

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.

SIXTH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

October 11, 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

**SIXTH 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 subsidiaries of BZAM and 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 August 26, 2024, until and including October 15, 2024.

B. PURPOSE OF THIS REPORT

3. The purpose of this Sixth Report of the Monitor (the “**Sixth Report**”) is to provide information to this Court with respect to the Applicants’ motion returnable October 15, 2024, seeking two orders of this Court:

- (a) an order (the “**Approval and Vesting Order**”), *inter alia*:
 - (i) approving the share purchase agreement dated August 23, 2024 (the “**Wyld Purchase Agreement**”) 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, and the transaction contemplated thereby (the “**Wyld Transaction**”);
 - (ii) approving the addition of 1001028579 Ontario Inc. (“**ResidualCo.**”) as an Applicant in these CCAA proceedings and vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities (as such terms are defined in the Wyld Purchase Agreement) out of BZAM Management and into ResidualCo, and discharging all Encumbrances against BZAM Management and the Retained Assets other than the Permitted Encumbrances (each as defined in the Wyld Purchase Agreement);
 - (iii) vesting in the BMI Acquiror all of BZAM Holdings’ right, title and interest in and to the Purchased Shares, free and clear of any Encumbrances (as defined in the Approval and Vesting Order); and
 - (iv) removing BZAM Management as an Applicant in these CCAA proceedings;

and

- (b) an order (the “**Ancillary Order**”), *inter alia*:
- (i) extending the Stay Period to and including December 2, 2024;
 - (ii) approving an amendment to the debtor-in-possession credit facility agreement dated February 28, 2024 (the “**DIP Agreement**”, and such credit facility, the “**DIP Loan**”) which, among other things, extends the maturity date under the DIP Loan to December 2, 2024, and reduces the maximum principal amount that the Applicants can borrow under the DIP Loan and the quantum of the charge securing the DIP Loan from \$41 million to \$37 million;
 - (iii) authorizing and directing the Applicants to distribute the cash proceeds from the Wyld Transaction to Cortland Credit Lending Corporation (“**Cortland**”), as the lender under the DIP Agreement (in such capacity, the “**DIP Lender**”), as partial payment of the indebtedness owing by the Applicants to Cortland, which shall be applied by Cortland to reduce such indebtedness in accordance with the terms of the DIP Loan; and
 - (iv) approving this Sixth Report and the activities described herein.
4. This Sixth Report is not intended to provide a comprehensive update on all aspects of these CCAA proceedings or all of the activities of the Monitor, including with respect to the motion brought by Final Bell Holdings International Ltd. (“**FBHI**”) on March 18, 2024, in these CCAA proceedings and which relates 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**”).
5. 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

6. In preparing this Sixth 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**").
7. Except as otherwise described in this Sixth 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 Sixth 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 Sixth Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
8. Future-oriented financial information referred to or relied on in this Sixth 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.
9. The Monitor has prepared this Sixth Report in connection with the Applicants' motion seeking the relief set out in paragraph 3 above. This Sixth Report should not be relied on for any other purpose.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

D. UPDATE ON THE MONITOR'S ACTIVITIES

11. Since the Applicants' motion returnable August 26, 2024 (which sought an extension of the Stay Period to October 15, 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) participated in matters related to the Threshold Motion and attended the Threshold Motion (as defined below) on September 18, 2024;
 - (g) 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 the Stalking Horse Purchaser (as that term is defined below) and its legal counsel, and Cortland and its legal counsel;
 - (h) assisted in the negotiation of and prepared for the potential implementation of the Wyld Transaction;
 - (i) engaged in discussions related to the notice of motion served on June 25, 2024, by Mr. Boisvert and Mr. 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**");

- (j) managed the service list for these CCAA proceedings as well as the Monitor's Website;
- (k) continued to operate and monitor telephone hotlines and email accounts for stakeholder enquiries;
- (l) assisted in communications with Health Canada with respect to certain cannabis licences;
- (m) 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;
- (n) prepared this Sixth Report; and
- (o) engaged with the Monitor's legal counsel in connection with the foregoing activities.

E. THE FINAL BELL MOTION

12. As set out in the Monitor's prior reports, and in particular in the Third Report of the Monitor dated May 14, 2024 (the "**Third Report**"), 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; and (c) costs of the Final Bell Motion. This relief is set out in FBHI's "Further Amended Notice of Motion (Order Re Share Exchange Agreement)" dated May 6, 2024.
13. On June 30, 2024, FBHI was ordered by the Honourable Justice Osborne (a) to pay into this Court \$350,000 and \$147,000 in respect of the costs of BZAM and Cortland, respectively, as security for their costs in the Final Bell Motion; and (b) costs in respect of the security for cost motions in the amounts of \$20,000 and \$8,500 paid to BZAM and Cortland, respectively. On or around July 17, 2024, FBHI posted the aforesaid security and paid the cost awards.

14. On June 3, 2024, Cortland delivered an aide mémoire seeking to schedule a motion (the “**Threshold Motion**”) 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. On August 12, 2024, the Honourable Justice Osborne scheduled the Threshold Motion for September 18, 2024, at 10:00 a.m. His Honour had previously scheduled the adjudication of the Final Bell Motion to be September 18 and 19, 2024, but such adjudication has been adjourned pending the outcome of the Threshold Motion.
15. On September 4, 2024, counsel for FBHI cross-examined Deepak Alappatt, Cortland’s Managing Director, Risk, in connection with an affidavit that he swore in support of the Threshold Motion. Counsel for the Monitor attended the cross-examination.
16. On September 5, 2024, FBHI served its “Second Further Amended Notice of Motion (Order Re Share Exchange Agreement)”, which in addition to the relief set out in paragraph 12 above seeks a declaration that Cortland knowingly received the proceeds of fraud committed by BZAM and its affiliates.
17. On September 18, 2024, the Honourable Justice Osborne heard the Threshold Motion. As of the date of this report, a decision in respect of the Threshold Motion has not yet been rendered.

F. UPDATE ON THE SISP

18. 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.
19. The Monitor and the Applicants received letters of intent from various prospective purchasers in the course of the SISP, but none of the prospective purchasers proposed

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.

purchasing the Applicants' entire business and operations. 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.

20. 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 have not yet sought such order due to the uncertainty caused by the Final Bell Motion and the Threshold Motion.
21. The Monitor understands that Cortland and the Stalking Horse Purchaser agreed, for the fourth time, to the extension of the "Outside Date", as that term is defined in the Stalking Horse Agreement, to December 2, 2022. The Outside Date was originally 5:00 p.m. on June 21, 2024.
22. 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.
23. There is a risk that the Final Bell Motion constitutes a "Material Adverse Effect" under the Stalking Horse Agreement.
24. The Monitor intends to address the SISP 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.

G. THE WYLD TRANSACTION

25. One of the CCAA Applicants, BZAM Management, holds a 40% interest in a joint venture (the “**Wyld JV**”) with Northwest Confections Canada Inc. (“**Northwest**”), which holds 60% interest in the Wyld JV. The Wyld JV produces edible cannabis products. Northwest is an entity related to Wyld, one of the world’s leading edible cannabis brands. Pursuant to the terms of the Wyld JV, BZAM Management manufactures and sells edible cannabis products, and Wyld (through Northwest) provides intellectual property to support said efforts (including by providing recipes and branding). All manufacturing takes place in BZAM Management’s Pitt Meadows, B.C., facility.
26. The Wyld JV was not profitable for BZAM Management. Following the termination of the SISP, the Stalking Horse Purchaser informed the Applicants that it does not want to acquire BZAM Management. Because the Stalking Horse Transaction is a “reverse vesting” transaction, this means in effect that BZAM Management’s business would be classified an “Excluded Asset” and transferred to “Residual Co.” (as such terms are defined in the Stalking Horse Agreement) ahead of the closing of the transaction. Residual Co. would later be liquidated.
27. The Applicants, accordingly, began to take steps to wind-down BZAM Management, including by disclaiming the Wyld JV agreement.
28. Following receipt of the disclaimer related to the Wyld JV, Wyld expressed an interest in purchasing BZAM Management so that the Wyld JV could continue as a going concern and Wyld-branded products could continue to be sold in Canada. Wyld sought to maintain BZAM Management’s leased facility in Pitt Meadows, its existing cannabis licences, certain of its employees, and its retail and customer relationships.
29. The Applicants and the Monitor were generally supportive of Wyld’s proposed transaction. No other party has expressed an interest in acquiring BZAM Management (no prospective purchasers submitted bids in the course of the SISP in respect of BZAM Management or

its assets), and BZAM Management was otherwise expected to be liquidated as part of the Stalking Horse Transaction.

30. In furtherance of Wyld acquiring BZAM Management, 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.
31. 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 will assume the “Assumed Liabilities”, as defined in the Wyld Purchase Agreement.
32. The BMI Acquiror is an entity ultimately controlled by Bassam Alghanim, who is BZAM’s largest shareholder, its current chairman, and the individual that ultimately controls Stone Pine Capital Ltd. (“**Stone Pine**”, a secured creditor of BZAM) and the Stalking Horse Purchaser. The BMI Acquiror is not related to Wyld. The Wyld Transaction is structured as a two-step transaction:
 - (a) The first stage, for which the approval of this Court is sought on this motion, involves the sale of the shares of BZAM Management to the BMI Acquiror; and
 - (b) The second stage, which will happen outside of these CCAA proceedings, involves Wyld acquiring BZAM Management from the BMI Acquiror pursuant to the terms of a call option agreement dated August 23, 2024, between the BMI Acquiror, Wyld, Matthew Milich, 1000976566 Ontario Inc., and Bassam Alghanim (the “**Call Option Agreement**”).
33. The Wyld Transaction is structured as a two-step transaction to be in compliance with regulatory matters. Wyld does not, at this time, hold the necessary clearances or cannabis licences to take immediate control of BZAM Management. The BMI Acquiror does not

face these same regulatory concerns because its principal, Bassam Alghanim, holds the necessary clearances to continue operating the business. For this reason, the BMI Acquiror is purchasing the shares of BZAM Management in the first instance. The BMI Acquiror has agreed to on-sell the shares of BZAM Management to Wyld pursuant to the terms of the Call Option Agreement. The purchase price under the Call Option Agreement is \$1 million, being equal to the cash consideration paid by the BMI Acquiror to purchase the BZAM Management shares. The Monitor understands that the BMI Acquiror (and in turn the Stalking Horse Purchaser) is not profiting from this two-step arrangement (i.e., the BMI Acquiror is not “flipping” BZAM Management). During the period in which the BMI Acquiror owns the shares of BZAM Management, the Monitor understands that Wyld will work with the relevant authorities to transfer or acquire the cannabis licences necessary to operate BZAM Management. Once those licences have been transferred or acquired, Wyld will exercise its right under the Call Option Agreement to acquire BZAM Management.

34. Until the first step of the Wyld Transaction closes, Wyld remains obligated under the Indemnity Agreement to assume all obligations, costs, liabilities, duties and expenses of BZAM Management. It is therefore within Wyld’s interest to not delay the Wyld Transaction any further.
35. The Wyld Transaction does not materially alter the economics of the Stalking Horse Transaction from the Applicants’ perspective. This is because the Wyld Transaction is effectively a partial pre-payment of the Stalking Horse Transaction’s original purchase price. The \$1 million cash consideration that the Applicants are expected to receive from the Wyld Transaction is expected to result in a corresponding \$1 million reduction in the Stalking Horse Transaction’s ultimate purchase price.³
36. The Monitor understands that Stone Pine and Cortland (in its capacity as the lender under the DIP Loan) support the Wyld Transaction. As required under subsection 3.13(1) of the

³ Under the Stalking Horse Agreement, the Stalking Horse Purchaser is obligated to pay in cash an amount sufficient to satisfy in full all (a) amounts owing in respect of the DIP Loan, and (b) amounts owing by the Applicants to Cortland pursuant to its pre-filing secured indebtedness, plus certain closing payments as provided for in the Stalking Horse Agreement. If the cash proceeds from the Wyld Transaction are used to partially pay the DIP Loan, as the Applicants have proposed to do (see paragraph 45 below), then the amount that the Stalking Horse Purchaser needs to pay to satisfy in full all amounts owing in respect of the DIP Loan will be reduced by \$1 million.

DIP Loan, the Applicants have sought, and have received, Cortland's consent to seek the approval of the Wyld Purchase Agreement and the Wyld Transaction. The Monitor further understands that counsel to FBHI has been provided notice of the Wyld Transaction and that it does not oppose the Wyld Transaction or the proposed distribution of the proceeds thereof, provided that such non-opposition is without prejudice to FBHI's position in the Final Bell Motion and the relief sought therein and that neither the Applicants nor Cortland will rely on FBHI's non-opposition in response to FBHI's claim in the Final Bell Motion.

37. The Monitor understands that by selling BZAM Management to Wyld, 49 employees will retain their employment and Wyld customers and suppliers can maintain their business relationships with BZAM Management and the Wyld brand. The landlord of the Pitt Meadows facility is not prejudiced by this transaction because the lease will continue. The likely alternative to the Wyld Transaction is BZAM Management's liquidation, which will result in job loss and an overall worse outcome for BZAM Management's stakeholders.

The Reverse Vesting Order

38. The Wyld Transaction is structured as a reverse vesting share subscription. The principal terms of the Wyld Purchase Agreement, including the closing sequence, are set out at paragraph 26 of the affidavit of Matthew Milich affirmed October 8, 2024.
39. In the Monitor's view, the reverse vesting order is necessary because BZAM Management holds a licence with Health Canada that permits standard cannabis processing activities and a licence with the Canada Revenue Agency that requires it to apply cannabis excise stamps to its cannabis products in accordance with the *Excise Act, 2001*, S.C. 2002, c. 22. The proposed reverse vesting order preserves these licences without the need for them to be re-issued, as would happen with a traditional approval and vesting order. Seeking to have these licences re-issued would increase the cost of the Wyld Transaction and introduce transaction risk and uncertainty.
40. The issuance of the proposed form of reverse vesting order is a condition to closing the Wyld Transaction. The Monitor understands that Wyld is not prepared to proceed with a traditional approval and vesting order.

Account Reconciliation

41. The Wyld JV was historically operated in a manner whereby BZAM Management fronted all expenses and collected all sale revenue. The Monitor understands that BZAM Management and Northwest reconciled all expenses and revenue at the end of each month, allocating 40% to BZAM Management and 60% to Northwest.
42. Following entry into the Indemnity Agreement, Wyld became responsible for all the Wyld JV's expenses. Wyld has since taken over many of the business's operations and payment of many of the expenses, but the transition to Wyld and away from BZAM Management has not been complete. BZAM Management continued to pay certain expenses and collect sale proceeds earned by the Wyld JV. Under the Indemnity Agreement, BZAM Management had a right to recover any costs from Wyld (i.e., BZAM Management's continued involvement with the Wyld JV does not come at a cost to the Applicants' estate). The Monitor understands that the parties further agreed that any sale proceeds earned by the Wyld JV are 100% attributable to Wyld, but such attribution is not provided in the terms of the Indemnity Agreement. The Wyld Purchase Agreement, however, defines "Retained Assets" to include "any assets acquired by [BZAM Management] up to and including Closing, including [...] accounts receivables, all cash received by the Company related to Wyld's products from June 1, 2024, onwards".
43. The sale proceeds that BZAM Management collects are initially deposited into the Applicants' bank accounts. Cortland, as part of its arrangement under the DIP Loan, regularly sweeps the Applicants' bank accounts to collect payments owing under the DIP Loan. These regular cash sweeping exercises have unintentionally included certain of the sale proceeds that were held by BZAM Management on behalf of Wyld following the entering into of the Indemnity Agreement.
44. BZAM Management estimates that approximately \$1 million to \$2 million of the Wyld JV's sale proceeds were unintentionally swept by Cortland. The Applicants and Wyld intend to reconcile all amounts owing between them prior to the closing of the second stage of the Wyld Transaction. The Monitor expects that the reconciliation process, which is effectively a working capital adjustment that is typically for sale transactions, will result in

a net payment of approximately \$1 million being made by the Applicants to Wyld and will report on that reconciliation in a subsequent report.

DIP Repayment

45. The proposed Ancillary Order provides that the cash proceeds from the Wyld Transaction are to be distributed solely to Cortland as partial payment of the indebtedness owing by the Applicants to Cortland under the DIP Loan. Cortland is the Applicants' senior secured creditor and holds a court-ordered super priority charge securing the DIP Loan.
46. The proposed distribution to Cortland will reduce the Applicants' future interest payments under the DIP Loan.
47. No creditors are expected to be materially prejudiced as a result of the proposed distribution to Cortland. The Monitor has been advised that FBHI (who, as noted earlier, is seeking a declaration that the equitable damages it is claiming by means of the Final Bell Motion are subject to a constructive trust) does not oppose this proposed distribution and has agreed not to challenge it at a later date (subject to the provisos set out in paragraph 36 above).

H. THE NOTICE OF MOTION OF FRANCE BOISVERT AND DANIEL FONTAINE

48. On June 25, 2024, Mr. France Boisvert and Mr. Daniel Fontaine filed the Disclaimer Motion seeking an order, *inter alia*, dismissing or staying the Disclaimer Notice dated May 29, 2024, sent to them by Medican and which proposed to disclaim or resiliate:
 - (a) a share purchase agreement between Mr. Boisvert, Mr. Fontaine, and Medican, and to which intervenes 9430-6347 Québec Inc. ("**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.

49. The Disclaimer Notice and the Disclaimer Motion are discussed in greater detail in the Fourth Report of the Monitor dated July 12, 2024 (the “**Fourth Report**”).
50. As of the date of this Sixth Report, no hearing date has been scheduled for the Disclaimer Motion. The Monitor continues to engage with counsel to Mr. Boisvert and Mr. Fontaine and counsel to Medican in an effort to resolve the Disclaimer Motion.

I. RECEIPTS AND DISBURSEMENTS FOR THE SEVEN-WEEK PERIOD ENDED SEPTEMBER 28, 2024

51. BZAM’s actual net cash flow from operations on a consolidated basis for the seven-week period ended September 28, 2024, was approximately \$5.0 million. This is compared to a forecasted net cash flow of approximately \$0.7 million as noted in the cash flow projection attached as Appendix “A” to the Third Report, representing a positive variance of approximately \$4.4 million as summarized in the following chart:

(\$CAD in thousands)	7 Weeks Ending September 28, 2024			
	Actual	Forecast	Variance (\$)	Variance (%)
Receipts				
Receipts from Operations	\$ 16,458	\$ 13,941	\$ 2,517	18.1%
Miscellaneous Receipts	-	-	-	0.0%
Total Receipts	\$ 16,458	\$ 13,941	\$ 2,517	18.1%
Disbursements				
<i>Operating Disbursements</i>				
Production Costs	(5,081)	(4,505)	(576)	-12.8%
Insurance	(530)	(195)	(335)	-171.8%
Payroll	(3,479)	(3,931)	452	11.5%
Rent	(53)	(53)	-	0.0%
Taxes	(2,016)	(3,550)	1,534	43.2%
Other Operating Expenses	(282)	(1,046)	764	73.0%
Total Operating Disbursements	\$ (11,441)	\$ (13,280)	\$ 1,839	13.8%
Net Cash from Operations	\$ 5,017	\$ 661	\$ 4,356	-659.4%
<i>Financing Disbursements</i>				
Loan Advances (Repayments)	-	-	-	0.0%
Interest Expenses & Fees	(84)	(42)	(42)	-100.0%
<i>Restructuring Disbursements</i>				
Restructuring Legal and Professional Costs	(1,016)	(722)	(294)	-40.7%
Net Cash Flows	\$ 3,917	\$ (103)	\$ 4,020	3892.6%
Beginning Balance	2,575	\$ 904	1,671	184.8%
Net Receipts/ (Disbursements)	3,917	(103)	4,020	3892.6%
DIP Advances/ (Repayments)	(4,503)	921	(5,423)	589.1%
DIP Fees & Interest Payment	(829)	(721)	(108)	-15.0%
Ending Balance	\$ 1,160	\$ 1,000	\$ 160	16.0%

52. Explanations for key variances are as follows:

- (a) positive variance in *Total Receipts* of approximately \$2.5 million is primarily due to faster than forecasted collections of previously delivered goods. 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 positive variance of approximately \$0.2 million is due to lower than forecasted outflows from proactive cash management. A portion of this variance may reverse in future weeks as invoices become due;
- (c) negative variance in *Insurance* of approximately \$0.3 million is primarily due to the processing of the initial down payment of the company's insurance premiums, which are financed and paid through regular installments, which was not initially forecast.
- (d) positive variance in *Payroll* of approximately \$0.4 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;
- (e) positive variance in *Taxes* of approximately \$1.5 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;
- (f) negative variance in *Restructuring Legal and Professional Costs* of approximately \$0.3 million is primarily due to higher than forecasted outflows attributable to preparation for the motion returnable October;

- (g) variance in *Beginning Balance* of approximately \$1.7 million is primarily due to amounts in transit at the end of the prior week that were not swept by the DIP Lender until the following week;
- (h) positive variance in *DIP Advances (Repayments)* of approximately \$4.0 million is primarily due to lower than forecasted outflows due to proactive cash management resulting in lower financing needs than initially anticipated; and
- (i) negative variance in *DIP Fees & Interest Payments* of approximately \$0.1 million is primarily due to a higher outstanding DIP balance than forecast in the first few weeks of the reporting period.

J. THE STAY EXTENSION

- 53. The Stay Period is set to expire on October 15, 2024.
- 54. As is demonstrated in the cash flow projection attached to this Sixth 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 December 2, 2024, by accessing the DIP Loan.
- 55. The DIP Loan is presently set to mature on October 15, 2024. Cortland and the Applicants have agreed to extend its maturity date to and including December 2, 2024. Cortland and the Applicants have further agreed to reduce the maximum principal amount that the Applicants can borrow under the DIP Loan and the quantum of the DIP Loan’s charge from \$41 million to \$37 million. A copy of the executed extension agreement is attached to this Sixth Report as **Appendix “B”**.
- 56. The Revised and Extended Cash Flow Projections for the 10-week period from September 29, 2024, through December 7, 2024, are summarized below:

(\$CAD in thousands)	10 Weeks
	Total
Receipts	
Receipts from Operations	\$ 23,281
<i>Total Receipts</i>	\$ 23,281
Disbursements	
<i>Operating Disbursements</i>	
Production Costs	(9,550)
Insurance	(585)
Payroll	(5,072)
Rent	(53)
Taxes	(10,940)
Other Operating Expenses	(1,600)
<i>Total Operating Disbursements</i>	\$ (27,800)
Net Cash from Operations	\$ (4,519)
<i>Financing Disbursements</i>	
Loan Advances (Repayments)	-
Interest Expenses & Fees	(84)
<i>Restructuring Disbursements</i>	
Restructuring Legal and Professional Costs	(1,050)
Net Cash Flows	\$ (5,653)
Cash	
Beginning Balance	\$ 1,160
Net Receipts/ (Disbursements)	(5,653)
DIP Advances/ (Repayments)	6,620
DIP Fees & Interest Payment	(1,127)
Ending Cash Balance	\$ 1,000

57. The Monitor recommends that the Stay Period be extended to December 2, 2024, 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 December 2, 2024, 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) prepare for and complete the Wyld Transaction (subject to this Court's approval of the transaction);
 - (iii) continue efforts to resolve the Disclaimer Motion; and
 - (iv) continue the process of restructuring their business;
- and
- (d) As of the date of this Sixth Report, the Monitor is not aware of any party opposed to the requested extension of the Stay Period.

K. CONCLUSION

58. 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 11th day of October, 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

(\$CAD in thousands)

Forecast Week Starting (Sunday)	29-Sep-24	06-Oct-24	13-Oct-24	20-Oct-24	27-Oct-24	03-Nov-24	10-Nov-24	17-Nov-24	24-Nov-24	01-Dec-24	10 Weeks	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	Total
Receipts												
Net Receipts from Operations	[2]	\$ 3,065	\$ 1,510	\$ 1,360	\$ 2,463	\$ 2,491	\$ 2,739	\$ 2,391	\$ 2,582	\$ 2,530	\$ 2,149	\$ 23,281
Total Receipts		\$ 3,065	\$ 1,510	\$ 1,360	\$ 2,463	\$ 2,491	\$ 2,739	\$ 2,391	\$ 2,582	\$ 2,530	\$ 2,149	\$ 23,281
Disbursements												
<i>Operating Disbursements</i>												
Production Costs	[3]	(1,137)	(1,457)	(1,207)	(907)	(807)	(807)	(807)	(807)	(807)	(807)	(9,550)
Insurance		(195)	-	-	-	(195)	-	-	-	-	(195)	(585)
Payroll	[4]	(497)	(414)	(637)	(637)	(472)	(537)	(402)	(537)	(402)	(537)	(5,072)
Rent	[5]	-	-	-	(53)	-	-	-	-	-	-	(53)
Taxes	[6]	(3,885)	-	-	-	(3,455)	-	-	-	(3,600)	-	(10,940)
Other Operating Expenses	[7]	(250)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(1,600)
Total Operating Disbursements		\$ (5,964)	\$ (2,021)	\$ (1,994)	\$ (1,747)	\$ (5,079)	\$ (1,494)	\$ (1,359)	\$ (1,494)	\$ (4,959)	\$ (1,689)	\$ (27,800)
Net Cash from Operations		\$ (2,899)	\$ (511)	\$ (634)	\$ 716	\$ (2,588)	\$ 1,245	\$ 1,032	\$ 1,088	\$ (2,429)	\$ 460	\$ (4,519)
<i>Financing Disbursements</i>												
Loan Advances (Repayments)		-	-	-	-	-	-	-	-	-	-	-
Interest Expenses & Fees	[8]	-	-	-	-	(42)	-	-	-	(42)	-	(84)
<i>Restructuring Disbursements</i>												
Restructuring Legal and Professional Costs	[9]	-	-	(350)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,050)
Net Cash Flows		\$ (2,899)	\$ (511)	\$ (984)	\$ 616	\$ (2,730)	\$ 1,145	\$ 932	\$ 988	\$ (2,571)	\$ 360	\$ (5,653)
Cash												
Beginning Balance		\$ 1,160	\$ 508	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,160
Net Receipts/ (Disbursements)		(2,899)	(511)	(984)	616	(2,730)	1,145	932	988	(2,571)	360	(5,653)
DIP Advances/ (Repayments)	[10]	2,247	1,376	984	(616)	2,730	(772)	(932)	(988)	2,571	21	6,620
DIP Fees & Interest Payment	[11]	-	(373)	-	-	-	(373)	-	-	-	(381)	(1,127)
Ending Balance		\$ 508	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
DIP Facility												
Opening Balance		\$ 28,866	\$ 31,199	\$ 32,293	\$ 33,369	\$ 32,844	\$ 35,673	\$ 34,625	\$ 33,786	\$ 32,890	\$ 35,559	\$ 28,866
(+) Additional DIP Draws (Repayments)		2,247	1,376	984	(616)	2,730	(772)	(932)	(988)	2,571	21	6,620
(+) Accrued Interest		87	91	93	91	99	97	94	91	99	99	939
(-) Fees & Interest Payment		-	(373)	-	-	-	(373)	-	-	-	(381)	(1,127)
Closing Balance (DIP & Interest)		\$ 31,199	\$ 32,293	\$ 33,369	\$ 32,844	\$ 35,673	\$ 34,625	\$ 33,786	\$ 32,890	\$ 35,559	\$ 35,298	\$ 35,298

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 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 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]

THIRD AMENDMENT
dated as of October 11, 2024
to
DIP FACILITY AGREEMENT

THIS THIRD AMENDMENT dated as of October 11, 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 and the second amendment dated August 21, 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 3.1(a) of the DIP Facility Agreement is hereby deleted in its entirety and replaced with the following:

“(a) The maximum principal amount under the DIP Facility shall not, at any time, exceed the lesser of (i) \$37,000,000 (the “**Facility Limit**”), and (ii) the Revolving Facility Limit plus \$7,000,000; provided that at no point in time will the Cortland Pre-Filing Obligations and Post-Filing Obligations, either individually or in the aggregate, exceed the Facility Limit;”

1.2 As of the Amendment Effective Date, Section 3.18 of the DIP Facility Agreement is hereby amended by replacing the date “October 15, 2024” with the date “December 2, 2024”.

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: Matt Milich
Title: Director

GUARANTORS:

BZAM LTD.

By: 
Name: Matt Milich
Title: Chief Executive Officer

BZAM HOLDINGS INC.

By: 
Name: Matt Milich
Title: Director

BZAM MANAGEMENT INC.

By: 
Name: Matt Milich
Title: Director

BZAM CANNABIS CORP.

By: 
Name: Matt Milich
Title: Director

FOLIUM LIFE SCIENCE INC.

By: 
Name: Matt Milich
Title: Director

102172093 SASKATCHEWAN LTD.

By: 
Name: Matt Milich
Title: Director

MEDICAN ORGANIC INC.

By: 
Name: Matt Milich
Title: Director

HIGH ROAD HOLDING CORP.

By: 
Name: Matt Milich
Title: Director

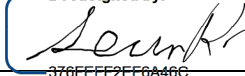
FINAL BELL CORP.

By: 
Name: Matt Milich
Title: Director

DIP LENDER:

**CORTLAND CREDIT LENDING
CORPORATION**

DocuSigned by:



By: _____

Name: Sean Register

Title: Chief Executive Officer

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**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

**SIXTH REPORT OF
THE MONITOR
(October 11, 2024)**

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