

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.

SEVENTH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

November 29, 2024

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**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

**SEVENTH 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 Management**”), BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd., Medican Organic Inc. (“**Medican**”), 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 Initial Order, *inter alia*, appointed FTI Consulting Canada Inc. as the monitor (the “**Monitor**”) of the Applicants in these CCAA proceedings and granted an initial stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties,¹ and their respective directors and officers until and including March 8, 2024.
2. This Court granted an amended and restated Initial Order (the “**ARIO**”) on March 8, 2024, at a comeback hearing. The ARIO, *inter alia*, granted an extension of the stay period (the

¹ The Non-Applicant Stay Parties are listed in the Initial Order at Schedule “A”: 9430-6347 Québec Inc., The Green Organic Beverage Corp., TGOD Europe B.V., and The Green Organic Dutchman Germany GmbH.

“**Stay Period**”) to and including May 25, 2024. The Stay Period has since been extended multiple times by order of this Court and was most recently extended on October 15, 2024, until and including December 2, 2024.

B. PURPOSE OF THIS REPORT

3. The purpose of this Seventh Report of the Monitor (the “**Seventh Report**”) is to provide information to this Court with respect to the Applicants’ motion returnable December 2, 2024, seeking an order (the “**Order**”) of this Court, *inter alia*:
 - (a) extending the Stay Period to and including January 13, 2025;
 - (b) authorizing either the Monitor or 9430-6347 Québec Inc. (“**9430 Québec**”) to file an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended for 9430 Québec and naming FTI Consulting Canada Inc. as the trustee in bankruptcy; and
 - (c) approving this Seventh Report and the activities described herein.
4. This Seventh Report is not intended to provide a comprehensive update on all aspects of these CCAA proceedings or all of the activities of the Monitor. Updates on these CCAA proceedings are posted periodically on the website established by the Monitor at <http://cfcanada.fticonsulting.com/bzam/> (the “**Monitor’s Website**”). Court materials filed in these CCAA proceedings are also posted on the Monitor’s Website.

C. TERMS OF REFERENCE

5. In preparing this Seventh Report, the Monitor has relied upon various sources of information including, *inter alia*, audited and unaudited financial information of the Applicants’ books and records, certain financial information and forecasts prepared by the Applicants, and discussions with various parties, including senior management (“**Management**”) of, and advisors to, the Applicants (collectively, the “**Information**”).
6. Except as otherwise described in this Seventh 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;
 - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Seventh Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook; and
 - (c) the Monitor's understanding of factual matters expressed in this Seventh Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
7. Future-oriented financial information referred to or relied on in this Seventh Report is based on Management's assumptions regarding future events. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
8. The Monitor has prepared this Seventh Report in connection with the Applicants' motion seeking the relief set out in paragraph 3 above. This Seventh Report should not be relied on for any other purpose.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

D. UPDATE ON THE MONITOR'S ACTIVITIES

10. Since the Applicants' motion returnable October 15, 2024 (which, among other things, sought an extension of the Stay Period to December 2, 2024), the Monitor has, *inter alia*:
- (a) regularly engaged in discussions and met with the Applicants' management team and their legal counsel regarding these CCAA proceedings;

- (b) monitored the Applicants' receipts and disbursements, including reviewing and commenting on the Applicants' cash flow reporting requirements under the DIP Loan;
- (c) participated in discussions with and assisted the Applicants in discussions with stakeholders, including suppliers and landlords, related to these CCAA proceedings and responded to requests for information from such parties;
- (d) assisted the Applicants in dealing with the Canada Revenue Agency with respect to excise duty stamps;
- (e) participated in discussions with the parties involved in the Final Bell Motion;
- (f) engaged in matters related to the conclusion of the sale and investment solicitation process (the "**SISP**") approved by this Court pursuant to an order granted March 8, 2024, including discussions with representatives of the Stalking Horse Purchaser (as that term is defined below) and its legal counsel, and Cortland and its legal counsel;
- (g) engaged in matters related to the implementation of the transaction pursuant to the share purchase agreement dated August 23, 2024, among BZAM Holdings, as vendor, BZAM Management, as target, 1000912353 Ontario Inc. (the "**BMI Acquiror**"), as purchaser, and Wyld Canada Inc. ("**Wyld**"), as an interested third-party (the "**Wyld Transaction**");
- (h) engaged in discussions and strategy related to the notice of motion served on June 25, 2024, by Mr. France Boisvert and Mr. Daniel Fontaine (the "**Disclaimer Motion**") objecting to the Notice by Debtor Company to Disclaim or Resiliate an Agreement sent by Medican on May 29, 2024 (such notice, the "**Disclaimer Notice**");
- (i) managed the service list for these CCAA proceedings as well as the Monitor's Website;

- (j) continued to operate and monitor telephone hotlines and email accounts for stakeholder enquiries;
- (k) assisted in communications with Health Canada with respect to certain cannabis licences;
- (l) engaged in discussions with the bailiff hired by one of the Applicants' former landlords, who was the counterparty to a lease that was disclaimed by the Applicants, regarding the distribution of the proceeds of the assets that the Applicants abandoned in the leased premises and which the bailiff is liquidating;
- (m) prepared this Seventh Report; and
- (n) engaged with the Monitor's legal counsel in connection with the foregoing activities.

E. UPDATE ON THE SISP

11. The Court granted an order (the "**SISP Approval Order**") on March 8, 2024, that, *inter alia*, approved the SISP in which the share subscription agreement (the "**Stalking Horse Agreement**", and the transaction contemplated therein, the "**Stalking Horse Transaction**") dated March 1, 2024, with 1000816625 Ontario Inc.² (in its capacity as a purchaser under the Stalking Horse Agreement, the "**Stalking Horse Purchaser**") would serve as a stalking horse bid.
12. On April 16, 2024, the SISP was terminated after the Monitor, along with the Applicants, concluded that no letters of intent constituted a "Qualified Bid" for the purposes of the SISP.
13. The SISP Approval Order specifies that the Applicants, with the assistance of the Monitor, were to apply to this Court for an order (or orders) approving the Stalking Horse Transaction by no later than May 21, 2024, subject to Court availability. The Applicants

² 1000816625 Ontario Inc. is a corporation related to Bassam Alghanim, who is BZAM's largest shareholder, current chairman, and the individual that ultimately controls Stone Pine Capital Ltd., a secured creditor of BZAM.

have not yet sought such order due to the uncertainty caused by the Final Bell Motion and related litigation.

14. The Monitor understands that Cortland and the Stalking Horse Purchaser agreed, for the fifth time, to the extension of the “Outside Date”, as that term is defined in the Stalking Horse Agreement, to January 13, 2025.³ The Outside Date was originally 5:00 p.m. on June 21, 2024.
15. As the Monitor has previously reported to this Court, s. 8.1 of the Stalking Horse Agreement provides that the Stalking Horse Agreement may be terminated:
 - (a) by the Stalking Horse Purchaser, on the one hand, or BZAM (with the consent of the Monitor), on the other hand, at any time following the Outside Date if the transaction contemplated by the Stalking Horse Agreement has not been completed; or
 - (b) by the Stalking Horse Purchaser if there has been a material violation or breach that would prevent the satisfaction of, or compliance with, any condition set forth in section 7.1 (conditions in favour of the Stalking Horse Purchaser) – one of which is a “Material Adverse Effect” occurring prior to closing.
16. There is a risk that the Final Bell Motion constitutes a “Material Adverse Effect” under the Stalking Horse Agreement.
17. The Monitor intends to address the SISF and the potential implementation of a transaction pursuant to the terms of the Stalking Horse Agreement in greater detail in a future report, which will be prepared and filed with this Court in connection with any sale approval motion.

F. THE WYLD TRANSACTION

18. The Stalking Horse Purchaser did not intend to purchase the joint venture business between BZAM Management and Northwest Confections Canada Inc. (such joint venture, the

³ The Monitor reported in its Sixth Report that Cortland and the Stalking Horse Purchaser agreed to the extension of the “Outside Date” to December 2, 2022. The correct date was December 2, 2024.

“**Wyld JV**”) as part of the Stalking Horse Transaction. Wyld, an entity related to Northwest Confections Canada Inc., instead agreed to purchase BZAM Management so that the Wyld JV could continue as a going concern. On August 23, 2024, BZAM Holdings Inc., BZAM Management, Wyld, and the BMI Acquiror entered into the Wyld Purchase Agreement whereby the BMI Acquiror agreed to purchase 100% of the issued and outstanding shares of BZAM Management. The BMI Acquiror agreed to pay cash consideration of \$1 million and assume the “Assumed Liabilities”, as defined in the Wyld Purchase Agreement.

19. The Wyld Transaction is structured as a “reverse vesting” transaction. It also makes use of an intermediary—BMI Acquiror—before Wyld ultimately acquires the business. Section G of the Monitor’s Sixth Report sets out in greater detail the structure of the Wyld Transaction.
20. This Court entered an order on October 15, 2024, that, *inter alia*, approved the Wyld Transaction. The Wyld Transaction has not yet closed. The Monitor understands that material progress has been made in moving towards a closing, but certain closing conditions remain outstanding, such as the reconciliation of accounts between the parties (as discussed in greater detail below) and certain regulatory matters. The Monitor understands that these issues are expected to be resolved in the near future.
21. As part of the Wyld Transaction, Wyld entered into an indemnity and costs agreement (the “**Indemnity Agreement**”) with BZAM Management and BZAM Holdings on May 31, 2024, pursuant to which Wyld agreed to, among other things, assume all obligations, costs, liabilities, duties and expenses of BZAM Management from and after May 31, 2024, as well as cover certain transaction costs until the Wyld Transaction closes and/or is terminated. The Monitor understands that BZAM Management and/or BZAM Holdings intend to seek payment under the Indemnity Agreement when the first step of the Wyld Transaction closes. To date, certain payments have been made by the Monitor to the Applicant’s counsel under the Indemnity Agreement.
22. The Monitor observed in its Sixth Report that, due to how the Wyld JV managed its cash flows, the Applicants and Wyld would need to reconcile all amounts owing between them prior to the closing of the second stage of the Wyld Transaction. This reconciliation process

has not yet started, but the Monitor estimates that it will result in a net amount owing of approximately \$0.8 million in favour of Wyld.

G. THE DISCLAIMER MOTION

23. On November 11, 2022, Medican entered into three agreements with the intention of acquiring all of the issued and outstanding shares of 9430 Québec:

- (a) a share purchase agreement (the “SPA”) between Mr. Boisvert, Mr. Fontaine, and Medican, and to which intervenes 9430 Québec, dated November 11, 2022;
- (b) a letter of intent by and between Medican, Mr. Boisvert, Mr. Fontaine, and 9317228 Canada Inc. and to which intervenes 9430 Québec; and
- (c) a bring-down certificate from 9430 Québec, Mr. Boisvert, Mr. Fontaine to Medican and 9317228 Canada Inc., dated November 4, 2022

(collectively the “**Disclaimed Agreements**”).

24. Medican is an applicant in these proceedings. Medican has no material business operations: its intended function is to hold all of the issued and outstanding shares of 9430 Québec upon the close of the transaction contemplated by the SPA. 9430 Québec is not an applicant in these CCAA proceedings, but pursuant to the ARIO, is a beneficiary of the stay of proceedings granted by this Court. 9430 Québec had a licence issued by Health Canada in accordance with the *Cannabis Act* and the *Cannabis Regulations* that authorized it to engage in standard cultivation and standard processing, which was revoked by Health Canada upon request on July 4, 2024. It operated out of a leased facility in Vaudreuil-Dorion, Québec. The Monitor understands that 9430 Québec does not have any material business operations at this time and is not in possession of any cannabis.

25. The transaction contemplated by the SPA has not closed. A condition precedent to the closing of that transaction was the release of a certain lease agreement from escrow, but that lease has not yet been released because it, in turn, is conditional upon the receipt of a municipal permit that remains outstanding. The Disclaimed Agreements have been held in escrow since their execution, awaiting satisfaction of the condition precedent.

26. Medican has had effective control of 9430 Québec since execution of the SPA, but it has held 9430 Québec's shares in escrow on account of the transaction not closing.
27. On May 29, 2024, Medican sent France Boisvert and Daniel Fontaine the Disclaimer Notice that proposed to disclaim or resiliate the Disclaimed Agreements. The Monitor approved of Medican sending the Disclaimer Notice before it was sent to Mr. Boisvert and Mr. Fontaine.
28. If Medican's efforts to disclaim and/or resiliate the Disclaimed Agreements are successful, then the practical effect would be that, *inter alia*, the shares of 9430 Québec would be removed from escrow and returned to Mr. Boisvert and Mr. Fontaine. The Monitor understands that Mr. Boisvert and Mr. Fontaine do not, however, desire this outcome. On June 25, 2024, they filed the Disclaimer Motion seeking an order, *inter alia*, (a) dismissing or staying the Disclaimer Notice; (b) in the alternative, an order directing that the Disclaimed Agreements not be disclaimed or resiliated; and (c) in the further alternative, that an indemnity be provided for all corporate actions taken and any liabilities incurred by 9430 Québec from November 11, 2022. Mr. Boisvert and Mr. Fontaine claim in the Disclaimer Motion that, *inter alia*, they have not been consulted on any dealings involving 9430 Québec since the SPA was executed on November 11, 2022, that they have no knowledge of any of the actions taken by 9430 Québec since that time, and that Medican has neglected and/or refused to confirm what liabilities 9430 Québec has incurred since November 11, 2022, while under the care and control of Medican.
29. The Monitor is currently engaging with Mr. Boisvert and Mr. Fontaine's counsel, on the one hand, and the Applicants, on the other hand, in an effort to consensually, economically and efficiently resolve the Disclaimer Motion. The parties hope to reach a resolution in the near term. No hearing date has been scheduled for the Disclaimer Motion.
30. The Monitor understands that, as part of the Order, the Applicants are seeking authorization for either the Monitor or 9430 Québec to file an assignment in bankruptcy for 9430 Québec. FTI Consulting Canada Inc. has agreed to be the trustee-in-bankruptcy for 9430 Québec. The Applicants will bear all costs associated with 9430 Québec's bankruptcy proceedings.

H. THE FINAL BELL MOTION

31. Final Bell Holdings International Ltd. (“**FBHI**”) served a motion on March 18, 2024, in these CCAA proceedings, which related to BZAM’s acquisition of Final Bell Canada Inc. from FBHI pursuant to a share exchange agreement dated December 5, 2023 (such motion, the “**Final Bell Motion**”). The Final Bell Motion was the principal subject of the Second Report of the Monitor dated April 17, 2024 (the “**Second Report**”).
32. FBHI is seeking by means of the Final Bell Motion (a) a declaration that BZAM and its affiliates are liable to FBHI for equitable damages in an amount to be determined by the Court; (b) a declaration that the equitable damages for which BZAM and its affiliates are liable to FBHI are subject to a constructive trust; (c) a declaration that Cortland knowingly received the proceeds of fraud committed by BZAM and its affiliates; and (d) costs of the Final Bell Motion. This relief is set out in FBHI’s “Second Further Amended Notice of Motion (Order Re Share Exchange Agreement)” dated September 5, 2024.
33. On September 18, 2024, the Honourable Justice Osborne heard a motion brought by Cortland to determine whether FBHI’s constructive trust claim can take priority to the super-priority DIP Loan charge established in favour of Cortland by the ARIO. As of the date of this report, a decision in respect of that motion has not yet been rendered.

I. RECEIPTS AND DISBURSEMENTS FOR THE SIX-WEEK PERIOD ENDED NOVEMBER 9, 2024

34. BZAM’s actual net cash flow from operations on a consolidated basis for the six-week period ended November 9, 2024, was approximately \$(3.1) million. This is compared to a forecasted net cash flow of approximately \$(5.4) million as noted in the cash flow projection attached as Appendix “A” to the Third Report, representing a positive variance of approximately \$2.3 million as summarized in the following chart:

(\$CAD in thousands)	6 Weeks Ending November 9, 2024			
	Actual	Forecast	Variance (\$)	Variance (%)
Receipts				
Receipts from Operations	\$ 14,949	\$ 13,629	\$ 1,320	9.7%
Miscellaneous Receipts	-	-	-	0.0%
Total Receipts	\$ 14,949	\$ 13,629	\$ 1,320	9.7%
Disbursements				
<i>Operating Disbursements</i>				
Production Costs	(6,071)	(6,322)	251	4.0%
Insurance	(390)	(390)	-	0.0%
Payroll	(2,883)	(3,194)	311	9.7%
Rent	-	(53)	53	100.0%
Taxes	(7,026)	(7,340)	314	4.3%
Other Operating Expenses	(1,576)	(1,000)	(576)	-57.6%
Total Operating Disbursements	\$ (17,946)	\$ (18,299)	\$ 353	1.9%
Net Cash from Operations	\$ (2,997)	\$ (4,670)	\$ 1,673	35.8%
<i>Financing Disbursements</i>				
Loan Advances (Repayments)	-	-	-	0.0%
Interest Expenses & Fees	(42)	(42)	-	0.0%
<i>Restructuring Disbursements</i>				
Restructuring Legal and Professional Costs	(55)	(650)	595	91.5%
Net Cash Flows	\$ (3,094)	\$ (5,362)	\$ 2,268	42.3%
Beginning Balance	1,160	\$ 1,160	0	0.0%
Net Receipts/ (Disbursements)	(3,094)	(5,362)	2,268	42.3%
DIP Advances/ (Repayments)	3,794	5,949	(2,155)	36.2%
DIP Fees & Interest Payment	(778)	(747)	(32)	-4.3%
Ending Balance	\$ 1,081	\$ 1,000	\$ 81	8.1%

35. Explanations for key variances are as follows:

- (a) positive variance in *Total Receipts* of approximately \$1.3 million is primarily due to faster than forecasted collections of previously delivered goods and greater sales than initially forecast. A portion of this variance may reverse in future weeks as some future receipts were collected earlier than anticipated;
- (b) *Production Costs* and *Other Operating Expenses* should be viewed together as the expenditures are incurred in the production and cultivation of cannabis. The combined negative variance of approximately \$(0.3) million is due to prepayments made to suppliers along with greater than forecast input costs to support increased

sale volumes. A portion of this variance may reverse in future weeks as prepaid purchases are delivered;

- (c) positive variance in *Payroll* of approximately \$0.3 million is primarily due to the timing of payroll tax payments. A significant portion of this variance is expected to reverse in future weeks as payroll taxes are remitted;
- (d) positive variance in *Taxes* of approximately \$0.3 million is primarily due to lower than forecasted outflows of excise taxes as a greater portion of BZAM's sales were business-to-business over the forecast period than had been initially anticipated. A portion of this variance is expected to reverse in the coming weeks as tax payments are remitted to the relevant taxation authorities;
- (e) positive variance in *Restructuring Legal and Professional Costs* of approximately \$0.6 million is primarily due to lower than forecasted outflows. This variance is expected to reverse in future weeks as invoices are issued and paid; and
- (f) variance in *DIP Advances (Repayments)* of approximately \$(2.2) million is primarily due to lower than forecasted cash outflows due to proactive cash management resulting in lower financing needs than initially anticipated.

J. THE STAY EXTENSION

- 36. The Stay Period is set to expire on December 2, 2024.
- 37. As is demonstrated in the cash flow projection attached to this Seventh Report as **Appendix "A"** (the "**Revised and Extended Cash Flow Projections**"), the Applicants are forecasted to have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings through to the end of the extended Stay Period on January 13, 2025, by accessing the DIP Loan.
- 38. The DIP Loan is presently set to mature on December 2, 2024. Cortland and the Applicants have agreed to extend its maturity date to and including January 13, 2025. A copy of the executed extension agreement is attached to this Seventh Report as **Appendix "B"**.

39. The Revised and Extended Cash Flow Projections for the 10-week period from November 10, 2024, through January 18, 2025, are summarized below:

<i>(\$CAD in thousands)</i>	10 Weeks
	Total
Receipts	
Receipts from Operations	\$ 22,460
<i>Total Receipts</i>	\$ 22,460
Disbursements	
<i>Operating Disbursements</i>	
Production Costs	(8,019)
Insurance	(686)
Payroll	(4,945)
Rent	-
Taxes	(7,900)
Other Operating Expenses	(1,190)
<i>Total Operating Disbursements</i>	\$ (22,740)
Net Cash from Operations	\$ (280)
<i>Financing Disbursements</i>	
Loan Advances (Repayments)	-
Interest Expenses & Fees	(84)
<i>Restructuring Disbursements</i>	
Restructuring Legal and Professional Costs	(879)
Net Cash Flows	\$ (1,243)
Cash	
Beginning Balance	\$ 1,081
Net Receipts/ (Disbursements)	(1,243)
DIP Advances/ (Repayments)	2,006
DIP Fees & Interest Payment	(843)
Ending Cash Balance	\$ 1,000

40. The Monitor recommends that the Stay Period be extended to January 13, 2025, for the following reasons, *inter alia*:

- (a) the Monitor does not believe that any creditor will be materially prejudiced by the extension of the Stay Period;

- (b) the Applicants have acted and continue to act in good faith and with due diligence to advance their restructuring;
- (c) extending the Stay Period to January 13, 2025, allows the Applicants to:
 - (i) prepare for and potentially complete the Stalking Horse Transaction (including by seeking this Court's approval of the transaction), which in the Monitor's view is in the best interests of the Applicants and their stakeholders;
 - (ii) complete the Wyld Transaction;
 - (iii) assign 9430 Québec into bankruptcy (subject to approval by this Court) and otherwise resolve the Disclaimer Motion; and
 - (iv) continue the process of restructuring their business;and
- (d) as of the date of this Seventh Report, the Monitor is not aware of any party opposed to the requested extension of the Stay Period.

K. CONCLUSION

41. Based on the foregoing, the Monitor respectfully recommends that this Court grant the relief set out in paragraph 3 above.

All of which is respectfully submitted this 29th day of November, 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.

Consolidated Cash Flow Forecast

(SCAD in thousands)

Forecast Week Starting (Sunday)	10-Nov-24	17-Nov-24	24-Nov-24	01-Dec-24	08-Dec-24	15-Dec-24	22-Dec-24	29-Dec-24	05-Jan-25	12-Jan-25	10 Weeks	
Forecast Week	1	2	3	4	5	6	7	8	9	10	Total	
Receipts												
Receipts from Operations	[2]	\$ 2,826	\$ 1,629	\$ 2,168	\$ 1,979	\$ 2,099	\$ 2,310	\$ 2,565	\$ 2,050	\$ 2,447	\$ 2,387	\$ 22,460
Total Receipts		\$ 2,826	\$ 1,629	\$ 2,168	\$ 1,979	\$ 2,099	\$ 2,310	\$ 2,565	\$ 2,050	\$ 2,447	\$ 2,387	\$ 22,460
Disbursements												
<i>Operating Disbursements</i>												
Production Costs	[3]	(819)	(900)	(800)	(800)	(800)	(800)	(800)	(800)	(750)	(750)	(8,019)
Insurance		-	-	(435)	-	-	-	-	(251)	-	-	(686)
Payroll	[4]	(414)	(505)	(567)	(567)	(397)	(567)	(397)	(567)	(397)	(567)	(4,945)
Rent	[5]	-	-	-	-	-	-	-	-	-	-	-
Taxes	[6]	-	-	(4,200)	-	-	-	-	(3,700)	-	-	(7,900)
Other Operating Expenses	[7]	(240)	(150)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,190)
Total Operating Disbursements		\$ (1,473)	\$ (1,555)	\$ (6,102)	\$ (1,467)	\$ (1,297)	\$ (1,467)	\$ (1,297)	\$ (5,418)	\$ (1,247)	\$ (1,417)	\$ (22,740)
Net Cash from Operations		\$ 1,353	\$ 74	\$ (3,934)	\$ 512	\$ 802	\$ 843	\$ 1,268	\$ (3,368)	\$ 1,200	\$ 970	\$ (280)
<i>Financing Disbursements</i>												
Loan Advances (Repayments)		-	-	-	-	-	-	-	-	-	-	-
Interest Expenses & Fees	[8]	-	-	(42)	-	-	-	-	(42)	-	-	(84)
<i>Restructuring Disbursements</i>												
Restructuring Legal and Professional Costs	[9]	(181)	(98)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(879)
Net Cash Flows		\$ 1,172	\$ (24)	\$ (4,051)	\$ 437	\$ 727	\$ 768	\$ 1,193	\$ (3,485)	\$ 1,125	\$ 895	\$ (1,243)
Cash												
Beginning Balance		\$ 1,081	\$ 1,697	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,081
Net Receipts/ (Disbursements)		1,172	(24)	(4,051)	437	727	768	1,193	(3,485)	1,125	895	(1,243)
DIP Advances/ (Repayments)	[10]	(556)	(673)	4,051	(57)	(727)	(768)	(1,193)	3,485	(662)	(895)	2,006
DIP Fees & Interest Payment	[11]	-	-	-	(380)	-	-	-	-	(463)	-	(843)
Ending Balance		\$ 1,697	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
DIP Facility												
Opening Balance		\$ 32,423	\$ 31,953	\$ 31,364	\$ 35,509	\$ 35,168	\$ 34,533	\$ 33,856	\$ 32,751	\$ 36,333	\$ 35,304	\$ 32,423
(+) Additional DIP Draws (Repayments)		(556)	(673)	4,051	(57)	(727)	(768)	(1,193)	3,485	(662)	(895)	2,006
(+) Accrued Interest		86	84	95	95	92	91	88	97	96	92	916
(-) Fees & Interest Payment		-	-	-	(380)	-	-	-	-	(463)	-	(843)
Closing Balance (DIP & Interest)		\$ 31,953	\$ 31,364	\$ 35,509	\$ 35,168	\$ 34,533	\$ 33,856	\$ 32,751	\$ 36,333	\$ 35,304	\$ 34,501	\$ 34,501

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 10-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

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

[9] 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.

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

[11] Forecast DIP Accrued Interest reflects interest of 14.5% accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month.

APPENDIX “B”

[ATTACHED]

FOURTH AMENDMENT
dated as of November 27, 2024
to
DIP FACILITY AGREEMENT

THIS FOURTH AMENDMENT dated as of November 27, 2024 (this “**Amendment**”) is entered into among The Green Organic Dutchman Ltd. (the “**Borrower**”), each of the other signatories party hereto (collectively, the “**Guarantors**” and together with the Borrower, collectively, the “**Credit Parties**”), and Cortland Credit Lending Corporation, in its capacity as administrative agent for and on behalf of certain lenders (the “**DIP Lender**”).

WHEREAS the Credit Parties and the DIP Lender are parties to a DIP facility agreement dated February 28, 2024, made effective pursuant to the Initial Order, as amended pursuant to the first amendment dated July 12, 2024, the second amendment dated August 21, 2024, and the third amendment dated October 11, 2024 (as it may be further amended, restated, supplemented or otherwise modified from time to time, the “**DIP Facility Agreement**”).

AND WHEREAS capitalized terms used herein but not otherwise defined shall have the meanings given to such terms in the DIP Facility Agreement.

AND WHEREAS the ongoing litigation brought by Final Bell Holdings International Ltd. against the Credit Parties before the Court (the “**FBC Litigation**”) constitutes an Event of Default under the DIP Facility Agreement.

AND WHEREAS the Credit Parties and the DIP Lender have agreed to amend the DIP Facility Agreement, from and after the Amendment Effective Date (as hereinafter defined), on the terms and conditions more particularly described herein.

NOW THEREFORE, in consideration of the premises and mutual agreements contained herein and in the DIP Facility Agreement, the parties hereto agree as follows:

ARTICLE 1 – AMENDMENTS

- 1.1 As of the Amendment Effective Date, Section 3.18 of the DIP Facility Agreement is hereby amended by replacing the date “December 2, 2024” with the date “January 13, 2025”.

ARTICLE 2 – REPRESENTATIONS AND WARRANTIES

- 2.1 Each Credit Party hereby represents and warrants that:
- (a) the representations and warranties made by it in the DIP Facility Agreement and any other Transaction Document to which it is a party, other than those expressly stated to be made as of a specific date, are true and correct in all material respects as of the date hereof with the same effect as if such representations and warranties had been made on and as of the date hereof; and
 - (b) no Event of Default has occurred which is continuing (other than the FBC Litigation and the other actions, suits and/or proceedings identified in item numbers 9 and 10 of Schedule “E” of the DIP Facility Agreement) on the date hereof or will occur as a result of entering into this Amendment or the observance or performance of its obligations hereunder.

ARTICLE 3 – MISCELLANEOUS

- 3.1 Effectiveness. Article 1 of this Amendment shall become effective on the date this Amendment is executed by all parties to the Amendment (the “**Amendment Effective Date**”).
- 3.2 References to DIP Facility Agreement. Upon the effectiveness of this Amendment, each reference in the DIP Facility Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import shall mean and be a reference to the DIP Facility Agreement as amended by this Amendment, and each reference to the DIP Facility Agreement in any other document, instrument or agreement executed and/or delivered in connection with the DIP Facility Agreement shall mean and be a reference to the DIP Facility Agreement as amended by this Amendment.
- 3.3 Effect on DIP Facility Agreement. The DIP Facility Agreement, as amended and modified hereby, and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.
- 3.4 No Waiver. The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the DIP Lender under the DIP Facility Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, except as specifically set forth herein. Without limiting the foregoing, the Credit Parties acknowledge and agree that the DIP Lender has not waived any Event of Default that may exist under the DIP Facility Agreement, including any Event of Default arising from or relating to the FBC Litigation or the other actions, suits and/or proceedings identified in item numbers 9 and 10 of Schedule “E” of the DIP Facility Agreement.
- 3.5 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 3.6 Successors and Assigns. This Amendment shall enure to the benefit of the parties hereto and their respective successors and assigns and be binding upon the parties hereto and their respective successors and assigns in accordance with the DIP Facility Agreement.
- 3.7 Headings. The section headings in this Amendment are inserted for convenience of reference only and shall not affect the meaning or interpretation of this Amendment or any provision hereof.
- 3.8 Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery by email of an executed signature page of this Amendment shall be as effective as delivery of an original executed counterpart thereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the parties hereto have executed this Amendment.

BORROWER:

THE GREEN ORGANIC DUTCHMAN LTD.

By: 
Name: Matthew Milich
Title: Director

GUARANTORS:

BZAM LTD.

By: 
Name: Matthew Milich
Title: Director

BZAM HOLDINGS INC.

By: 
Name: Matthew Milich
Title: Director

BZAM MANAGEMENT INC.

By: 
Name: Matthew Milich
Title: Director

BZAM CANNABIS CORP.

By: 
Name: Matthew Milich
Title: Director

FOLIUM LIFE SCIENCE INC.

By: 
Name: Matthew Milich
Title: Director

102172093 SASKATCHEWAN LTD.

By: 
Name: Matthew Milich
Title: Director

MEDICAN ORGANIC INC.

By: 
Name: Matthew Milich
Title: Director

HIGH ROAD HOLDING CORP.

By: 
Name: Matthew Milich
Title: Director

FINAL BELL CORP.

By: 
Name: Matthew Milich
Title: Director

DIP LENDER:

**CORTLAND CREDIT LENDING
CORPORATION**

DocuSigned by:



By: _____
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Name: Sean Register

Title: Chief Executive Officer

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

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

**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.**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**SEVENTH REPORT OF
THE MONITOR
(November 29, 2024)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Maria Konyukhova LSO#: 52880V
Email: mkonyukhova@stikeman.com
Tel: +1 416 869 5230

Nicholas Avis LSO#: 76781Q
Email: navis@stikeman.com
Tel: 416-869-5563

Lawyers for the Monitor