

Court File No. CV-24-00715773-00CL

BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., AND FINAL BELL CORP.

FIRST REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

March 6, 2024

Contents

Section	Page
A. INTRODUCTION	2
B. TERMS OF REFERENCE	5
C. ACTIVITIES OF THE MONITOR	6
D. REQUEST FOR APPROVAL OF THE PROPOSED SALE AND SOLICITATION PROCESS AND STALKING HORSE PURCHASE AGREEMENT	7
E. AMENDED AND RESTATED INITIAL ORDER	18
F. REQUEST FOR AN EXTENSION TO THE STAY PERIOD.....	21
G. POTENTIAL OPPOSITION	22
H. RECOMMENDATIONS.....	23

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**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
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. INTRODUCTION

1. On February 28, 2024, BZAM Ltd. ("**BZAM**"), BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd. ("**TGOD**"), Medican Organic Inc., High Road Holding Corp., and Final Bell Corp. doing business as BZAM Labs (collectively, the "**Applicants**") sought and obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced under the CCAA by the Applicants are referred to herein as the "**CCAA Proceedings**".
2. The Initial Order, among other things:
 - (a) declared that the Applicants are parties to which the CCAA applies;
 - (b) appointed FTI as the monitor of the Applicants (in such capacity, the "**Monitor**") in the CCAA Proceedings;

- (c) granted an initial stay of proceedings in favour of the Applicants, 9430-6347 Québec Inc., The Green Organic Beverage Corp., TGOD Europe B.V., and The Green Organic Dutchman Germany GmbH (collectively, the “**BZAM Group**”), and their respective Directors and Officers, until and including March 8, 2024 (the “**Stay Period**”);
 - (d) approved TGOD’s ability to borrow up to a principal amount of \$2.4 million under a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Facility**”) from the Company’s existing senior secured creditor, Cortland Credit Lending Corporation (“**Cortland**” and in its capacity as DIP lender, the “**DIP Lender**”) and granted a corresponding charge in respect thereof (the “**DIP Lender’s Charge**”);
 - (e) granted the Administration Charge and the Directors’ Charge;
 - (f) relieved BZAM from incurring any further expenses in relation to filings that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada (the “**Securities Filings**”), and provided that none of BZAM’s and the Monitor’s directors and officers, employees and other representatives of BZAM and the Monitor shall have any personal liability for any failure by the Applicants to make Securities Filings; and
 - (g) relieved BZAM of any obligation to call and hold its Annual General Meeting until further Order of this Court.
3. A comeback hearing was scheduled for March 8, 2024 (the “**Comeback Hearing**”).
4. The purpose of this First Report of the Monitor (the “**First Report**”) is to provide the Court with the Monitor’s comments and recommendations regarding the following:
- (a) the activities of the Monitor since the issuance of the Initial Order; and
 - (b) the relief sought by the Applicants at the Comeback Hearing, including, among other things:

- (i) authorization and approval of BZAM's execution of a share subscription agreement among BZAM and 1000816625 Ontario Inc. (the "**Stalking Horse Purchase Agreement**" and the "**Stalking Horse Purchaser**"), a company related to BZAM's largest shareholder and current Chairman, an individual that ultimately controls Stone Pine Capital Ltd. ("**Stone Pine**"), a secured creditor of BZAM;
- (ii) a Court-ordered charge (the "**Bid Protections Charge**", together with the Administration Charge, Directors' Charge, and DIP Lender's Charge, the "**CCAA Charges**") over all the current and future assets of the Applicants in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections (as defined below);
- (iii) approval of a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms;
- (iv) approval of the amended and restated Initial Order (the "**ARIO**"), which, *inter alia*:
 - (A) increases the maximum principal amount that the TGOD can borrow under the DIP Facility to \$41.0 million;
 - (B) increases the quantum of certain of the CCAA Charges and elevates the priority ascribed to certain of the CCAA Charges over all Encumbrances (as defined in the ARIO), provided however, that only the Administration Charge shall have priority over the Edmonton Property Charge with respect to the Edmonton Property; and
 - (C) extends the Stay Period until and including May 25, 2024.

B. TERMS OF REFERENCE

5. In preparing this First Report, the Monitor has relied upon audited and unaudited financial information of the BZAM Group's books and records, certain financial information and forecasts prepared by the BZAM Group, and discussions with various parties, including senior management ("**Management**") of, and advisors to, the BZAM Group (collectively, the "**Information**").
6. Except as otherwise described in this First Report:
 - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
7. Future-oriented financial information reported in, or relied on, in preparing this First Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
8. The Monitor has prepared this First Report in connection with the Comeback Hearing. The First Report should not be relied on for any other purpose.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
10. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the affidavit of Matthew Milich, the Chief Executive Officer of BZAM, sworn on February 28, 2024, and the second affidavit of Mr. Milich sworn on March 1, 2024 (the "**Second Milich Affidavit**") filed in support of the Comeback Hearing, or the Pre-Filing Report of the Monitor dated February 28, 2024, as applicable.

C. ACTIVITIES OF THE MONITOR

Notices and Communications

11. The Monitor has established a website at <http://cfcanada.fticonsulting.com/bzam/> (the “**Monitor’s Website**”) on which updates on the CCAA Proceedings will be posted periodically, together with all the Court materials filed in the CCAA Proceedings. In addition, the Monitor has established a dedicated email address (b zam@fticonsulting.com) and hotlines (416-649-8065 or 1-833-446-7441) to allow stakeholders to communicate directly with the Monitor in order to address any questions or concerns in respect of the CCAA Proceedings.
12. Pursuant to paragraph 45 of the Initial Order, the Monitor:
 - (a) has arranged for publication of the initial notice containing the information prescribed under the CCAA in the *Globe and Mail* (National Edition) on February 29, 2024, which was published on March 4, 2024;
 - (b) made a copy of the Initial Order and the application materials publicly available by posting them on the Monitor’s Website on February 29, 2024;
 - (c) sent, in the prescribed manner, a notice to every known creditor with a claim against the Applicants of more than \$1,000; and
 - (d) prepared a list of those same creditors and their estimated claim amounts and made such list publicly available on the Monitor’s Website.

Other Activities of the Monitor

13. In addition to the activities listed above, the Monitor has also undertaken the following activities since the commencement of the CCAA Proceedings:
 - (a) posted an updated and current service list for these CCAA Proceedings on the Monitor’s Website;

- (b) engaged in discussions with the Applicants, their legal counsel, and their directors and Management regarding issues related to the Applicants' operations and borrowings under the DIP Facility;
- (c) reviewed advances under the DIP Facility and disbursements of the Applicants;
- (d) participated in discussions with and assisted the Applicants in discussions with landlords, suppliers, other creditors and employees related to the CCAA Proceedings and responded to requests for information from certain such parties;
- (e) communicated to Health Canada with respect to the cannabis licenses held by certain entities of the BZAM Group;
- (f) communicated with certain provincial cannabis boards;
- (g) engaged in discussions with the Applicants and their legal counsel regarding certain issues related to recently terminated employees;
- (h) participated in discussions and negotiations on the terms of the Stalking Horse Purchase Agreement and the SISP with the Stalking Horse Bidder and its legal counsel, and the DIP Lender and its legal counsel;
- (i) engaged with the Monitor's legal counsel, Stikeman Elliott LLP ("Stikeman") regarding matters related to the CCAA Proceedings; and
- (j) continued with the preparation of materials required to conduct the SISP and prepared a list of potential bidders.

D. REQUEST FOR APPROVAL OF THE PROPOSED SALE AND SOLICITATION PROCESS AND STALKING HORSE PURCHASE AGREEMENT

14. At the commencement of the CCAA Proceedings, the Applicants advised that they intended to seek approval of a sale and investment solicitation process. The proposed SISP is attached hereto as **Appendix "A"**. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the SISP.

- 15. At the Comeback Hearing, the Applicants will seek an Order approving the SISP, and the actions of the Applicants and the Monitor that may be necessary or desirable to carry out the SISP. The SISP will be conducted by the Applicants and the Monitor.
- 16. A summary of the SISP is set out below. If there are any discrepancies between the terms of the SISP and the description of same herein, the terms of the SISP shall govern.
- 17. The timing of key milestones relating to the SISP are as follows:

Milestone	Date
Phase 1	
Commence solicitation of interest from parties, including delivering teaser letter and NDA, and upon execution of NDA, confidential information memorandum and access to an electronic data room.	As soon as possible following issuance of the SISP Approval Order (if granted).
Deadline to submit an LOI.	April 8, 2024 at 5:00 p.m. (EST)
Deadline for the Applicants and the Monitor to determine if any LOIs constitute a Qualified LOI.	By no later than April 11, 2024.
Phase 2	
Deadline for Qualified Bidders to submit a Qualified Bid.	April 29, 2024 at 2:00 p.m. (EST)
The Applicants and the Monitor to commence an Auction, if any.	By no later than May 3, 2024.
Approval Order hearing.	By no later than May 21, 2024, subject to Court availability.
Closing of the Successful Bid.	As soon as possible following an Approval Order (if granted) and, in any event, by no later than June 21, 2024.

- 18. Pursuant to the SISP, the Applicants, with the written consent of the Monitor and the DIP Lender may amend the terms of the SISP, including the milestones set out above. The Applicants require the prior written consent of the Stalking Horse Bidder and the DIP

Lender to amend the purchase price requirements and outside date for a bid to be considered a Qualified Bid in the SISP, which is discussed in greater detail below.

Overview of the SISP

19. The Applicants have proposed a flexible SISP, designed to maximize opportunities for the sale of, or investment in, all or part of the BZAM Group's assets and business (the "**Opportunity**"). A potential transaction may include one or more of a restructuring, recapitalization, or other form of reorganization of the business and affairs of one or more of the BZAM Group as a going concern, or a sale of all, substantially all, or one or more components of the assets of the BZAM Group.
20. The Monitor, with the assistance of the Applicants, has developed a list of potential bidders. This list includes parties that have approached the Monitor and advised that they have an interest in the Opportunity, local and international strategic and financial parties who the Monitor believes may be interested in the Opportunity, and any other parties suggested by the Applicants or a stakeholder as a potential bidder.
21. The Monitor, with the assistance of the Applicants, has prepared a Teaser Letter describing the Opportunity and inviting recipients to express their interest pursuant to the SISP. The Monitor intends to provide the Teaser Letter to certain parties expressing an interest in the Opportunity as soon as possible following issuance of the SISP Approval Order (if granted).
22. The Monitor will post notice of the SISP, the Teaser Letter, and the form of NDA on the Monitor's Website.
23. The Monitor, in consultation with the Applicants, will prepare and send to each interested party which has executed an NDA a confidential information memorandum providing additional information considered relevant to the Opportunity. These prospective bidders will also be given access to a confidential virtual data room that will contain further confidential information relating to the Opportunity.

24. Following their own due diligence, any interested party who wishes to submit an LOI in the SISP must deliver a non-binding LOI to the Applicants and the Monitor by no later than April 8, 2024, at 5:00 p.m. (EST).
25. For an LOI to be considered a Qualified LOI, it must comply with certain conditions, including:
 - (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and information as to the interested party's financial wherewithal to complete a transaction pursuant to the SISP;
 - (b) it sets forth the principal terms of the proposed Transaction, including:
 - (i) the nature of the proposed Transaction;
 - (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities;
 - (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid;
 - (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction;
 - (v) proposed treatment of the Company's employees;
 - (vi) any other terms or conditions that the interested party believes are material to the Transaction; and
 - (vii) any other information as may be reasonably requested by the Company and the Monitor.
26. The Applicants and the Monitor, with the consent of the DIP Lender, may waive strict compliance with any one or more of the requirements to qualify a non-compliant LOI as a Qualified LOI.

27. It is important to note that if no Qualified LOIs are received by the LOI Deadline, then the Company and the Monitor, with the consent of the DIP Lender and the Stalking Horse Bidder, may elect to terminate the SISP and send notice of same to the service list established in the CCAA Proceedings and any interested party who submitted an LOI. The Applicants will then proceed to seek Court approval to implement the transaction contemplated by the Stalking Horse Purchase Agreement. This will allow the Applicants to conserve cash and effect a going concern transaction for the benefit of the BZAM Group's stakeholders.
28. If one or more LOIs are determined to be a Qualified LOI, the SISP will continue to Phase 2, with all Qualified Bidders being required to submit a binding bid on or before April 29, 2024 at 2:00 p.m. (EST). In order to constitute a Qualified Bid, a bid must comply with certain conditions, including, among others:
- (a) it must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than: (i) all outstanding obligations owing to Cortland pursuant to the Credit Agreement, the DIP Term Sheet, and the DIP Facility, (ii) any obligations in priority to amounts owing under the DIP Term Sheet, including any Charges, (iii) the amount of \$250,000 to fund any professional fees incurred in connection with the wind-up of the CCAA Proceedings and any further proceedings or wind-up costs; and (iv) the amount of \$850,000 to satisfy the Bid Protections (the **“Consideration Value”**);
 - (b) it contains:
 - (i) duly executed binding Transaction document(s);
 - (ii) a redline to the Stalking Horse Bid; and
 - (iii) disclosure of any connections or agreements with the BZAM Entities or any of their affiliates, any other bidder participating in the SISP or any officer, manager, director, member or equity security holder of the BZAM Entities or any of their affiliates;

- (b) it is binding and is irrevocable until closing of the Successful Bid; provided, that if such bid is not selected as the Successful Bid or as the next-highest or otherwise best Qualified Bid as compared to the Successful Bid (such bid, the “**Back-Up Bid**”) it shall only remain irrevocable until selection of the Successful Bid;
- (c) it provides that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid, and if selected as the Back-Up Bid, it will remain irrevocable until the earlier of (i) closing of the Successful Bid or (ii) closing of the Back-Up Bid;
- (d) it provides written evidence of the Qualified Bidder’s ability to fully fund and consummate the Transaction and satisfy its obligations under the Transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;
- (e) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (f) it is not conditional upon:
 - (i) any internal approvals;
 - (ii) the outcome of any due diligence by the Qualified Bidder; or
 - (iii) the Qualified Bidder obtaining financing;
- (g) it specifies any regulatory (including Health Canada) or other third-party approvals the Qualified Bidder anticipates would be required to complete the Transaction (including the anticipated timing necessary to obtain such approvals); and
- (h) it is accompanied by a cash deposit (the “**Deposit**”) by wire transfer of immediately available funds equal to 10% of the Consideration Value, which Deposit shall be held by the Monitor in a trust account in accordance with the SISP.

29. While the Stalking Horse Purchase Agreement includes the assumption of the Stone Pine Debt as part of the consideration payable by the Stalking Horse Purchaser (described

below), Qualified Bidders are not required to submit a bid that provides for the assumption or payment of the Stone Pine Debt in order to constitute a Qualified Bid in the SISP.

30. The Monitor has not conducted any review or valuation of the Stone Pine Debt. Any bids that provide for consideration in excess of the Consideration Value will be evaluated and the Stone Pine Debt will be reviewed at that time.
31. The Applicants and the Monitor will review and evaluate each Qualified Bid that is received and will determine the Successful Bid and the Back-Up Bid (if any). As part of this evaluation, the Applicants and the Monitor may conduct an auction in accordance with the auction process set forth in the SISP.
32. Upon the selection of the Successful Bidder and finalization of the definitive agreement in respect of the Successful Bid, the Applicants will apply to the Court for approval of the Successful Bid.

Overview of the Stalking Horse Purchase Agreement¹

33. In an effort to provide certainty during the process, the SISP includes a Stalking Horse Bid, the material terms of which are as follows:
 - (a) the Stalking Horse Purchaser will subscribe for all the common shares of BZAM, the parent company of the BZAM Group, through a reverse vesting transaction, pursuant to which all equity interest of BZAM will be cancelled without consideration, and the Stalking Horse Purchaser will be the sole parent of BZAM;
 - (b) prior to the acquisition of the shares, Residual Co. will be incorporated and all of the Excluded Assets, Excluded Contracts, and Excluded Liabilities will be transferred to Residual Co.;
 - (c) the Purchase Price is: (i) assumption of the Stone Pine Debt (principal amount of \$8,515,000 as of January 4, 2024); (ii) Cash Consideration which consists of (A)

¹ Capitalized terms not otherwise defined in this subsection have the meanings ascribed to them in the Stalking Horse Purchase Agreement.

deposit of \$2,250,000 paid within two days of the SISP being approved by the Court being applied against the total Cash Consideration; (B) all amounts owing in respect of the DIP Facility and the Credit Agreement to Cortland; and (C) Closing Cash Amount for certain expenses incurred up to closing and for the Wind-Up Reserve; and (iii) assumption of various Assumed Liabilities;

- (d) the Stalking Horse Purchaser, by nature of its ownership of BZAM, will retain the Assumed Liabilities of the Applicants, including:
 - (i) all trade payables and liabilities from the date of the Initial Order that remain outstanding as at the Closing Date (as set out in the Statement of Trade Payables);
 - (ii) all mortgages registered on title to the real property owned by the BZAM Group;
 - (iii) all amounts owing under the Edmonton Property Charge;
 - (iv) Liabilities under any Retained Contracts, Permits and Licenses or Permitted Encumbrances (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing; and
 - (v) any Tax Liabilities and Transaction Taxes.
- (e) the Stalking Horse Purchaser is entitled to a Break Fee of \$750,000 and an expense reimbursement of \$100,000 (together, the “**Bid Protections**”);
- (f) the Stalking Horse Purchaser shall send a list to BZAM no later than ten Business Days before the Target Closing Date of the employees whose employment will be terminated;
- (g) the Stalking Horse Purchaser shall send a list of Excluded Contracts to be disclaimed to BZAM by no later than 20 days before the Target Closing Date; and

- (h) the Outside Date to consummate the transaction is June 21, 2024.

Monitor's Involvement in the SISP and Stalking Horse Purchase Agreement

34. The Monitor was consulted in designing the SISP and was party to discussions with the Stalking Horse Purchaser. The Monitor will conduct the SISP with the Applicants, and where applicable, in consultation with the DIP Lender.
35. The Monitor will carry out the SISP in the manner approved by the Court. The Monitor is entitled to receive all information in relation to the SISP and will have certain approval rights in respect of key steps taken therein.
36. The proposed ARIO and order approving the SISP provides that the Monitor will have no liability with respect to any claims in connection with its conduct of the SISP, except to the extent such claims result from the gross negligence or wilful misconduct of the Monitor.

Monitor's Comments and Recommendations

37. The SISP contemplates a marketing process to provide any additional parties with the ability to submit a bid with respect to the Opportunity.
38. It is the Monitor's opinion that the timelines set out in the SISP are reasonable in the circumstances for, among others, the following reasons:
- (a) BZAM is a public company wherein financial information is publicly available;
 - (b) several parties in the industry have held previous discussions and performed due diligence in respect of the BZAM Entities; and
 - (c) the existence of the Stalking Horse Agreement.
39. The Monitor will continue to contact potential bidders as they are identified and provide them with the due diligence materials in accordance with the SISP.
40. The benefits of having a stalking horse bid are well recognized by the CCAA courts, including:

- (a) setting a “floor price” for the business and assets, enabling interested parties to understand from the start of a SISP the value that they may be able to beat in order to become a successful bidder;
 - (b) providing certainty of a going concern outcome for the BZAM Group's business if there are no superior offers, thereby helping maintain stability and operations during the proceedings; and
 - (c) streamlining the bidding process as the stalking horse agreement provides a template for competing bidders to use for the submission of competing offers.
41. The Monitor and its counsel have reviewed all seven stalking horse processes valued at \$25.0 million and above approved in CCAA and *Bankruptcy and Insolvency Act* proceedings between March 2023 to August 2023 (the “**Stalking Horse Comparison Period**”), six of which involved credit bids, in order to assess the reasonableness of the break fees approved by the Courts. Attached as **Appendix “B”** is a chart of the observed fees ranging in size from 0% to approximately 3.4% for the six credit bids reviewed during the Stalking Horse Comparison Period, and the other bid having fees of approximately 3.8%. The results are also summarized in the tables below:

Stalking Horse	Transaction Value (“TV”)	Total Fees	Total Fees as % TV
Maximum	\$569,448,880	\$19,077,058	3.4%
Average	\$202,382,147	\$4,944,470	2.1%
Minimum	\$25,000,000	\$0	0.0%

42. The exact purchase price in the Stalking Horse Purchase Agreement is not capable of being determined at this time as, among other things, the amounts that will ultimately be drawn under the DIP Facility by the time that the transaction closes is unknown. However, on the assumption that the DIP Facility will be fully drawn, the maximum amount of the Bid Protections in aggregate is approximately 2.1% of the purchase price. The Monitor is

therefore of the view that the Bid Protections are consistent with the average rate during the Stalking Horse Comparison Period and are reasonable in the circumstances.

43. Monitor, therefore, is of the view that, in the circumstances:

- (a) the SISP provides for a broad, open, fair and transparent process with an appropriate level of independent oversight and flexibility necessary for the Applicants to consider the broad range of potential transactions that may be available to generate value from the Business;
- (b) the SISP should encourage and facilitate bidding by interested parties and that no aspect of the SISP should discourage parties from submitting bids;
- (c) the SISP provides a reasonable opportunity for other bidders to submit a bid;
- (d) if necessary, the auction process will provide the opportunity for all Qualified Bidders, including the Stalking Horse Bidder, to further increase their bids, thereby ensuring that realizations are maximized for all stakeholders of the Applicants;
- (e) given the efforts described in the Second Milich Affidavit regarding its discussions with the Stalking Horse Purchaser and the liquidity issues faced by the Applicants, the timelines of the SISP are reasonable;
- (f) the provisions of the SISP, including the potential auction, are reasonable, appropriate and reasonably consistent with both market practices and with SISPs approved by the Court in other CCAA cases;
- (g) the Bid Protections in the Stalking Horse Purchase Agreement are within the range of rates identified as part of the Stalking Horse Comparison Period, and therefore are reasonable in the circumstances; and
- (h) the SISP provides appropriate and reasonable oversight by the Monitor and will best enable the Applicants to maximize recoveries for its stakeholders.

44. Accordingly, the Monitor respectfully recommends that the Applicants' request for approval of the SISP, authorization to use the Stalking Horse Purchase Agreement as the Stalking Horse Bid in the SISP, and the Bid Protections Charge be granted.

E. AMENDED AND RESTATED INITIAL ORDER

Increase to Administration Charge

45. The Initial Order granted an Administration Charge in the amount of \$500,000, to secure the fees and disbursements of the Monitor, Stikeman, and counsel for the Applicants, Bennett Jones LLP, from the date of the Initial Order to the Comeback Hearing. The Applicants seek to increase the Administration Charge to \$1.0 million.
46. The Monitor is of the view that the increased Administration Charge is required and reasonable in the circumstances given the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge, each of whom is required to further the restructuring efforts of the BZAM Group.

Increase to Directors' Charge

47. The Initial Order granted a Directors' Charge in the amount of \$5.3 million to secure the indemnity in favour of the Directors and Officers, the sizing of which was based on the potential liability exposure for the Directors and Officers pending the Comeback Hearing. The Applicants seek to increase the Directors' Charge to \$12.9 million.
48. The amount of the increase to the Directors' Charge was estimated by the Applicants in consultation with the Monitor, taking into consideration the liabilities that may be incurred after the Comeback Hearing with respect to any failure to pay wages and source deductions, vacation pay, other employee-related obligations, sales tax, excise tax, and any other tax obligations in light of the jurisdictions in which the BZAM Group carries on business and the number of their employees in each jurisdiction.
49. As set out in the Pre-Filing Report, the Applicants have significant sales and excise tax obligations, and maintenance of BZAM Management's cannabis license with the CRA with respect to excise stamps is crucial for its ability to operate as a going concern. The

quantum of the Directors' Charge in the ARIO reflects approximately \$8,690,000 in excise tax obligations for the months of March and April 2024.

50. The Monitor is therefore of the view that the proposed increase to the Directors' Charge is reasonable in the circumstances as the continued involvement of the Directors and Officers is beneficial to the Applicants and the CCAA Proceedings.

Authority to Borrow Increased Amounts Under the DIP Facility and Increase to the DIP Lender's Charge

51. The Initial Order authorized the Applicants to borrow up to the maximum amount of \$2.4 million under the DIP Facility and granted a corresponding DIP Lender's Charge in the same amount to secure the Applicants' obligations under the DIP Facility. The Applicants seek to increase the amounts which they can draw under the DIP Facility to \$41.0 million and a corresponding increase to the DIP Lender's Charge.
52. As set out in the Cash Flow Projection attached as Appendix "A" to the Pre-Filing Report, absent the additional amounts to be borrowed under the DIP Facility, the Applicants would not have sufficient liquidity to continue operations and advance their restructuring efforts in these CCAA Proceedings.
53. The Monitor is therefore of the view that the proposed increased amounts which the Applicants may borrow under the DIP Facility and a corresponding increase to the DIP Lender's Charge are reasonable in the circumstances.

Ranking of CCAA Charges

54. The Administration Charge and DIP Lender's Charge (subject to the Edmonton Property Charge over the Edmonton Property) are proposed to rank ahead of all Encumbrances against the Property of the Applicants. The Directors' Charge and the Bid Protections Charge are proposed to rank subordinate to Cortland's Pre-Filing Debt (as defined in the ARIO) and any Encumbrances ranking equal to or in priority to Cortland's Pre-Filing Debt. For greater certainty, the proposed ARIO does not elevate the priority of Cortland's Pre-Filing Debt over any Encumbrances that may rank ahead of it.

55. Since the granting of the Initial Order, all of the required notices have been sent to creditors with known claims. The secured creditors who are likely to be affected by the CCAA Charges have been served with the materials for the Comeback Hearing.
56. Further, Cortland is the largest economic stakeholder of the Applicants. It has been duly served and is consenting to the granting of the CCAA Charges. Based on the foregoing, it is the Monitor's view that the CCAA Charges and their proposed priority are fair and reasonable in the circumstances.
57. The proposed ARIO provides that the CCAA Charges granted thereunder shall have the following priorities:
- (a) with respect to the Property other than the Edmonton Property:
 - (i) First – Administration Charge (to the maximum amount of \$1.0 million);
 - (ii) Second – DIP Lender's Charge (to the maximum principal amount of \$41.0 million), plus interest, fees, cost, or other charges under the DIP Term Sheet;
 - (iii) Third – Cortland's Pre-Filing Debt;
 - (iv) Fourth – Directors' Charge (to the maximum amount of \$12.9 million); and
 - (v) Fifth – Bid Protections Charge; and
 - (b) with respect to the Edmonton Property:
 - (i) First – Administration Charge (to the maximum amount of \$1.0 million);
 - (ii) Second – Edmonton Property Charge;
 - (iii) Third – DIP Lender's Charge (to the maximum principal amount of \$41.0 million), plus interest, fees, cost, or other charges under the DIP Term Sheet;
 - (iv) Fourth – Cortland's Pre-Filing Debt;

- (v) Fifth – Directors’ Charge (to the maximum amount of \$12.9 million); and
- (vi) Sixth – Bid Protections Charge.

F. REQUEST FOR AN EXTENSION TO THE STAY PERIOD

- 58. The Stay Period currently expires on March 8, 2024. The Applicants are requesting an extension of the Stay Period until and including May 25, 2024.
- 59. The Applicants require additional time to implement and select a successful bid under the SISP (if approved by this Court).
- 60. As outlined in the Pre-Filing Report of the Monitor, the Cash Flow Projection demonstrates that, subject to the approval of the requested additional interim financing under the DIP Facility, the Applicants expect to have sufficient liquidity to fund the CCAA Proceedings during the requested extension of the Stay Period. For ease of reference, the Cash Flow Projection is attached hereto as **Appendix “C”**.
- 61. The Cash Flow Projection is based on certain assumptions, including:
 - (a) the Applicants continue to take steps to restructure operations during the CCAA Proceedings, including any cash conservation measures intended to be implemented by the Applicants; and
 - (b) the SISP process is approved on March 8, 2024.
- 62. The Monitor believes that the Applicants have acted and continue to act in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.
- 63. Based on the information currently available, the Monitor also believes that creditors of the Applicants would not be materially prejudiced by an extension of the Stay Period until and including May 25, 2024.
- 64. The Monitor supports the Applicants’ request for an extension of the Stay Period until and including May 25, 2024.

G. POTENTIAL OPPOSITION

Final Bell Holdings International

65. As detailed in the Second Milich Affidavit:

- (a) on February 23, 2024, counsel for Final Bell Holdings International Ltd. ("**FBHI**") wrote to the board of directors of Applicants alleging, among other things, that "BZAM is not insolvent";
- (b) on February 26, 2024, counsel for the Applicants responded to the letter from FBHI noting, among other things, that it contained numerous factual inaccuracies and mischaracterizations, and offered to have a call to discuss concerns of FBHI at FBHI's convenience (the "**February 26 Correspondence**"); and
- (c) on February 29, 2024, FBHI issued a press release, which among other things, indicated FBHI's intention to challenge the CCAA Proceedings. Copies of these letters and the press release are collectively attached hereto as **Appendix "D"**.

66. As of the date of this First Report, FBHI:

- (a) has not responded to the February 26 Correspondence;
- (b) has not contacted the Monitor to discuss any concerns it may have in respect of the CCAA Proceedings; and
- (c) has not filed any materials in response to the relief obtained pursuant to the Initial Order or the relief to be sought pursuant to the ARIO or the SISP Approval Order.

Other Stakeholders

67. The Applicants have served their materials for the Comeback Hearing on all the relevant government agencies and the landlord and directors of 943 Québec. The Monitor understands that the Applicants have not received any comments or notices of opposition to the relief being sought by the Applicants on the Comeback Hearing.

68. As referenced in the Pre-Filing Report, the Company anticipated that the acquisition of 943 Québec would be obtained in the near future. The Monitor is advised by the Applicants that there are no updates on the status of this acquisition since the Pre-Filing Report.

H. RECOMMENDATIONS

69. For the reasons stated in this First Report, the Monitor supports the relief sought by the Applicants in connection with the Comeback Hearing.

All of which is respectfully submitted this 6th day of March, 2024.

FTI Consulting Canada Inc.

In its capacity as Monitor of BZAM Ltd., BZAM Holdings Inc., BZAM Management Inc. BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd., Medican Organic Inc., High Road Holding Corp., and Final Bell Corp.



Jeffrey Rosenberg
Senior Managing Director

APPENDIX "A"

[ATTACHED]

BZAM LTD.

SALE AND INVESTMENT SOLICITATION PROCESS

1. On February 28, 2024, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (the "**Initial Order**"), among other things, granting BZAM Ltd., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd., Medican Organic Inc., High Roads Holdings Corp., and Final Bell Corp. (collectively, the "**Applicants**") relief pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA Proceedings**"), and appointed FTI Consulting Canada Inc., as the monitor of the Applicants (the "**Monitor**"). The benefits and protections of the Initial Order were extended to The Green Organic Beverage Corp., TGOD Europe B.V., 9430-6347 Québec Inc., and The Green Organic Dutchman Germany GmbH (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**BZAM Entities**").
2. On March 8, 2024, the Court granted (a) an order amending and restating the Initial Order (the "**ARIO**"), and (b) an order (the "**SISP Approval Order**") that, among other things: (i) authorized the Applicants to implement a sale and investment solicitation process ("**SISP**") in respect of the BZAM Entities, including substantially all of the property, assets and undertakings of BZAM Entities (collectively, the "**Business**"), in accordance with the terms hereof; (ii) authorized and empowered BZAM Ltd. to enter into the Share Subscription Agreement dated March 1, 2024 (the "**Stalking Horse Bid**") with 1000816625 Ontario Inc. (the "**Stalking Horse Bidder**"); (iii) approved the Bid Protections; and (iv) granted the Bid Protections Charge. Capitalized terms that are not otherwise defined herein have the meanings ascribed to them in the ARIO, the SISP Approval Order or the Affidavit of Matthew Milich sworn March 1, 2024, as applicable. Copies of the ARIO and the SISP Approval Order can be found at <http://cfcanda.fticonsulting.com/bzam> (the "**Monitor's Website**").
3. This SISP sets out the manner in which: (a) non-binding letters of intent ("**LOIs**") and binding bids for a broad array of executable transaction alternatives (each a "**Transaction**") that are superior to the sale transaction contemplated by the Stalking Horse Bid will be solicited from interested parties; (b) any such LOIs and bids received will be addressed by the Applicants and the Monitor; (c) any Successful Bid (as defined below) will be selected; and (d) Court approval of any Successful Bid will be sought. Such Transaction alternatives may include, among other things, a sale of the Business or an investment in the Applicants, each of which shall be subject to all terms set forth herein.
4. The SISP shall be conducted by the Applicants and the Monitor.
5. Parties who wish to have their bids considered must participate in the SISP.
6. The Monitor, with the assistance of the Applicants, will:
 - (a) disseminate a teaser and a bid process letter (which letter shall, among other things, direct recipients to the Monitor's Website for a copy of this SISP) to potentially

interested parties identified by the Applicants and the Monitor or any other interested party who contacts the Applicants or the Monitor;

- (b) publish a notice of the SISP in one or more trade industry and/or insolvency-related publications as may be considered appropriate by the Monitor;
- (c) solicit interest from interested parties with a view to such parties entering into non-disclosure agreements in form and substance satisfactory to the Applicants and the Monitor ("**NDA**");
- (d) provide interested parties who have executed an NDA with: (i) a confidential information memorandum in respect of the Business, and (ii) access to an electronic data room containing diligence information in respect of the Business and such other diligence opportunities as the Monitor and the Applicants consider advisable;
- (e) request that such interested parties submit an LOI by the LOI Deadline (as defined below); and
- (f) to the extent the SISP proceeds to Phase 2 (as defined below), request that Qualified Bidders (as defined below) submit a binding offer that meets at least the requirements set forth in Section 12 below, as determined by the Applicants and the Monitor (a "**Qualified Bid**"), by the Qualified Bid Deadline (as defined below).

7. The SISP shall be conducted subject to the terms hereof and the following key milestones:

- (a) the Court issues the SISP Approval Order approving the: (i) SISP and (ii) the Stalking Horse Bid in the SISP – **March 8, 2024**;
- (b) the Monitor to commence solicitation process - as soon as possible following issuance of the SISP Approval Order;
- (c) Deadline to submit an LOI - **5:00 p.m. (Toronto time) on April 8, 2024** (the "**LOI Deadline**");
- (d) Deadline for Applicants and the Monitor, to determine if any LOIs constitute a Qualified LOI (as defined below) and to proceed to Phase 2 of the SISP - **by no later than April 11, 2024**;
- (e) Deadline for Qualified Bidders to submit a Qualified Bid -**2:00 p.m. (Toronto time) on April 29, 2024** (the "**Qualified Bid Deadline**");
- (f) The Applicants and Monitor to commence an Auction (as defined below), if any - **by no later than May 3, 2024**;
- (g) Approval Order (as defined below) hearing - **by no later than May 21, 2024**, subject to Court availability; and

- (h) closing of the Successful Bid - as soon thereafter as possible and, in any event, **by no later than June 21, 2024** (the "**Outside Date**").
8. Any party that executed an NDA will be prohibited from communicating with any other party who executed an NDA regarding the BZAM Entities during the term of the SISP, without the consent of the Monitor, in consultation with the Applicants.
 9. Any interested party who wishes to submit an LOI in the SISP must submit an LOI that complies with the following criteria (it being understood that the Applicants and the Monitor, with the consent of the DIP Lender, may waive strict compliance with any or more of the requirements specified below):
 - (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and information as to the interested party's financial wherewithal to complete a transaction pursuant to the SISP;
 - (b) it sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed Transaction (e.g. sale, investment, etc.); (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the BZAM Entities' employees; (vi) proposed treatment of the BZAM Entities' secured indebtedness; (vii) any other terms or conditions that the interested party believes are material to the Transaction; and (viii) any other information as may be reasonably requested by the Applicants and the Monitor; and
 - (c) it is received by the Applicants and the Monitor by the LOI Deadline at the email addresses specified on Schedule "B" hereto.
 10. Following the LOI Deadline, the Applicants and the Monitor and, subject to Section 21, the DIP Lender and the Stalking Horse Bidder, will assess the LOIs. If no Qualified LOIs are received by the LOI Deadline, then the Applicants and the Monitor and, subject to Section 21 with the consent of the DIP Lender and the Stalking Horse Bidder, may elect to terminate the SISP and send notice of same to the service list established in the CCAA Proceedings and any interested party who submitted an LOI, and proceed to seek Court approval to implement the transaction contemplated by the Stalking Horse Bid. If the Applicants and the Monitor determine, subject to Section 21, with the consent of the DIP Lender and following consultation with the Stalking Horse Bidder, that the Transaction outlined in an LOI represents a viable potential alternative Transaction that could provide greater value to the BZAM Entities and their stakeholders than the Stalking Horse Bid, including having regard to: (i) the consideration offered; (ii) the interested party's financial capability to complete a Transaction; (iii) the interested party's ability to make a binding offer by the Qualified Bid Deadline; (iv) treatment of the secured indebtedness of the BZAM Entities; and (v) such other factors that the Applicants and the Monitor, consider

relevant, then such LOI shall be deemed a "**Qualified LOI**" and the interested party submitting such Qualified LOI shall be deemed a "**Qualified Bidder**".

11. If one or more LOIs is determined to be a Qualified LOI, then the Applicants and the Monitor shall proceed to a second phase of the SISP ("**Phase 2**"). Only Qualified Bidders shall be permitted to participate in Phase 2. The Applicants and the Monitor will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be (i) sent to all Qualified Bidders, and (ii) posted on the Monitor's Website. Phase 2 of the SISP shall include, among other things, the opportunity for Qualified Bidders to: (i) conduct additional diligence, including participation in management presentations; and (ii) to prepare and submit a Qualified Bid on or before the Qualified Bid Deadline.
12. In order to constitute a Qualified Bid, a bid must comply with the following:
 - (a) it must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than (i) all outstanding obligations owing to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; (ii) all outstanding obligations owing to Cortland Credit Lending Corporation under the DIP Agreement; (iii) all outstanding obligations under the DIP Agreement, (iv) any obligations in priority to amounts owing under the DIP Agreement, including any Charges, (v) the amount of \$250,000 to fund any professional fees incurred in connection with the wind-up of the CCAA Proceedings and any further proceedings or wind-up costs; (vi) the amount of \$850,000 to satisfy the Bid Protections (the "**Consideration Value**"), and provides a detailed sources schedule that identifies, with specificity, the composition of the Consideration Value and any assumptions that could reduce the net consideration payable including details of any material liabilities that are being assumed or being excluded;
 - (b) it contemplates closing of the proposed transaction by not later than the Outside Date;
 - (c) it contains:
 - (i) duly executed binding Transaction document(s);
 - (ii) the legal name and identity (including jurisdiction of existence) and contact information of the Qualified Bidder, full disclosure of its direct and indirect principals, and the name(s) of its controlling equityholder(s);
 - (iii) a redline to the Stalking Horse Bid;
 - (iv) evidence of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) and, if necessary to complete the transaction, the bidder's equityholder(s);

- (v) disclosure of any connections or agreements with the BZAM Entities or any of their affiliates, any other bidder participating in the SISP or any officer, manager, director, member or equity security holder of the BZAM Entities or any of their affiliates; and
 - (vi) such other information as may be reasonably requested by the Applicants and the Monitor in the Bid Process Letter;
- (d) it includes a letter stating that the bid is submitted in good faith, is binding and is irrevocable until closing of the Successful Bid; provided, that if such bid is not selected as the Successful Bid or as the next-highest or otherwise best Qualified Bid as compared to the Successful Bid (such bid, the "**Back-Up Bid**") it shall only remain irrevocable until selection of the Successful Bid;
- (e) it provides that the bid will serve as a Back-Up Bid if it is not selected as the Successful Bid and if selected as the Back-Up Bid it will remain irrevocable until the earlier of (i) closing of the Successful Bid or (ii) closing of the Back-Up Bid;
- (f) it provides written evidence of the Qualified Bidder's ability to fully fund and consummate the Transaction and satisfy its obligations under the Transaction documents, including binding equity/debt commitment letters and/or guarantees covering the full Consideration Value;
- (g) it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
- (h) it is not conditional upon:
- (i) approval from the Qualified Bidder's board of directors (or comparable governing body) or equityholder(s);
 - (ii) the outcome of any due diligence by the Qualified Bidder; or
 - (iii) the Qualified Bidder obtaining financing;
- (i) it includes an acknowledgment and representation that the Qualified Bidder (i) has had an opportunity to conduct any and all required due diligence prior to making its bid and has relied solely upon its own independent review, investigation and inspection in making its bid, (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the BZAM Entities, the Monitor and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed Transaction, this SISP, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed Transaction documents, (iii) is making its bid on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the BZAM Entities, the Monitor or any of their respective

employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed Transaction documents, (iv) is bound by this SISP and the SISP Approval Order, and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the SISP or its bid;

- (j) it specifies any regulatory (including Health Canada) or other third-party approvals the Qualified Bidder anticipates would be required to complete the Transaction (including the anticipated timing necessary to obtain such approvals);
 - (k) it includes full details of the Qualified Bidder's intended treatment of the BZAM Entities' employees under the proposed bid;
 - (l) it is accompanied by a cash deposit (the "**Deposit**") by wire transfer of immediately available funds equal to 10% of the Consideration Value, which Deposit shall be held by the Monitor in a trust account in accordance with the terms hereof;
 - (m) it includes a statement that the Qualified Bidder will bear its own costs and expenses (including ally legal and advisor fees) in connection with the proposed Transaction, and by submitting its bid is agreeing to refrain from and waive any assertion or request for reimbursement on any basis; and
 - (n) it is received by the Applicants and the Monitor by the Qualified Bid Deadline at the email addresses specified on Schedule "B" hereto.
13. The Qualified Bid Deadline may be extended by: (a) the Applicants and the Monitor and, subject to Section 21, with the consent of the DIP Lender and the Stalking Horse Bidder; or (b) further order of the Court. In such circumstances, the milestones contained in subsections 7(f) - 7(h) may be extended by Applicants for the same amount of time.
14. The Applicants and the Monitor, may waive strict compliance with any one or more of the requirements specified in Section 12 above and deem a non-compliant bid to be a Qualified Bid, provided that the Applicants shall not waive compliance with the requirements specified in Subsections **Error! Reference source not found.**, (b), (c), (h), (l) or (m) without the prior written consent of the Stalking Horse Bidder and the DIP Lender, each acting reasonably.
15. If one or more Qualified Bids (other than the Stalking Horse Bid) has been received by the Applicants and the Monitor on or before the Qualified Bid Deadline, the Applicants and the Monitor, in consultation with the DIP Lender, may:
- (a) negotiate with one or more of the Qualified Bidders who submitted a Qualified Bid, including requesting that such Qualified Bidder improve or otherwise modify the terms of its Qualified Bid (and any such improved or modified Qualified Bid submitted by a Qualified Bidder shall be deemed to be a Qualified Bid hereunder for all purposes);

- (b) considering the factors set out in Section 12 of the SISP and, among other things, (i) the amount of consideration being offered and, if applicable, the proposed form, composition and allocation of same, (ii) the value of any assumption of liabilities or release of liabilities not otherwise accounted for in (i) above, (iii) the likelihood of the Qualified Bidder's ability to close a Transaction by not later than the Outside Date (including factors such as: the Transaction structure and execution risk; conditions to, timing of, and certainty of closing; termination provisions; availability of financing and financial wherewithal to meet all commitments; and required governmental or other approvals), (iv) the likelihood of the Court's approval of the Successful Bid, (v) the benefit to the BZAM Entities and their stakeholders, including employees and (vi) any other factors the directors or officers of the Applicants may, consistent with their fiduciary duties, reasonably deem relevant (collectively, the "**Consideration Factors**"); and (y) designate any Qualified Bid received (including the Stalking Horse Bid) to be the highest or otherwise best bid in the SISP (as may be designated pursuant to this Section 15 (b) or designated at the Auction, the "**Successful Bid**" and the Qualified Bidder making such bid, the "**Successful Bidder**");
 - (c) having regard to the Consideration Factors, designate any Qualified Bid received as the Back-Up Bid (provided that the Stalking Horse Bid shall not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder); or
 - (d) proceed with an auction process to determine the Successful Bid and any Back-Up Bid (the "**Auction**"), which Auction shall be administered in accordance with Schedule "A" hereto.
16. If no Qualified Bid (other than the Stalking Horse Bid) has been received by the Applicants and the Monitor by the Qualified Bid Deadline, then the Stalking Horse Bid shall be deemed the Successful Bid and shall be consummated in accordance with and subject to the terms of the Stalking Horse Bid, including obtaining Court approval thereof.
17. Following selection of the Successful Bid, the Applicants, with the assistance of their advisors and the Monitor, shall seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones set out in Section 7. Once the necessary definitive agreement(s) with respect to a Successful Bid have been finalized, as determined by the Applicants and the Monitor, the Applicants shall apply to the Court for an order or orders approving such Successful Bid and/or the mechanics to authorize the BZAM Entities to complete the transactions contemplated thereby, as applicable, and authorizing the applicable BZAM Entities to: (a) enter into any and all necessary agreements and related documentation with respect to the Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in such Successful Bid (each, an "**Approval Order**"). If the Successful Bid is not consummated in accordance with its terms, the Applicants shall be authorized, but not required, to elect that the Back-Up Bid (if any) is the Successful Bid.

18. The highest Qualified Bid may not necessarily be accepted by the Applicants. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Applicants, with the written consent of the Monitor and the DIP Lender, reserve the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the BZAM Entities' business and assets or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids, provide that the aggregate of such Qualified Bids satisfies the requirements of Section 11(a) and (b).
19. If a Successful Bid is selected and an Approval Order authorizing the consummation of the Transaction contemplated thereunder is granted by the Court, any Deposit paid in connection with such Successful Bid will be non-refundable and shall, upon closing of the Transaction contemplated by such Successful Bid, be applied to the cash consideration to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the definitive agreement(s) entered into in connection with such Successful Bid. Any Deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable Qualified Bidder by the Monitor as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is approved pursuant to an Approval Order or such earlier date as may be determined by the Applicants, with the consent of the Monitor; provided, the Deposit in respect of any Back-Up Bid shall not be returned to the applicable Qualified Bidder until the closing of the Successful Bid.
20. The Applicants and the Monitor shall be permitted, in their discretion, to provide updates and information in respect of the SISP to any creditor (including any advisor thereto) (each a "**Creditor**") on a confidential basis upon: (a) the irrevocable confirmation in writing from such Creditor that the applicable Creditor will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Applicants in form and substance satisfactory to the Applicants and the Monitor.
21. The DIP Lender shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the BZAM Entities and the Monitor in respect of the SISP, including copies of any LOIs or bids submitted in Phase 2, upon the DIP Lender irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP. The Stalking Horse Bidder shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the BZAM Entities and the Monitor in respect of the SISP, including copies of any LOIs or Qualified Bid, upon the Stalking Horse Bidder irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP except for the Stalking Horse Bid, except for any revised Stalking Horse Bid that may be submitted in the Auction.
22. Any amendments to this SISP may only be made by the Applicants with the written consent of the Monitor and the DIP Lender, or by further order of the Court, provided that the Applicants shall not amend the requirements specified in Subsections 12(a) or (b) without the prior written consent of the Stalking Horse Bidder, acting reasonably, or approval of the Court.

23. The DIP Lender and any other secured lender of the BZAM Entities shall have the right (subject to compliance with the terms of this SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of such secured lender's claims, including principal, interest and any other obligations owing to such secured lender; provided that any such secured lender shall be required to: (i) pay in full in cash any obligations of the BZAM Entities in priority to its secured debt (including as contemplated by Subsection 12(a) ; and (ii) pay appropriate consideration for any assets of the BZAM Entities which are contemplated to be acquired and that are not subject to such secured lender's security.
24. The Monitor will oversee the conduct of the SISP and, without limitation to that supervisory role, the Monitor will participate in the SISP in the manner set out herein and in the SISP Approval Order, and is entitled to receive all information in relation to the SISP.
25. For the avoidance of doubt, the Stalking Horse Bidder shall be deemed a Qualified Bidder for all purposes hereunder and the Stalking Horse Bid deemed a Qualified Bid.

SCHEDULE "A": AUCTION PROCEDURES

1. **Auction**. Instructions to participate in the Auction, which will take place either: (i) via video conferencing, or (ii) at a location to be designated in Toronto, Ontario, that will be provided by the Monitor to Qualified Parties (as defined below) not less than 48 hours prior to the Auction. Such instructions will identify and include a copy of the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Applicants and the Monitor, to be the initial bid at the Auction (the "**Initial Bid**").

2. **Participation**. Only Qualified Bidders that delivered a Qualified Bid, including, for greater certainty, the Stalking Horse Bidder (collectively the "**Qualified Parties**" and each a "**Qualified Party**"), shall be eligible to participate in the Auction. No later than 2:00 p.m. (Toronto time) on the day prior to the Auction, each Qualified Party must inform the Applicants and the Monitor in writing whether it intends to participate in the Auction. The Monitor will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction. If no Qualified Party provides such expression of intent, the Initial Bid shall be designated as the Successful Bid.

3. **Auction Procedures**. The Auction shall be governed by the following procedures:
 - (a) **Attendance**. Only the Applicants, the Monitor, the Qualified Parties, the DIP Lender and any other secured creditor of the Applicants to the extent agreed to by the Monitor, and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any Overbids (as defined below) at the Auction;

 - (b) **No Collusion**. Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (a) it has not engaged in any collusion with respect to the Auction and the SISP; and (b) its bid is a good-faith bona fide offer, it is irrevocable and it intends to consummate the proposed transaction if selected as the Successful Bid;

 - (c) **Minimum Overbid and Back-Up Bid**. The Auction shall begin with the Initial Bid, and any bid made at the Auction by a Qualified Party subsequent to the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments (or, if consented to by the Applicants and the Monitor, such other form of consideration being offered by a Qualified Party) of \$100,000, and all such Overbids shall be irrevocable until closing of the Successful Bid; provided, that if such Overbid is not selected as the Successful Bid or as the Back-Up Bid (if any) it shall only remain irrevocable until selection of the Successful Bid. An Overbid must comply with the bid requirements contained in the SISP for a Qualified Bid (including the requirements for payment of (i) all outstanding obligations owing to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; and (ii) all outstanding obligations owing to Cortland Credit Lending Corporation under the DIP Agreement), provided that the deadline to submit a Qualified Bid shall not apply;

- (d) **Bidding Disclosure**. The Auction shall be conducted such that all bids will be made and received in one group video-conference or meeting room (as applicable), on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent Qualified Bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Applicants and the Monitor, in their discretion, may establish separate video conference rooms or meeting breakout rooms to permit interim discussions among the Applicants, the Monitor and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video-conference or meeting room (as applicable), on an open basis;
- (e) **Bidding Conclusion**. The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit an Overbid with full knowledge and confirmation of the then-existing highest or otherwise best bid and no Qualified Party submits an Overbid; and
- (f) **No Post-Auction Bids**. No bids will be considered for any purpose after the Successful Bid has been designated and the Auction has concluded.

Selection of Successful Bid and Back-Up Bid

- 4. **Selection**. During the Auction, the Applicants and the Monitor, will: (a) review each subsequent Overbid, considering the Consideration Factors; and (b) identify the highest or otherwise best bid received at the Auction and designate such bid as the Successful Bid and such Qualified Party as the Successful Bidder. The Applicants and the Monitor may also elect to designate a bid received at the Auction as the Back-Up Bid (provided that the Stalking Horse Bid shall not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder).
- 5. **Acknowledgement**. The Successful Bidder shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Applicants in their sole discretion, following consultation with the Monitor, subject to the milestones set forth in Section 7 of the SISP.

SCHEDULE "B"
E-MAIL ADDRESSES FOR DELIVERY OF BIDS

To counsel for the Applicants:

Bennett Jones LLP
1 First Canadian Place
100 King Street West Suite, 3400
Toronto, ON M5H 2S7

Attention:

Sean Zweig: zweigs@bennettjones.com
Mike Shakra shakram@bennettjones.com

To the Monitor and counsel to the Monitor:

FTI Consulting Canada Inc
79 Wellington St W
Suite 2010, Toronto
ON M5K 1G8

Attention:

Jeffrey Rosenberg: jeffrey.rosenberg@fticonsulting.com
Kamran Hamidi: Kamran.Hamidi@fticonsulting.com

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street, Toronto
ON M5L 1B9

Attention:

Maria Konyukhova: mkonyukhova@stikeman.com
[Philip Yang: pyang@stikeman.com](mailto:pyang@stikeman.com)

APPENDIX “B”

Overview of Stalking Horse Bids Approved in Canada During the Comparison Period

Debtor	Purchaser	Agreement Date	Est. Transaction Value ²	Total Fees ³	Total Fees as a % of TV	Jurisdiction	Industry	Credit Bid
Just Energy Group	The DIP lenders and one of their affiliates	04-Aug-22	\$569,448,880	\$19,077,058	3.4%	ON	Oil & Gas	Y
LoyaltyOne Co.	BMO	10-Mar-23	\$217,304,000	\$5,432,600	2.5%	ON	Other	Y
Nextpoint Financial	Certain lenders to Nextpoint	25-Jul-23	\$175,000,000	\$700,000	0.4%	BC	Financial Services	Y
DCL Corporation	Pigment Holdings, Inc.	21-Dec-22	\$166,200,000 – \$170,900,000	-	0%	ON	Distribution	Y
Dominion Diamond Mines	Washington Diamond Investments Holdings III, LLC	22-Apr-20	\$169,163,150	\$6,401,638	3.8%	AB	Mining	N
Blackrock Metals Inc. et al.	OMF Fund II H Ltd. and Investissement Quebec	23-Dec-21	\$90,759,000	\$2,500,000	2.8%	QC	Mining	Y
Aleafia Health Inc.	RWB (PV) Canada Inc.	10-Aug-23	\$25,000,000 - \$29,000,000	\$500,000	1.7-2%	ON	Cannabis	Y

² Transaction Value is the Stalking Horse Bid Value.

³ Includes Break Fees and Expense Reimbursements.

APPENDIX “C”

[ATTACHED]

BZAM Ltd.

Consolidated Cash Flow Forecast

(\$CAD in thousands)

Forecast Week Starting (Sunday)		25-Feb-24	03-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	07-Apr-24	14-Apr-24	21-Apr-24	28-Apr-24	05-May-24	12-May-24	19-May-24	13 Week
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Receipts															
Receipts from Operations	[2]	\$ 694	\$ 2,521	\$ 1,973	\$ 1,578	\$ 2,351	\$ 3,492	\$ 2,440	\$ 2,476	\$ 3,996	\$ 3,508	\$ 3,933	\$ 2,686	\$ 3,179	\$ 34,827
Total Receipts		\$ 694	\$ 2,521	\$ 1,973	\$ 1,578	\$ 2,351	\$ 3,492	\$ 2,440	\$ 2,476	\$ 3,996	\$ 3,508	\$ 3,933	\$ 2,686	\$ 3,179	\$ 34,827
Disbursements															
<i>Operating Disbursements</i>															
Production Costs	[3]	(779)	(1,005)	(1,160)	(1,005)	(1,340)	(774)	(505)	(405)	(535)	(584)	(874)	(535)	(535)	(10,036)
Insurance		(175)	-	-	-	(134)	-	-	-	-	(134)	-	-	-	(443)
Payroll	[4]	(690)	(1,520)	(458)	(1,035)	(1,222)	(1,090)	(518)	(1,153)	(458)	(1,090)	(518)	(1,153)	(458)	(11,363)
Rent	[5]	(301)	-	-	-	-	(301)	-	-	-	(301)	-	-	-	(903)
Taxes	[6]	(574)	-	-	-	(1,018)	(340)	-	-	-	(4,220)	(550)	-	-	(6,702)
Other Operating Expenses	[7]	(659)	(408)	(836)	(217)	(368)	(264)	(787)	(337)	(311)	(383)	(304)	(373)	(346)	(5,593)
Total Operating Disbursements		\$ (3,178)	\$ (2,933)	\$ (2,454)	\$ (2,257)	\$ (4,082)	\$ (2,769)	\$ (1,810)	\$ (1,895)	\$ (1,304)	\$ (6,712)	\$ (2,246)	\$ (2,061)	\$ (1,339)	\$ (35,040)
Net Cash from Operations		\$ (2,484)	\$ (412)	\$ (481)	\$ (679)	\$ (1,731)	\$ 723	\$ 630	\$ 581	\$ 2,692	\$ (3,204)	\$ 1,687	\$ 625	\$ 1,840	\$ (213)
<i>Financing Disbursements</i>															
Loan Advances (Repayments)	[8]	2,165	(2,521)	(1,973)	(1,578)	(2,351)	(3,492)	(2,440)	(2,476)	(3,996)	(3,508)	(3,933)	(2,686)	(1,472)	(30,261)
Interest Expenses & Fees	[9]	(42)	-	-	-	-	(42)	-	-	-	(42)	-	-	-	(126)
<i>Restructuring Disbursements</i>															
Restructuring Legal and Professional Costs	[10]	(605)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(185)	(2,825)
Net Cash Flows		\$ (966)	\$ (3,118)	\$ (2,639)	\$ (2,442)	\$ (4,267)	\$ (2,996)	\$ (1,995)	\$ (2,080)	\$ (1,489)	\$ (6,939)	\$ (2,431)	\$ (2,246)	\$ 183	\$ (33,425)
Cash															
Beginning Balance		\$ 2,814	\$ 1,848	\$ 999	\$ 999	\$ 998	\$ 998	\$ 997	\$ 997	\$ 998	\$ 998	\$ 998	\$ 997	\$ 997	\$ 2,814
Net Receipts/ (Disbursements)		(966)	(3,118)	(2,639)	(2,442)	(4,267)	(2,996)	(1,995)	(2,080)	(1,489)	(6,939)	(2,431)	(2,246)	183	(33,425)
DIP Advances/ (Repayments)	[11]	-	2,367	2,639	2,441	4,267	3,072	1,995	2,081	1,489	7,136	2,440	2,246	(184)	31,989
DIP Fees & Interest Payment	[12]	-	(98)	-	-	-	(77)	-	-	-	(207)	-	-	-	(382)
Ending Balance		\$ 1,848	\$ 999	\$ 999	\$ 998	\$ 998	\$ 997	\$ 997	\$ 998	\$ 998	\$ 998	\$ 997	\$ 997	\$ 996	\$ 996

Notes to the Consolidated Cash Flow Forecast:

[1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of BZAM Ltd. and its subsidiaries ("BZAM" or the "Company"). The forecast above is presented in Canadian Dollars. The forecast 13-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.

[2] Receipts from Operations are based on management's current expectations regarding sales and collections. Receipts from operations have been forecast based on current payment terms, historical trends in collections, and expected demand.

[3] Production Costs includes the cost of operating the growing facilities as well as the purchase of cannabis from other Licensed Producers ("LPs").

[4] Forecast Payroll is based on historical payroll amounts and future forecast amounts based on planned headcount reductions.

[5] Forecast Rent includes payments to landlords in various provinces for leased cultivation facilities and office spaces.

[6] Forecast Taxes include payments for sales tax (GST, HST, and QST) to various taxing authorities across Canada as well as the post-filing Excise Tax in accordance with the Excise Tax Act.

[7] Forecast Other Operating Expenses include selling, general, and administrative payments.

[8] Forecast Loan Advances (Repayments) reflect the repayment of the Cortland Secured Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet.

[9] Forecast Interest Expenses & Fees include an interest-only payment on a mortgaged property.

[10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors.

[11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of around \$1.0 million.

[12] Forecast DIP Accrued Interest reflects interest of 15.25% accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. A \$0.1M commitment fee is payable upon the initial DIP advance.

APPENDIX “D”

[ATTACHED]

February 23, 2024

Mihai Ionescu
D: 604-692-3027
E: mionescu@sangramoller.com
File: 7287 001

VIA EMAIL

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: The Board of Directors of BZAM Ltd.

Dear Sirs/Mesdames:

Re: BZAM Ltd. ("BZAM") and Final Bell Holdings International Ltd. ("Final Bell")

We are counsel for Final Bell.

We write in reference to a Share Exchange Agreement entered into among Final Bell, Final Bell Canada Inc. (as it was formerly known) ("**FB Canada**") and BZAM, dated as of December 5, 2023 (the "**Agreement**"), pursuant to which Final Bell agreed to sell all of the outstanding shares of FB Canada to BZAM for consideration comprised of, among other things, (i) 90,000,000 shares (the "**BZAM Shares**") at a value of \$0.15 per share, or \$13,500,000 in the aggregate, subject to a lock-up period that has not expired; and (ii) an unsecured promissory note in the principal amount of \$8,000,000 payable by FB Canada to an affiliate of Final Bell and guaranteed by BZAM (the "**BZAM Note**"). The Agreement closed on January 5, 2024, as publicly announced by Final Bell and BZAM. We note that closing of the Agreement was conditional on receipt by both Final Bell and BZAM of approval from their respective senior lenders, which in Final Bell's case required the release by its senior lender of a comprehensive security package over FB Canada. This release was provided on the basis of extensive due diligence over BZAM's financial condition, in order to support the value of the BZAM Shares.

It has come to the attention of Final Bell that BZAM wishes to breach the Agreement, slightly over one month following closing the transaction, in order to, among other things, cease having to meet its financial obligations to Final Bell.

Matt Milich, BZAM's chief executive officer and a director, recently informed Final Bell that BZAM desires to shift from a publicly traded entity to a privately held entity. However, rather than this being accomplished by a negotiated transaction, BZAM's plan is to improperly utilize

February 23, 2024

Page 2

protections available under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"), or another insolvency regime, to accomplish a goal of shifting to a private entity owned or controlled, directly or indirectly, by its current chairman. The use of creditor protection legislation in this case would allow BZAM to diminish value in its share price in order for a related entity to purchase BZAM at a steep discount. The end result would potentially render the BZAM Shares valueless and eliminate BZAM's obligations under the BZAM Note, effectively re-engineering the Agreement to have BZAM acquire FB Canada without any consideration of value, stealing FB Canada from Final Bell.

Recourse to the CCAA in these circumstances is contradictory to the requirements of appropriateness, good faith and due diligence that have repeatedly been identified as baseline considerations in a court exercising CCAA authority.

If the above is BZAM's intended strategy, we can advise that Final Bell will be objecting at every opportunity, including by seeking injunctive and other appropriate relief. In such circumstances, where there is no imminent creditor action, and the motives underlying any restructuring plan are in question, we expect that any application for CCAA protection or other relief or protection would be brought on appropriate notice to Final Bell and other affected creditors, rather than on an *ex parte* basis. Our client expects to make submissions as to the appropriateness of any order, both at the initial application stage and comeback hearing. Should you fail to give notice, despite this express request, then please ensure your counsel provides a copy of this letter to the court at the first court hearing.

In the first instance, BZAM is not insolvent. BZAM provided financial disclosures to Final Bell in December of 2023 which indicated that BZAM does not have a liquidity problem and is not insolvent. A company's desire not to pay a debt does not amount to insolvency. BZAM has also not publicly disclosed any disputes with creditors or any imminent insolvency risk. The most recently prepared financial statements were prepared on a going concern basis, with a going concern risk that is not indicative of imminent insolvency. BZAM has been making payments to creditors and suppliers, including to Final Bell, following closing of the Agreement, in the ordinary course. BZAM has not disclosed that it is exploring any strategic alternatives, including financing options, methods by which a board of directors of a public company would seek to discharge its fiduciary obligations. No information supporting a determination of insolvency has been provided to Final Bell.

Additionally, BZAM has not brought any proposal to Final Bell, its second largest shareholder, for its consideration, to secure Final Bell's approval of arrangements that would normally be contemplated in a CCAA context. If in fact BZAM is insolvent, it will have breached the Agreement by having materially misrepresented its financial condition, representations that Final Bell and its senior lender relied upon in order to enter into and consummate the Agreement.

February 23, 2024
Page 3

Directors and officers of corporations who are also shareholders may be held personally liable for the decisions they make in respect of the corporation they act for. This includes claims for a breach of fiduciary duty, a breach of the duty of care, and for causing a corporation to act oppressively in relation to its creditors and shareholders. Accordingly, the claims and concerns identified in this letter are not intended to be exhaustive, and nothing contained in this letter is intended as, or may be deemed or construed to constitute, a waiver or relinquishment of any rights or remedies available to Final Bell in law or equity, all of which are hereby expressly reserved.

Yours truly,

SANGRA MOLLER LLP

Per:



Mihai Ionescu

cc: *Final Bell Holdings International Ltd.*
Attn: Robert Meyer, CEO, and Kay Jessel, Executive Director

Dennis James Aitken LLP
Attn: Craig Dennis, K.C. and Owen James

Aird & Berlis LLP
Attn: Adria Leung Lim

Bennett Jones LLP
Attn: Sean Zweig



Bennett Jones

Bennett Jones LLP

3400 One First Canadian Place, PO Box 130

Toronto, Ontario, Canada M5X 1A4

Tel: 416.863.1200 Fax: 416.863.1716

Sean H. Zweig
Partner
Direct Line: 416.777.6254
e-mail: zweigs@bennettjones.com

February 26, 2024

Via E-Mail (mionescu@sangramoller.com)

Sangra Moller LLP
1000 Cathedral Place
925 West Georgia Street
Vancouver, BC V6C 3L2

Attention: Mihai Ionescu

Dear Sirs:

Re: BZAM Ltd. ("BZAM") and Final Bell Holdings International Ltd. ("Final Bell")

We are in receipt of your letter dated February 23, 2024 addressed to the Board of Directors of BZAM. Capitalized terms not otherwise defined herein are as defined in your letter.

As you appear to know given that we were copied on your letter, we are counsel to BZAM. It is curious, however, as to how you came to know of our involvement. We did not act for BZAM in connection with its acquisition of Final Bell, and there has been no public disclosure of our engagement. In that regard, we note that you copied Mr. Kay Jessel of Final Bell, who is also a director of BZAM, on your email. We trust that you have advised Mr. Jessel of his strict confidentiality obligations owed to BZAM as authoritatively stated in the Supreme Court of Canada decision, *Peoples Department Stores Inc. (Trustee of) v. Wise*, 2004 SCC 68.

We wish to advise that your letter contains numerous factual inaccuracies and mischaracterizations. Contrary to what is stated in the letter, among other things, BZAM does not 'wish to breach the Agreement... in order to, among other things, cease having to meet its financial obligations to Final Bell'. Nor does BZAM have any 'desire to shift from a publicly traded entity to a privately held entity'.

As BZAM is a reporting issuer, it would not be appropriate, or even permissible under securities laws, to address the other specific factual inaccuracies in your letter, of which there are many. But we can confirm that BZAM and its board of directors are mindful of all of BZAM's stakeholders – including Final Bell – and will act in good faith and in the best interests of BZAM in order to, among other things, maximize value for all stakeholders. The directors are well aware of their duties and liabilities.

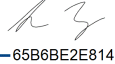
February 26, 2024

Page 2

To the extent you wish to discuss further, we suggest a phone call or virtual meeting. We do not see any value in a letter-writing campaign. We will make ourselves available.

Yours truly,

BENNETT JONES LLP

DocuSigned by:

65B6BE2E814144E...
Sean H. Zweig

(🔴) U.S. markets close in 1 hour 16 minutes



ACCESSWIRE

Final Bell Holdings International Responds to Application for Creditor Protection by BZAM Ltd.



Final Bell Holdings International Ltd.

Thu, February 29, 2024 at 9:00 AM MST · 4 min read



VANCOUVER, BC / ACCESSWIRE / February 29, 2024 / Final Bell Holdings International Ltd. (the "Company" or "Final Bell") today announces the Company's intention to challenge the application of **BZAM Ltd.** ("BZAM") seeking creditor protection under the under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). BZAM announced today that it and its subsidiaries have initiated proceedings under the CCAA (the "CCAA Proceedings") in the Ontario Superior Court of Justice (Commercial List), less than 60 days following BZAM's acquisition of Final Bell Canada Inc. ("**FB Canada**") from the Company.

BZAM's acquisition of FB Canada closed on January 5, 2024, and resulted in the Company becoming BZAM's second largest shareholder, its largest unsecured lender and a key supplier of hardware and packaging on an ongoing basis. The acquisition involved extensive due diligence by the Company based on material provided by BZAM and its management, together with BZAM's public filings, and the Company relied on representations and warranties made by BZAM and its management to support the value of the consideration received by the Company and BZAM's ability to service its debt obligations to the Company. The information resulting from such due diligence, together with the representations, warranties and other agreements at closing

Quote Lookup

TRENDING

1. UPDATE 1-GM recalling 820,000 pickup trucks for tailgate issue

The Company believes that BZAM's initiation of CCAA Proceedings constitutes an improper use of creditor protection legislation to evade its creditors, defraud shareholders, and facilitate a related party going private transaction at an unjustified discounted value in order to circumvent a customary going private transaction requiring shareholder and creditor approval. The end result would not only prejudice BZAM's public shareholders and stakeholders, but also constitutes an attempt by BZAM to evade its agreements and commitments relating to its acquisition of FB Canada in order to acquire it for no valuable consideration. Contrary to BZAM's assertions in its announcement today, the Company rejects BZAM's claim that its board of directors carefully considered any available alternatives prior to proceeding with the CCAA Proceedings.

The Company intends to use all legal recourse available to it to oppose the CCAA Proceedings and hold BZAM and its management accountable for their actions.

About Final Bell Holdings International Ltd.

The Company operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands through integrated product development, manufacturing, and supply chain management, including in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products. The Company represents a new paradigm for the legal cannabis industry on a global scale: the ability to fully outsource production and manufacturing of state-of-the-art hardware, packaging, licensed co-manufacturing, and product commercialization to a single partner.

For further information please contact:

Kiarash Hessami

Director of Business Analytics and IR

604-365-6099

IR@finalbell.com

Forward-Looking Information

This press release contains certain "forward-looking information" within the meaning of applicable securities law. Forward looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "would", "potential", "proposed" and other similar words, or

4. Congress just averted a government shutdown this weekend. The new deadline is just a week away.
5. CANADA FX DEBT-C\$ pares weekly decline ahead of BoC rate decision