



Form 32 (Rule 8-1(4))

No. B-200194
Estate No. 11-2636226
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
TRUE LEAF CANNABIS INC.

NOTICE OF APPLICATION

Name of Applicant: TRUE LEAF CANNABIS INC.

To: The attached service list marked as **Schedule "A"**

TAKE NOTICE that an application will be made by the Applicant, True Leaf Cannabis Inc. (the "**Applicant**" or "**TLC**") to the presiding judge at the Courthouse at 800 Smithe Street, Vancouver, British Columbia (by teleconference) on May 1st, 2020 at 9 a.m. for the Orders set out in Part 1 below.

PART 1: ORDER SOUGHT

1. An Order, substantially in the form attached hereto as **Schedule "B"**, among other things:
 - (a) abridging the time for service of this Notice of Application, such that the application is properly returnable on this date;
 - (b) extending the stay of proceedings and the time for the filing of a proposal by the Application to June 16, 2020;
 - (c) approving the interim financing of True Leaf Brands Inc. by Lind Asset Management XV, LLC (in such capacity, the "**Interim Lender**"), which borrowings shall be guaranteed by TLC (Estate No. 11-2636226, Vancouver Registry No. B-200194), True Leaf Pet Inc. (Estate No. 11-2636224, Vancouver Registry No. B-200195) ("**TLP**"), and True Leaf Investments Corp. (Estate No. 11-2636236, Vancouver Registry No. B-

200196) (“**TLI**”), substantially in accordance with the terms of the term sheet (the “**Interim Financing Agreement**”);

- (d) granting the following priority charge over the assets of the Applicant, which charges shall rank in the priority set out in the proposed order:
 - (i) a priority charge in favour of counsel to the Applicant, FTI Consulting Canada Inc. in its capacity as proposal trustee (the “**Proposal Trustee**”) and counsel to the Proposal Trustee, if any, in the amount of \$150,000 (the “**Administration Charge**”); and
 - (ii) a priority charge in favour of the Interim Lender for all amounts owing under the Interim Financing Agreement limited to \$700,000 (the “**Interim Financing Charge**”).

2. Such further and other relief as this Honourable Court may deem just.

PART 2: FACTUAL BASIS

BACKGROUND

1. True Leaf, TLC, TLP and TLI (collectively the “**Companies**”) each filed a Notice of Intention to make a Proposal (“**NOI**”) with the Office of the Superintendent of Bankruptcy on April 1, 2020 (the “**Filing Date**”) and filed with the Superintendent of Bankruptcy on April 2, 2020 pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).
2. TLC (formerly known as True Leaf Medicine Inc.) was incorporated under the *Business Corporations Act* of British Columbia (the “**BCA**”) on July 4, 2013. TLC’s parent company, True Leaf (formerly known as True Leaf Medicine International Ltd.) was incorporated under the BCA on June 9, 2014.
3. TLC was established to hold a federal cannabis license that was applied for in 2013.
4. In 2015, True Leaf became a publicly traded company by completing a statutory plan of arrangement through a share exchange with Noor Energy Corporation.
5. Since its inception, True Leaf has raised approximately \$25 million which provided the funding for acquiring 40 acres of land in Lumby, BC on which True Leaf constructed an 18,000 square foot facility for its operations.
6. In late 2015 True Leaf pivoted into the pet industry by launching a line of hemp supplements through its wholly owned TLP subsidiary.
7. TLP developed ‘soft chew’ and ‘oil’ product formulations with hemp seed and other active ingredients to support calming, joint-pain relief and omega 3

supplementation, then marketed these products to the specialty pet industry in Canada, the USA and over 17 countries in Europe.

8. TLP's 2019 revenues reached \$2.3 million with its products being sold in 3500 stores globally.
9. In February 2019, True Leaf raised \$4.5 million through the issuance of a convertible, secured note (the "**Notes**") with the intention of re-branding its pet business and completing the construction of its cannabis facility.
10. In anticipation of a growth trajectory, True Leaf bolstered its executive suite and sales staff.
11. TLC's cannabis facility was completed in late 2019, however the Companies' sales did not meet expectation and it began to experience liquidity issues.
12. True Leaf's first payment on the Notes was due on March 23, 2020.
13. As a result of its lack of liquidity, True Leaf was unable to make the payment and accordingly the holder of the Notes threatened to call its loan if True Leaf didn't remedy its default.
14. With the onset of the COVID-19 pandemic and its implications on global trade in conjunction with its Note default, True Leaf's management and board decided to seek a stay of proceedings to allow it the time necessary to refinance and/or restructure its debts.
15. As a result, on April 1, 2020, the Companies signed NOI's which were filed by the Proposal Trustee with the Superintendent of Bankruptcy and accepted on April 2, 2020.

UPDATE ON THE COMPANY'S ACTIVITIES

16. Prior to filing the NOI, the Companies' management were in discussions with several parties regarding potential refinancing or sale transactions. Those discussions have continued subsequent to the filing of the NOI with parties being advised that a sale process would likely be commenced in the near term.
17. The cash flow indicated a cash need of approximately \$700,000, to maintain the Companies' operations in the normal course while it explored alternatives to either refinance or restructure True Leaf.
18. The funding to finance this cash need was anticipated to come from debtor-in-possession financing ("**DIP**"). Prior to filing its NOI, the Proposal Trustee in conjunction with the Companies' management contacted several parties to solicit interest in providing the DIP.

19. The Companies' legal counsel contacted counsel for the Interim Lender to inform it of the Company's plan to restructure its balance sheet and avail itself of the provisions of the BIA. The Interim Lender was supportive of the Companies' plan and indicated its willingness to provide a DIP to assist with the process.
20. Two term sheets for DIP were received from third party lenders and a third term sheet was received from the Interim Lender.
21. After a series of discussions and negotiations with the Interim Lender, the Companies decided to accept its DIP credit facility (the "**Interim Financing Agreement**").
22. A summary of the principal terms of the Interim Financing Agreement are as follows:
23. A maximum amount of \$700,000 is to be provided commencing with an initial advance of \$250,000;
24. Subsequent weekly draws of a maximum of \$50,000 may be requested by the Companies with a four week rolling maximum of \$200,000;
25. A facility fee of \$14,000 and a due diligence fee of \$5,000 which will be earned upon approval by this Honourable Court and which is to be paid from the initial advance;
26. The maturity date of the Interim Financing Agreement is the earlier of:
 - (a) August 15, 2020;
 - (b) The date of closing a Court approved sale of substantially all of the Companies' assets;
 - (c) The date on which an event of default occurs; or
 - (d) The day the stay of proceedings expires.
27. Under the Interim Financing Agreement, interest is to accrue at the rate of 10% per annum and the Companies are responsible for the repayment of all legal and other costs associated with the Interim Financing Agreement.
28. The Interim Financing Agreement is conditional upon approval by this Honourable Court and the granting of a first ranking priority charge against all of the Companies' assets.
29. The Interim Financing Agreement also requires the Companies to seek the approval of this Honourable Court prior to May 14, 2020 for a sale process providing for the separate marketing and sale of the Companies' pet business and its land and building.

30. The Proposal Trustee has reviewed the Interim Financing Agreement and its terms and conditions. The Proposal Trustee is of the opinion that the terms and conditions are reasonable and consistent with DIPs approved in other similar BIA or *Companies' Creditors' Arrangement Act* proceedings.
31. The Proposal Trustee would therefore support the Company in seeking approval of the Interim Financing Agreement and the granting of a priority charge to the Interim Lender

ASSETS OF THE COMPANY

32. As indicated previously, True Leaf has two primary businesses.
33. The pet business is operated through True Leaf's wholly owned subsidiary, TLP while the cannabis facility and license are held by TLC.
34. TLC's cannabis facility was appraised by Colliers International as of April 17, 2020 for a value in excess of the Secured Lender's debt. The Proposal Trustee has not attached a copy of the appraisal to its report over concerns that it may impact the values achieved in a subsequent sale process.
35. The Interim Lender has been provided with a copy of the appraisal.
36. Prior to any advances being made pursuant to the Interim Financing Agreement, the Secured Lender is owed approximately \$5.8 million.

ADMINISTRATION CHARGE

37. The Companies are seeking the Administration Charge in the amount of \$150,000 in respect of the fees and expenses of the Proposal Trustee and its counsel as well as the Company's legal counsel, Clark Wilson LLP, and any other professionals whose services may be retained by the Proposal Trustee in these proceedings.
38. Given the value that may result from an orderly restructuring process and the lack of liquidity in the Companies, the Proposal Trustee is of the view that a Professional Charge is appropriate to ensure the continued support of the professionals in this process.

COMPANY'S REQUEST FOR AN EXTENSION

39. The Companies are seeking an extension of the stay of proceedings from May 2, 2020 to June 16, 2020. The Companies are seeking an extension
40. to provide the Companies with the time required to pursue a refinancing, recapitalization, sale or investment transaction that would allow the Companies to restructure its balance sheet and formulate a proposal to its unsecured creditors. In this regard, the Companies intend to work with the Proposal Trustee

in formulating a Sale and Investor Solicitation Process with the expectation to be back before this Honourable Court within the next few weeks seeking its approval.

41. The Proposal Trustee supports the Companies' request for an extension of its stay of proceedings based on the following:
42. The Companies are acting in good faith and with due diligence;
43. The Interim Lender is supportive of the Companies' efforts and is providing an Interim Financing Agreement to fund the post-filing costs associated with this proceeding as projected in the Cash Flow Projection; and
44. Subject to further evaluation, there appears to be value for the unsecured creditors and some time is required to explore alternatives to maximize the value for all stakeholders and secure the continuation of the business.

PART 3: LEGAL BASIS

1. The Companies rely on Part III, Division I of the BIA, Rule 3 of the BIA Rules, Rule 22-5(8) of the *Supreme Court Civil Rules* and the inherent jurisdiction of this Honourable Court.
2. The Court has the power to abridge the time for service pursuant to Rule 6(4).

Bankruptcy and Insolvency General Rules, CRC, c 368, r 6(4)

The Interim Financing Facility

3. The Companies are presently facing a liquidity crisis and, absent further funding, it is out of liquidity needed to fund its operations.
4. The Interim Lender has agreed to provide the DIP credit facility to the Companies pursuant to the terms of the Interim Financing Agreement.
5. Without the Interim Financing, the Companies will be unable to finance its operations or its efforts to restructure its business.
6. On application by a debtor in respect of whom a notice of intention was filed under section 50.4 or a proposal was filed under subsection 62(1) and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the debtor's property is subject to a security or charge – in an amount that the court considers appropriate – in favour of a person specified in the order who agrees to lend to the debtor an amount approved by the court as being required by the debtor, having regard to the debtor's cash flow statement referred to in paragraph 50(6)(a) or 50.4(2)(a), as the case may be. The security or charge may not secure an obligation that exists before the order is made.

7. The Court may order that the security or charge rank in priority over the claim of any secured creditor of the debtor.
8. The Court may order that the security or charge rank in priority over any security or charge arising from a previous order made under subsection (1) only with the consent of the person in whose favour the previous order was made.
9. In deciding whether to make an order, the court is to consider, among other things, the following factors under section 50.6(5) of the BIA
 - (a) the period during which the debtor is expected to be subject to proceedings under this Act;
 - (b) how the debtor's business and financial affairs are to be managed during the proceedings;
 - (c) whether the debtor's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor;
 - (e) the nature and value of the debtor's property;
 - (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
 - (g) the trustee's report referred to in paragraph 50(6)(b) or 50.4(2)(b), as the case may be.
10. Without the proposed Interim Financing Agreement, the Companies are unable to fund their normal ongoing business operations and restructuring efforts during the proposal proceedings. No creditor will be materially prejudiced as a result of this Interim Financing Agreement. The secured lender is the Interim Lender, and is therefore supportive of the Interim Financing Agreement. The Proposal Trustee supports the Interim Financing Agreement and has advised in the First Report of the Proposal Trustee that it is necessary for the restructuring.

*BIA, Section 50.6(1), Section 50.6(3), Section 50.6(4), Section 50.6(5)
Re P.J. Wallbank Manufacturing Co., [2011] CarswellOnt 15300.*

Administration Charge

11. The Companies will require the participation of the Proposal Trustee, the Proposal Trustee's legal counsel and its own legal counsel to assist with these NOI proceedings. The Companies are seeking the Administration Charge to secure payment of their reasonable fees and expenses.

12. The requested court-ordered charges are fair and reasonable in the circumstances and are necessary in order to complete the Companies' objectives in this proceeding.
13. On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of
 - (a) the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;
 - (b) any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and
 - (c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.
14. The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

BIA, Section 64.2(1), Section 64.2(2)
15. The Proposal Trustee reports that given the value that appears to be available to the unsecured creditors that would result from an orderly restructuring process and the lack of liquidity in the Companies, the Proposal Trustee is of the view that the Administration Charge is appropriate to ensure the continued support of the professionals in this process.

Extension of Stay

16. True Leaf relies on section 50.4(9) of the BIA.

The insolvent person may, before the expiry of the 30-day period referred to in subsection (8) or of any extension granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court, on notice to any interested persons that the court may direct, may grant the extensions, not exceeding 45 days for any individual extension and not exceeding in the aggregate five months after the expiry of the 30-day period referred to in subsection (8), if satisfied on each application that

- (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and

(c) no creditor would be materially prejudiced if the extension being applied for were granted.

Re Royalton Banquet and Convention Centre Ltd., [2007] O.J. No. 2352.

17. True Leaf has acted, and is acting, in good faith and with due diligence.
18. No creditor or stakeholder will be materially prejudiced if the extension being applied for were granted.
19. True Leaf submits that, in the circumstances, the extension sought is appropriate and necessary.
20. The Trustee supports the extension of the stay.

PART 4: MATERIAL TO BE RELIED ON

1. The First Report of the Proposal Trustee, dated April 29, 2020; and
2. Such further and other material as counsel may advise and this Honourable Court permits.

The Applicant estimates that the application will take 30 minutes.

- This matter is within the jurisdiction of a Master.
- This matter is not within the jurisdiction of a Master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days after service of this Notice of Application:

- (a) file an Application Response in Form 33;
- (b) file the original of every Affidavit, and of every other document, that:
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding; and
- (c) serve on the Applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of filed Application Response;
 - (ii) a copy of each of the filed Affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;

- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: April 29, 2020



Signature of Lawyer for Applicant
Lawyer: Christopher J. Ramsay /
Katie G. Mak

This NOTICE OF APPLICATION is prepared by Christopher J. Ramsay of the firm of **Clark Wilson LLP** whose place of business is 900 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1 (Direct #: 604.643.3176, Fax #: 604.687.6314, Email: CRamsay@cwilson.com) (File #: 49786-0001).

To be completed by the court only:

Order made

- in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
- with the following variations and additional terms:

Date: _____
[dd/mmm/yyyy]

Signature of Judge Master

APPENDIX

[The following information is provided for data collection purposes only and is of no legal effect.]

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matters concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

Schedule A

Service List

Updated: April 30, 2020

<p>FTI Consulting Inc. 701 West Georgia Street, Suite 1450 Vancouver, BC V7Y 1B6</p> <p>Attention: Craig Munro / Mike Clark</p> <p>Tel: 604-601-5699 / 604-484-9537 Email: craig.munro@fticonsulting.com / mike.clark@fticonsulting.com</p> <p><i>Proposal Trustee</i></p>	<p>Clark Wilson LLP 900 – 885 West Georgia Street Vancouver, BC V6C 3H1</p> <p>Attention: Chris Ramsay / Katie G. Mak / Deborah Hamann-Trou (Paralegal)</p> <p>Tel: 604-687-5700 Fax: 604-687-6314 Email: CRamsay@cwilson.com; KMak@cwilson.com DHamann-Trou@cwilson.com</p> <p><i>Counsel for the Company</i></p>
<p>Stikeman Elliott LLP Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8</p> <p>Attention: Ashley Taylor / Victor Gerchikov</p> <p>Email: ATAYLOR@stikeman.com; VGerchikov@stikeman.com</p> <p><i>Counsel to the DIP Lender</i></p>	<p>The Lind Partners 444 Madison Ave., 41st Floor New York, NY 10022</p> <p>Attention: Sam Chun</p> <p>Tel: 646-701-7424 Email: schun@thelindpartners.com</p>
<p>Office of the Superintendent of Bankruptcy 300 Georgia Street W, Suite 2000 Vancouver, BC V6B 6E1</p> <p>Attention: Gary Sam</p> <p>Email: gary.sam@canada.ca</p>	

aggregate amount of \$150,000, as security for their respective fees and disbursements incurred at their standard rates, both before and after the making of this order, in this proceeding. The Administrative Charge shall have the priority set out in paragraph 11 hereof.

Interim Financing and the Interim Financing Charge

Part 8: The Applicant is hereby authorized and empowered to enter into an agreement for True Leaf Brands Inc. ("**True Leaf**") to obtain and borrow under a credit facility from Lind Asset Management XV, LLC (the "**Interim Lender**") in order to finance the continuation of True Leaf's business and preservation of True Leaf's current and future assets, undertakings and properties of every nature and kind whatsoever, whether real or personal, and wherever situate including all proceeds thereof, which borrowings under such credit facility shall be jointly and severally guaranteed by the Applicant, True Leaf Pet Inc. (Estate No. ♦) and True Leaf Investments Corp. (Estate No. ♦)(collectively, the "**Guarantors**"), as guarantors, and provided that the borrowings under such credit facility shall not exceed the principal amount of \$700,000 unless permitted by further Order of this Court.

Part 9: Such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Interim Lender, True Leaf and the Guarantors dated April ♦, 2020 (the "**Interim Financing Agreement**") attached as Exhibit ♦ to the Trustee's Report.

Part 10: The Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, pledges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Interim Financing Agreement or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Interim Financing Agreement and the Definitive Documents (collectively, the "**Obligations**") as and when the same become due and are to be performed, notwithstanding any other provision of this Order or the BIA.

Part 11: The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Financing Charge**") on the Property for all amounts provided for in the Interim Financing Agreement limited to \$700,000, and for greater certainty which Interim Financing Charge shall not secure an obligation that exists before this Order is made. The Interim Financing Charge shall have the priority set out in paragraph 11 hereof.

Part 12: Notwithstanding any other provision of this Order:

1. the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Financing Charge or any of the Definitive Documents;

2. upon the occurrence of an event of default under the Interim Financing Agreement, the Definitive Documents or the Interim Financing Charge, the Interim Lender may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Interim Financing Agreement, Definitive Documents and the Interim Financing Charge, including, without limitation, to cease making advances to the Applicant, set off and/or consolidate any amounts owing by the Interim Lender to the Applicant against the obligations of the Applicant to the Interim Lender under the Interim Financing Agreement, the Definitive Documents or the Interim Financing Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant; and
3. the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

Part 13: The Interim Lender shall be treated as unaffected in the proposal filed by the Applicant under the BIA, or any plan filed by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), with respect to any advances made under the Interim Facility, the Interim Financing Agreement or the Definitive Documents.

Part 14: Subject to the terms of this order, the Interim Lender is hereby exempted from the stay of proceedings in these proceedings arising from section 69(1) of the BIA.

Validity and Priority of the Charges Created by this Order

Part 15: The priorities of the Administrative Charge and the Interim Financing Charge, as between them, shall be as follows:

First – Administrative Charge (to the maximum amount of \$150,000); and

Second – Interim Financing Charge (to the maximum amount of \$700,000).

Part 16: Notwithstanding the priority of the Interim Financing Charge granted by this order, the Interim Financing Charge shall rank behind validly perfected purchase money security interests registered against the Property.

Part 17: Any security documentation evidencing, or the filing, registration or perfection of the Administration Charge and the Interim Financing Charge (together, the "**Charges**") shall not be required, and the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

Part 18: Each of the Charges shall constitute a fixed and specific mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person or entity (a "**Person**").

Part 19: Except as otherwise expressly provided herein, or as may be approved by this Court, the Applicant shall not grant or suffer to exist any Encumbrances over any Property that ranks in priority to, or *pari passu* with the Charges, unless the Applicant obtains the prior written consent of the Trustee, the Interim Lender and the beneficiaries of the Administrative Charge.

Part 20: The Interim Financing Agreement, the Definitive Documents, the Administrative Charge, or Interim Financing Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application for bankruptcy order issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications, including the Applicant being deemed to be a bankrupt pursuant to the BIA; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the initiation of any other proceedings under the BIA; (e) the initiation of any proceedings under the CCAA; (f) the provisions of any federal or provincial statutes; or (g) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

1. neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Interim Financing Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
2. none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Interim Financing Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
3. the payments made by the Applicant pursuant to this Order, the Interim Financing Agreement or the Definitive Documents, and the granting of the Charges, does not and will not constitute a preference, fraudulent conveyance, transfer at undervalue, oppressive conduct, a settlement or other challengeable or voidable transaction under any applicable law.

Part 21: Any Charge created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

Service and Notice

Part 22: The Applicant is at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to any of the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

Part 23: The Applicant, the Trustee, and any interested party may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsel's email addresses as record on the service list maintained by counsel to the Applicant from time to time.

General

Part 24: This Court requests the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court, in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Trustee in any foreign proceeding, or to assist the Applicant and the Trustee and their respective agents in carrying out the terms of this Order.

Part 25: The Applicant, the Trustee and the Interim Lender be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having this Order or these proceedings recognized in a jurisdiction outside Canada.

Part 26: This Order and all of its provisions are effective as of 12:01 a.m. local time on the date of this Order.

Part 27: Endorsement of this Order by counsel appearing on this application other than counsel for the Applicant is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND
CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS
BEING BY CONSENT:

Signature of Christopher J. Ramsay / Katie G. Mak
Lawyer for the Applicant

BY THE COURT

Registrar