement were approved under the Fortspace AVO, and this transaction is now complete;

- b) as mentioned above, it is contemplated that the one DHM Lease to be assigned pursuant to the 484 RVO may be assigned to 484 with the landlord's consent prior to the closing of the 484 Transaction, and, potentially also prior to the bankruptcy of DHM; and
- c) while the Bank of Montreal ("**BMO**") has not yet provided to the Donnelly Group "no interest" letters in respect of the DHM Leases, the Monitor understands that drafts of such letters have been exchanged with BMO's counsel.

34. Regardless of the timing of the completion of the assignment of the remaining DHM Lease, the Monitor understands that the proposed bankruptcy of DHM will have no impact on the DHM Leases or otherwise on the conduct of these proceedings.

POST-FILING TAXES

35. As mentioned above, and as set forth in detail in the 5th Supplement, in about the Fourth Cash Flow Period the Company ceased paying amounts owing in respect of post-filing PST and GST (i.e. the Post-Filing Taxes). Accordingly, and as a result of discussions between the Company, the Secured Creditors (defined below) and the Crown, the July 13th Orders were drafted to include the Tax Arrears Provisions.
36. Put simply, the Tax Arrears Provisions authorized the Monitor to hold in trust on behalf of the Company sufficient funds to pay Post-Filing Taxes accruing up to and including July 31, 2023. As mentioned above, with the Tax Arrears Provision Amendment, the Company proposes to authorize the Monitor to hold in trust sufficient funds to pay all Post-Filing Taxes due and accruing (i.e. through the Stay Extension period and beyond).
37. On July 20, 2023, the Company filed its June 2023 PST and GST returns.

38. During the week of July 24, 2023, the Monitor contacted and received responses from the provincial and federal Crown to confirm the amounts owing by the Company in respect of post-filing PST and GST.
39. **Post-Filing Taxes owing as at June 30, 2023:** Based on its correspondence with the Crown and the Company's records, inclusive of penalties and interest and net of any receivable positions, the Monitor understands that as at June 30, 2023, the Company owes Post-Filing Taxes totalling approximately \$654,501.77, comprising:
- a) \$387,398.69 in PST; and
 - b) \$267,103.08 in GST.
40. **Post-Filing Taxes owing as at October 1, 2023:** The Company estimates that, given the expected closing of the 484 and SNDL Transactions, it will incur only an additional \$133,037.00 in Post-Filing Taxes over the Sixth Cash Flow Period. Accordingly, the total Post-Filing Taxes owing by the Company as at October 1, 2023, are expected to amount to approximately \$787,538.77.
41. **Funds held in trust:** As mentioned above, the Monitor currently holds \$1,248,000 in trust comprising proceeds from the Forthspace and Cannavore Transactions. These amounts, together with the deposits received pursuant to the SNDL Purchase Agreement and 484 Binding Offer, are held in an interest-bearing account and have been since their receipt. Accordingly, minus deposits but inclusive of accrued interest, as at the date of this Sixth Report, the Monitor holds approximately \$1,260,276.00 in trust on behalf of the Company.
42. Again, the Company expects that the 484 Transaction will close during the Stay Extension period. If it does, then, pursuant to the Tax Arrears Provision of the 484 RVO, it is expected that the Monitor will receive and hold an additional \$1,075,000 in trust on behalf of the Company, for a total of approximately \$2,335,276.00 in trust.

Discussions Between Parties

43. Pursuant to the Tax Arrears Provisions (including as proposed to be amended), funds are to be held in trust by the Monitor subject to further Order of this Court, or written agreement between Sundial Growers Inc., George Melville Holdings Limited (together, the “**Secured Creditors**”), the federal Crown, and the provincial Crown.
44. In the days leading up to this Sixth Report, the Monitor reached out separately to the Secured Creditors and counsel for the federal and provincial Crown, regarding whether the parties could agree that the funds held in trust could be used to pay the Post-Filing Taxes.
45. As at the time of writing, the Monitor understands that the Secured Creditors and the Crown have not reached an agreement on this point, but that the parties have begun to correspond between themselves on the issue.

CASH FLOW VARIANCE SINCE THE FIFTH SUPPLEMENTAL REPORT

46. The table below summarizes the Company’s actual cash receipts and disbursements as compared to the Fifth Cash Flow Forecast for the period June 12 to July 23, 2023.

	Projection	Actuals	Variance
Beginning Cash	\$132,307	\$132,307	-
Receipts	\$1,118,000	\$1,081,625	(\$36,375)
Disbursements	(\$1,123,550)	(\$1,131,484)	(\$7,934)
Inventory	(660,000)	(664,039)	(4,039)
Payroll	(207,000)	(209,627)	(2,627)
Leases	(73,083)	(67,030)	6,053
Operational G&A	(33,517)	(27,139)	6,378
Banking & Treasury	(23,500)	(26,039)	(2,539)
Insurance	(7,951)	(41,432)	(33,481)
Sales Tax	-	(16,878)	(16,878)
Management Fees	(33,499)	(33,499)	-
Restructuring Fees	(75,000)	(36,372)	38,628
Contingency	(10,000)	(9,429)	571
Ending Operating Cash Balance	\$126,757	\$82,448	(\$44,309)
Funds received for 484 Stores	-	\$577,395	577,395
Net funds spent/distributed to 484	(87,517)	(\$551,383)	(463,866)
Ending Combined Cash Balance	\$39,240	\$108,460	\$69,220

47. Regarding the above, the Monitor notes that:

- a) insurance expenses were \$33,481 greater than forecast primarily due to premiums paid for the extension of the Company's Directors & Officers liability insurance, which cost was inadvertently excluded from the Fifth Cash Flow Forecast; and
- b) **484 Stores:** as detailed in the Fifth Report, pursuant to the 484 Transition Services Agreement, 484 took over operation of the 484 Stores on May 24 2023. Accordingly, cash advanced and received by 484 in respect of the 484 Stores now flows through the Company as described in the latter part of the above table.

SIXTH CASH FLOW FORECAST

48. The Company, in consultation with the Monitor, has prepared the Sixth Cash Flow Forecast for the period July 24 to October 1, 2023. The Sixth Cash Flow Forecast is attached hereto as Appendix "A" and is summarized below.

	Sixth Cash Flow Period
Beginning Cash	\$108,460
Receipts	\$974,913
Disbursements	(\$984,316)
Inventory	(580,000)
Payroll	(155,750)
Leases	(88,030)
Operational G&A	(46,035)
Banking & Treasury	(39,500)
Insurance	(15,000)
Sales Tax	-
Management Fees	-
Restructuring Fees	(95,000)
Contingency	35,000
Ending Operating Cash Balance	\$99,057
Funds payable to 484	(83,609)
Funds receivable from 484	-
Ending Combined Cash Balance	\$15,448

49. **Receipts and disbursements:** The Sixth Cash Flow Forecast only accounts for receipts and disbursements from the Vancouver Kitsilano Store, the Vancouver Robson Store, the Vancouver Marpole Store, and the Parry Sound Store (i.e. the stores purchased by SNDL). This is because the Forthspace and Cannavore Transactions have closed, thus removing such purchased stores from the Company's operations. The Sixth Cash Flow Forecast contemplates that the SNDL Transaction will close at the end of August. Disbursements incurred thereafter primarily relate to expenses incurred prior to the close of the SNDL Transaction, with payment due in September.
50. **484 Payable:** The \$83,609 listed above as payable by the Company to 484 is included solely on account of timing differences arising from the flow through of revenues generated by the 484 Stores from the Company to 484, and therefore such amount does not represent an actual disbursement.
51. **Post-Filing Tax Accruing:** As stated above, during the Sixth Cash Flow Period, the Company expects to accrue Post-Filing Taxes in the amount of approximately \$133,037.00. The Sixth Cash Flow Forecast provides for the accrual of such amounts, otherwise the Company would not have sufficient liquidity to carry on business during the Stay Extension period.
52. **Contingency:** The Sixth Cash Flow Forecast contemplates receipt of approximately \$40,000 currently held as collateral in relation to the Company's credit card facility, offset by a \$5,000 contingency for unforeseen expenses. Accordingly, this is reported as a net receivable balance in the Sixth Cash Flow Forecast

EXTENSION OF THE STAY OF PROCEEDINGS

53. The Stay current expires on July 31, 2023. The Company is seeking the Stay Extension to September 15, 2023, in order to, among other things, close the SNDL and 484 Transactions.

54. The Monitor has considered the onus that resides with the Company to demonstrate that the Stay Extension is appropriate, having regard to:
- a) the circumstances that may justify granting the Stay Extension; and
 - b) whether the Company has acted, and is acting, in good faith and with due diligence to advance its restructuring.
55. The Monitor acknowledges that the Company's failure to pay Post-Filing Taxes as they have come due is far from ideal. However, in this regard the Monitor notes that:
- a) such failure is not a breach of any Order that has been granted in these proceedings;
 - b) given its liquidity constraints, the Monitor is not aware that the Company has any other option than to allow Post-Filing Taxes to accrue during the Sixth Cash Flow Period while operations are being wound-down; and
 - c) importantly, the funds the Monitor holds in trust on behalf of the Company comprising proceeds of the Approved Transactions exceed, and are expected to continue to exceed by a wide margin, the Post-Filing Taxes owing.
56. At this point in time, the Company is in the final weeks of its restructuring. It has advanced its restructuring expeditiously and, if permitted to conclude, will have completed the going-concern sales of its operational assets for the maximum benefit of its stakeholders while preserving its ability to pay the Post-Filing Taxes owing in full.
57. In light of the foregoing, in the Monitor's view is that, on balance, the Company has acted, and is acting, in good faith and with due diligence, and it supports the Stay Extension in order to permit the SNDL and 484 Transactions to close.

CONCLUSIONS AND RECOMMENDATIONS

58. For the reasons stated herein, the Monitor recommends that this Honourable Court grant the Stay Extension Order.


All of which is respectfully submitted this 28th day of July, 2023.

ERNST & YOUNG INC.
in its capacity as Monitor
of Lightbox Enterprises Ltd.
and not in its personal or corporate capacity

Per:



Michael Bell, CPA, CA CIRP, LIT
Senior Vice President



Jason Eckford, CPA, CIRP, LIT
Vice President

APPENDIX A

In the matter of the CCAA Proceedings of Lightbox Enterprises Ltd.
Weekly Cash Flow Projection for the Period July 24, 2023 to October 1, 2023

\$CAD

	Week Ending	1 30-Jul-23 Forecast	2 6-Aug-23 Forecast	3 13-Aug-23 Forecast	4 20-Aug-23 Forecast	5 27-Aug-23 Forecast	6 3-Sep-23 Forecast	7 10-Sep-23 Forecast	8 17-Sep-23 Forecast	9 24-Sep-23 Forecast	10 1-Oct-23 Forecast	Total
Opening Balance		108,460	80,830	16,768	66,000	114,983	109,463	81,698	80,198	47,698	46,198	108,460
Receipts												
Retail Revenue	1	194,983	194,983	194,983	194,983	194,983	-	-	-	-	-	974,913
Total Receipts		194,983	194,983	194,983	194,983	194,983	-	-	-	-	-	974,913
Disbursements												
Inventory	2	(125,000)	(125,000)	(110,000)	(110,000)	(110,000)	-	-	-	-	-	(580,000)
Payroll	3	-	(50,000)	(5,250)	-	(50,000)	(5,250)	(40,000)	-	-	(5,250)	(155,750)
Leases	4	-	(67,030)	-	-	(21,000)	-	-	-	-	-	(88,030)
Operational G&A	5	(8,002)	(8,515)	(3,500)	(3,500)	(8,002)	(8,515)	(1,500)	(1,500)	(1,500)	(1,500)	(46,035)
Banking & Treasury	6	(6,000)	(8,000)	(1,500)	(3,000)	(6,500)	(11,500)	-	(1,500)	-	(1,500)	(39,500)
Insurance	7	-	(500)	(500)	(4,500)	-	(2,500)	-	(4,500)	-	(2,500)	(15,000)
Sales Tax	8	-	-	-	-	-	-	-	-	-	-	-
Management Fees	9	-	-	-	-	-	-	-	-	-	-	-
Contingency/Other	10	-	-	-	-	(5,000)	-	40,000	-	-	-	35,000
484 Store Disbursements	11	(83,609)	-	-	-	-	-	-	-	-	-	(83,609)
Total Operating Disbursements		(222,612)	(259,045)	(120,750)	(121,000)	(200,502)	(27,765)	(1,500)	(7,500)	(1,500)	(10,750)	(972,925)
Restructuring Disbursements												
Professional Fees	12	-	-	(25,000)	(25,000)	-	-	-	(25,000)	-	(20,000)	(95,000)
Total Restructuring Disbursements		-	-	(25,000)	(25,000)	-	-	-	(25,000)	-	(20,000)	(95,000)
Net Cash Flow		(27,629)	(64,063)	49,233	48,983	(5,520)	(27,765)	(1,500)	(32,500)	(1,500)	(30,750)	(93,012)
Closing Cash Balance		80,830	16,768	66,000	114,983	109,463	81,698	80,198	47,698	46,198	15,448	15,448

As officer for the company

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF
LIGHTBOX ENTERPRISES LTD (the “Company”)**

Notes to the Unaudited Cash Flow Forecast of the Company

For the period ending October 1, 2023 (the “Period”)

Disclaimer:

In preparing this cash flow forecast (the “Forecast”), the Company has relied upon unaudited financial information and the Company has not attempted to further verify the accuracy or completeness of such information.

The Forecast is based on the probably and hypothetical assumptions outlined below.

Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Period will vary from the Forecast, and such variation may be material. There is no representation, warranty or other assurance that any of the assumptions or estimates used in the Forecast will be realized.

Overview:

The Forecast includes the receipts and disbursements of the Company during the Period. The Company has prepared the Forecast based primarily on estimated receipts and disbursements related to the CCAA proceedings and the Company’s ongoing operations.

Receipts and disbursements are denominated in Canadian dollars.

The Forecast was prepared for the purpose of satisfying the requirements pursuant to paragraph 10(2)(a) of the *Companies’ Creditors Arrangement Act* (“CCAA”)

The Company’s opening cash balance at July 24, 2023 is approximately \$108,460.

[1] Retail Revenue

Includes revenue generated by the Company’s retail stores, monthly management and license fees and other revenue related to the Company’s operations of the Vancouver Kitsilano Store, the Vancouver Robson Store, the Vancouver Marpole Store and the Parry Sound Store (i.e., the stores purchased by SNDL) through to the end of August.

[2] Inventory

Represents disbursements related to ongoing inventory purchased from the Provincial distributors(s) in BC and Ontario related to the Company’s operations.

[3] Payroll

Represents the Company’s semi-monthly store and administration related payroll expenses.

[4] Leases

Represents the monthly lease obligations for leased retail stores and monthly equipment leases.

[5] Operational G&A

Represents operational related expenses for utilities, security, phone/wifi, software, small equipment / services purchases and other general and administrative related costs.

[6] Banking & Treasury

Represents costs related to banking, credit card processing, armoured cash carrier and coin orders for store floats.

[7] Insurance

Represents store related insurance expenses, including provincial workplace insurance premiums

[8] VAT/Sales Tax

Represents monthly payments for provincial (PST) or federal (GST/HST) tax withholdings. As detailed in the Supplemental Report, these are not contemplated to be paid during the Period.

[9] Management Fees

No management fees are contemplated.

[10] Contingency

Represents a weekly contingency for unforeseen expenses and receipt of collateral held in relation to the Company's credit card facility.

[11] 484 Store Disbursements

As detailed in the Sixth Report, the forecast contemplates disbursements related to the 484 Stores related solely to timing differences arising from the flow through of the proceeds from the 484 Stores to 484.

[12] Professional Fees

Represents the professional fees and costs associated with the Company's counsel, the Monitor and their counsel.

APPENDIX B

No. S-229367
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF LIGHTBOX ENTERPRISES LTD.

PETITIONER

MONITOR'S CERTIFICATE

All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Assignment, Termination and Release Agreement dated for reference May 16, 2023 (the "**Agreement**") between Lightbox Enterprises Ltd. ("**Lightbox**"), and Cannavore Cannabis Inc. ("**Cannavore**"), a copy of which is attached as Schedule "B" to the Approval and Vesting Order made June 13, 2023.

PURSUANT TO AN ORDER of this Honourable Court (the "**Court**") made November 24, 2022, Ernst & Young Inc. was appointed the monitor (the "**Monitor**") of Lightbox Enterprises Ltd.

PURSUANT TO PARAGRAPHS 2 AND 4 OF THE APPROVAL AND VESTING ORDER and pursuant to the Agreement, the Monitor hereby certifies as follows:

1. The Monitor confirms that Cannavore has paid the Settlement Amount to or on behalf of Lightbox; and

2. The Monitor confirms that all conditions precedent to the Agreement have been satisfied or waived.

DATED at the City of Vancouver, in the Province of British Columbia, this 23rd day of June, 2023.

ERNST & YOUNG INC., in its capacity as
court appointed Monitor of **LIGHTBOX
ENTERPRISES LTD.**, and not in its personal
capacity

By:



Name: Mike Bell, CPA, CA, CIRP, LIT

Position: Senior Vice President

APPENDIX C



No. S-229367
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF LIGHTBOX ENTERPRISES LTD.

PETITIONER

MONITOR'S CERTIFICATE

All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Binding Offer to Purchase Assets and Business dated for reference May 3, 2023 (the "**Purchase Agreement**") between Lightbox Enterprises Ltd. (the "**Vendor**"), as vendor, and Forthspace Cannabis Inc. (the "**Purchaser**"), as purchaser, a copy of which is attached as Schedule "B" to the Approval and Vesting Order made June 13, 2023.

PURSUANT TO AN ORDER of this Honourable Court (the "**Court**") made November 24, 2022, Ernst & Young Inc. was appointed the monitor (the "**Monitor**") of Lightbox Enterprises Ltd.

PURSUANT TO PARAGRAPHS 2 AND 4 OF THE APPROVAL AND VESTING ORDER and pursuant to the Purchase Agreement, the Monitor hereby certifies as follows:

1. The Monitor confirms that the Purchaser has paid the Purchase Price to or on behalf of the Vendor; and

2. The Monitor confirms that all conditions precedent to the Purchase Agreement have been satisfied or waived.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of July, 2023.

ERNST & YOUNG INC., in its capacity as
court appointed Monitor of **LIGHTBOX
ENTERPRISES LTD.**, and not in its personal
capacity

By:



Name: Michael Bell, CPA, CA, CIRP, LIT

Position: Senior Vice President