

**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 CANNABIS CORP., FOLIUM LIFE
SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC
DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP.
FINAL BELL CORP. AND 1001028579 ONTARIO INC.**

Applicants

**FACTUM OF THE APPLICANTS
(Returnable July 30, 2025)**

July 29, 2025

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TO: THE SERVICE LIST

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PART I: OVERVIEW¹

1. The Applicants seek relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), to, among other things: (i) make certain limited amendments to the First Amended Subscription Agreement and the Approval and Reverse Vesting Order (each as defined below) to include Medican Organic Inc. ("**Medican**") as part of the going-concern business outside of these CCAA proceedings, and (ii) extend the stay of proceedings to provide the Applicants and the Stalking Horse Purchaser additional time to obtain outstanding approvals necessary to close the Stalking Horse Transaction (each as defined below).
2. The proposed order (the "**Amending Order**"), among other things:
 - (a) approves the amendments to the First Amended Subscription Agreement (as defined below), as reflected in the second amended and restated share subscription agreement dated July 24, 2025 (the "**Second Amended Subscription Agreement**") between BZAM Ltd. ("**BZAM**") and 1000816625 Ontario Inc. (the "**Stalking Horse Purchaser**");
 - (b) authorizes and approves, *nunc pro tunc*, BZAM's execution of the Second Amended Subscription Agreement;
 - (c) amends certain provisions of the Approval and Reverse Vesting Order to, among other things, add Medican as one of the Purchased Entities (as defined in the Approval and Reverse Vesting Order) and remove Medican as an Applicant in these CCAA proceedings (the "**CCAA Proceedings**") effective as of the Closing Time (as defined in the Approval and Reverse Vesting Order);

¹ All capitalized terms used but not defined herein have the meanings ascribed to them in the Milich Affidavit (as defined herein).

- (d) extends the Stay of Proceedings (as defined below) until the earlier of: (i) October 15, 2025, and (ii) the CCAA Termination Time (as defined below) (the "**Stay Extension**"); and
 - (e) approves the Eleventh Report of FTI Consulting Canada Inc. ("**FTI**"), in its capacity as Court-appointed monitor (in such capacity, the "**Monitor**"), dated July 29, 2025 (the "**Eleventh Report**"), and the activities of the Monitor described therein.
3. The Applicants continue to work in good faith and with due diligence to close the Stalking Horse Transaction and terminate the CCAA Proceedings. The relief sought in the within motion is supported by the Monitor and the DIP Lender.
4. The Applicants respectfully submit that the proposed Amending Order is in the best interests of the Applicants and their stakeholders and appropriate in the circumstances.

PART II: FACTS

5. The facts underlying this motion are more fully set out in the affidavit of Matthew Milich sworn July 24, 2025 (the "**Milich Affidavit**").²

A. Background to and Developments in these CCAA Proceedings

6. BZAM is the ultimate parent company to several companies in the Canadian cannabis industry (collectively, the "**Company**").³ Through its operating subsidiary, the Company's business and operations focus on the production and sale of various cannabis products.⁴

² Affidavit of Matthew Milich sworn on July 24, 2025 [Milich Affidavit], Motion Record of the Applicants dated July 24, 2025 at Tab 2 [Motion Record].

³ Milich Affidavit, *ibid* at para 7, Motion Record at Tab 2.

⁴ Milich Affidavit, *ibid*, Motion Record at Tab 2.

7. Facing significant liquidity issues, the Applicants were granted CCAA protection by an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on February 28, 2024 (the "**Initial Order**").⁵ The Initial Order, among other things, appointed FTI as the Monitor and granted an initial stay of proceedings (the "**Stay of Proceedings**") in favour of the Applicants, the Non-Applicant Stay Parties (as defined in the Initial Order) and their respective directors and officers until and including March 8, 2024 (the "**Stay Period**").⁶

8. On March 8, 2024, the Applicants obtained an amended and restated Initial Order, which, among other things, extended the Stay Period to and including May 25, 2024.⁷

9. In an effort to identify and implement a value-maximizing transaction, the Applicants sought and, on March 8, 2024, obtained the SISP Approval Order, which, among other things, authorized and approved a sale and investment solicitation process (the "**SISP**"), in which a share subscription agreement (the "**Subscription Agreement**") between BZAM and the Stalking Horse Purchaser served as the Stalking Horse Bid.⁸

10. Following a determination that none of the letters of intent received by the Applicants and the Monitor constituted Qualified LOIs (as defined under the SISP), the SISP was terminated and the Stalking Horse Transaction was recognized as the successful bid.⁹

11. Since the termination of the SISP, the Applicants have implemented two court-approved transactions to sell certain assets that the Stalking Horse Purchaser did not intend to acquire as part of its Stalking Horse Bid, pursuant to the following orders:

⁵ Milich Affidavit, *ibid* at para 8, Motion Record at Tab 2.

⁶ Milich Affidavit, *ibid* at para 9, Motion Record at Tab 2.

⁷ Milich Affidavit, *ibid* at para 10, Motion Record at Tab 2.

⁸ Milich Affidavit, *ibid* at para 11, Motion Record at Tab 2.

⁹ Milich Affidavit, *ibid* at para 12, Motion Record at Tab 2.

- (a) on October 15, 2024, the Applicants obtained an approval and reverse vesting order, which, among other things, approved the BMI Transaction between BZAM Holdings Inc., as vendor, BZAM Management Inc., as target, 1000912353 Ontario Inc. (the "**Interim Purchaser**"), as purchaser, and Wyld Canada Inc., as an interested third party. Under the BMI Transaction, 100% of the share capital of BZAM Management Inc. (a former Applicant in these CCAA Proceedings) was acquired by the Interim Purchaser;¹⁰ and
- (b) on January 13, 2025, the Applicants obtained an approval and vesting order (along with certain other ancillary relief), approving the Edmonton Property Transaction, whereby BZAM Cannabis Corp. sold to 2627411 Alberta Ltd., among other things, the lands and premises municipally described as 8770 24th Street, Sherwood Park, Alberta.¹¹

12. Both of the aforementioned transactions have closed, and the net sale proceeds were distributed to, among others, Cortland as partial repayment of the Applicants' indebtedness under the DIP Loan.¹²

13. Following the consensual resolution of certain outstanding matters, including with Health Canada and the Canada Revenue Agency, the Applicants sought approval of the Stalking Horse Transaction on May 15, 2025, pursuant to an approval and reverse vesting order (the "**Approval and Reverse Vesting Order**"), which, among other things, approved an amended and restated share subscription agreement dated May 9, 2025 (the "**First Amended Subscription**

¹⁰ Milich Affidavit, *ibid* at para 13, Motion Record at Tab 2.

¹¹ Milich Affidavit, *ibid* at para 15, Motion Record at Tab 2.

¹² Milich Affidavit, *ibid* at paras 14, 16, Motion Record at Tab 2.

Agreement") between BZAM and the Stalking Horse Purchaser, *nunc pro tunc*, and the transaction contemplated thereby (the "**Stalking Horse Transaction**").¹³

14. Additionally, the Approval and Reverse Vesting Order, subject to the issuance of the Monitor's Certificate (as defined in the Approval and Reverse Vesting Order), among other things:

- (a) approved the addition of 1001105728 Ontario Inc. ("**ResidualCo**") as an Applicant in the CCAA Proceedings and vested all Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the First Amended Subscription Agreement) out of BZAM and The Green Organic Dutchman Ltd. ("**TGOD**") and into ResidualCo;
- (b) vested in the Stalking Horse Purchaser all of the title and interest in and to the Subscribed Shares and the Retained Assets (each as defined in the First Amended Subscription Agreement), free and clear of any Encumbrances (as defined in the Approval and Reverse Vesting Order);
- (c) authorized and directed the Applicants to distribute the Cash Consideration (as defined in the First Amended Subscription Agreement) to Cortland, as full and final repayment of the indebtedness owing by the Applicants to Cortland; and
- (d) authorized the removal of TGOD and BZAM as Applicants in the CCAA Proceedings.¹⁴

15. Once the Stalking Horse Transaction is complete, the Applicants will have accomplished their restructuring objectives by securing a going-concern transaction for the benefit of their stakeholders.¹⁵ Accordingly, to facilitate the termination of the CCAA Proceedings, the Applicants

¹³ Milich Affidavit, *ibid* at para 17, Motion Record at Tab 2.

¹⁴ Milich Affidavit, *ibid*, Motion Record at Tab 2.

¹⁵ Milich Affidavit, *ibid* at para 19, Motion Record at Tab 2.

also sought on May 15, 2025, and the Court granted, an order (the "**CCAA Termination Order**"), which, among other things:

- (a) extended the Stay of Proceedings until the earlier of: (i) August 15, 2025, and (ii) the CCAA Termination Time;
- (b) approved the termination of the CCAA Proceedings and discharged the Monitor upon the Monitor's service of a certificate (such time, the "**CCAA Termination Time**");
- (c) released and discharged the Charges and the Bid Protections Charge effective as of the CCAA Termination Time; and
- (d) approved certain releases in favour of the Released Parties (as defined in the CCAA Termination Order), the Stalking Horse Purchaser and its counsel.¹⁶

16. The Applicants remain committed and are working in good faith to close the Stalking Horse Transaction and bring the CCAA Proceedings to an end.¹⁷

B. Health Canada Approvals

17. One of the Stalking Horse Purchaser's closing conditions under the First Amended Subscription Agreement is that all required authorizations and approvals from Health Canada (collectively, the "**Approvals**") in connection with the Stalking Horse Transaction shall have been obtained.¹⁸

18. The Company submitted to Health Canada all necessary documentation to obtain the Approvals in May 2025, and has received confirmation that its applications are under review.¹⁹

¹⁶ Milich Affidavit, *ibid*, Motion Record at Tab 2.

¹⁷ Milich Affidavit, *ibid* at para 20, Motion Record at Tab 2.

¹⁸ Milich Affidavit, *ibid* at para 21, Motion Record at Tab 2.

¹⁹ Milich Affidavit, *ibid* at para 22, Motion Record at Tab 2.

Notwithstanding the Company's best efforts to expedite such Approvals and advance the Stalking Horse Transaction, the Company has not received any indication from Health Canada of when such Approvals may be granted.²⁰

19. The Stalking Horse Purchaser requires the Approvals prior to closing the Stalking Horse Transaction to ensure that the going-concern business is compliant with federal regulations and that TGOD's cannabis license remains in good standing.²¹

C. The Proposed Amendments

1. The Second Amended and Restated Subscription Agreement

20. Since the issuance of the Approval and Reverse Vesting Order, the Stalking Horse Purchaser has requested that Medican be included as part of the going-concern business to resume the Company's operations in Quebec and elsewhere.²²

21. As such, the Applicants have made certain amendments to the First Amended Subscription Agreement, including: (i) extending the target closing date and the outside date under the First Amended Subscription Agreement to September 30, 2025 and October 15, 2025, respectively, due to the delays in obtaining the required Approvals from Health Canada; (ii) including the shares of Medican as Retained Assets; (iii) updating Schedule "D" – Encumbrances to be Discharged to include certain registrations/writs of execution that were filed under BZAM's previous legal name; and (iv) making certain corresponding ancillary revisions, such as amending the recitals and certain definitions and schedules (each as defined and reflected in the Second Amended Subscription Agreement, and collectively, the "**Amendments**").²³

²⁰ Milich Affidavit, *ibid* at para 23, Motion Record at Tab 2.

²¹ Milich Affidavit, *ibid*, Motion Record at Tab 2.

²² Milich Affidavit, *ibid* at para 30, Motion Record at Tab 2.

²³ Milich Affidavit, *ibid* at para 27, Motion Record at Tab 2.

22. The economic terms and deposits, the closing sequence, and the closing conditions remain materially unchanged under the Second Amended Subscription Agreement.²⁴

23. Pursuant to the First Amended Subscription Agreement and the Approval and Reverse Vesting Order, the Applicants and the Stalking Horse Purchaser had the ability to revise certain schedules, including the schedule identifying the Retained Assets, prior to the target closing date. The parties were also permitted to make other minor amendments with the consent of the Monitor.²⁵ Notwithstanding the foregoing, due to the corresponding amendments required to the Approval and Reverse Vesting Order, the Applicants are nevertheless seeking the Court's approval of the Amendments to ensure consistency between the relevant transaction documents and orders.²⁶

2. The Approval and Reverse Vesting Order

24. The Applicants also seek corresponding amendments to the Approval and Reverse Vesting Order to incorporate the Amendments. As currently drafted, the Approval and Reverse Vesting Order provides certain relief to the Purchased Entities, which are defined to include only TGOD and BZAM. The proposed amendments to the Approval and Reverse Vesting Order, among other things, (i) amend the definition of the Purchased Entities to include Medican, and (ii) authorize the removal of Medican as an Applicant in the CCAA Proceedings effective as of the Closing Time.²⁷

D. The Stay of Proceedings

25. The Stay Period is currently set to expire on the earlier of: (i) August 15, 2025, and (ii) the CCAA Termination Time.²⁸ Pursuant to the proposed Amending Order, the Applicants seek to

²⁴ Milich Affidavit, *ibid*, Motion Record at Tab 2.

²⁵ Milich Affidavit, *ibid* at para 28, Motion Record at Tab 2.

²⁶ Milich Affidavit, *ibid*, Motion Record at Tab 2.

²⁷ Milich Affidavit, *ibid* at para 34, Motion Record at Tab 2.

²⁸ Milich Affidavit, *ibid* at para 35, Motion Record at Tab 2.

extend the Stay Period until the earlier of: (i) October 15, 2025, and (ii) the CCAA Termination Time.²⁹ The Applicants have acted, and continue to act, in good faith and with due diligence throughout the CCAA Proceedings.³⁰

26. The Applicants require an extension of the Stay of Proceedings to obtain the outstanding Approvals, close the Stalking Horse Transaction and complete all remaining restructuring steps before certain of the Applicants will emerge from the CCAA Proceedings as going-concern entities.³¹ The Revised Cash Flow Forecast demonstrates that the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA Proceedings throughout the Stay Period.³² The Monitor and DIP Lender are supportive of the proposed Stay Extension.³³

E. Approval of the Monitor's Eleventh Report

27. The proposed Amending Order also seeks approval of the Eleventh Report and the activities of the Monitor described therein. Throughout the CCAA Proceedings, the Monitor and its counsel have provided valuable assistance to the Applicants, the Court and its stakeholders.³⁴

PART III: ISSUES

28. The issues to be considered on this motion are whether this Court should:

- (a) approve the amendments to the First Amended Subscription Agreement and the Approval and Reverse Vesting Order;
- (b) extend the Stay Period; and

²⁹ Milich Affidavit, *ibid*, Motion Record at Tab 2.

³⁰ Milich Affidavit, *ibid* at para 37, Motion Record at Tab 2; Eleventh Report of the Monitor dated July 29, 2025 at para 61(b) [Eleventh Report].

³¹ Milich Affidavit, *ibid* at para 36, Motion Record at Tab 2.

³² Milich Affidavit, *ibid* at para 38, Motion Record at Tab 2; Eleventh Report, *supra* note 30 at para 58.

³³ Milich Affidavit, *ibid* at para 39, Motion Record at Tab 2; Eleventh Report, *ibid* at para 61.

³⁴ Milich Affidavit, *ibid* at para 40, Motion Record at Tab 2.

- (c) approve the Eleventh Report and the activities described therein.

PART IV: LAW AND ANALYSIS

A. The Amendments to the First Amended Subscription Agreement and the Approval and Reverse Vesting Order Should be Approved

29. The broad discretion afforded under section 11 of the CCAA vests this Court with jurisdiction to "make any order that it considers appropriate in the circumstances".³⁵ The exercise of this Court's discretion under section 11 must "further the remedial objectives of the CCAA and be guided by the baseline considerations of appropriateness, good faith, and due diligence."³⁶ The CCAA's remedial objectives include "providing for timely, efficient and impartial resolution of a debtor's insolvency" and "preserving and maximizing the value of a debtor's assets."³⁷

30. The Applicants previously satisfied this Court that granting the Approval and Reverse Vesting Order was appropriate in the circumstances for the reasons set out in the Applicants' factum dated May 13, 2025.³⁸ For the same reasons, it is similarly appropriate and in the best interests of the Applicants and their stakeholders to approve the Amendments and revise the Approval and Reverse Vesting Order.

³⁵ *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 s 11 [CCAA]; *Re Harte Gold Corp.*, 2022 ONSC 653 at paras 18, 37 [*Harte Gold*].

See also, *Re Quest University Canada*, 2020 BCSC 1883 at paras 153-155, aff'd 2020 BCCA 364.

³⁶ 9354-9186 *Québec inc v Callidus Capital Corp.*, 2020 SCC 10 at para 70 [Callidus]; *Harte Gold*, *ibid* at para 32.

³⁷ *Callidus*, *ibid* at para 40; *Harte Gold*, *ibid*; See also *Genesis Mortgage Investment Corp. and 1776411 Ontario Ltd. and 1333 Weber Street Kitchner LLP* (June 26, 2025), Toronto CV-23-00706813-00CL (Order (Second AVO Amendment Order)) and *Genesis Mortgage Investment Corp. and 1776411 Ontario Ltd. and 1333 Weber Street Kitchner LLP* (June 26, 2025), Toronto CV-23-00706813-00CL (Endorsement) at para 13.

³⁸ When exercising its jurisdiction to approve a reverse vesting transaction, this Court has considered the non-exhaustive factors enumerated under subsection 36(3) of the CCAA and those articulated in *Royal Bank of Canada v Soundair Corp.*, [1991] 7 CBR (3d) 1 at para 16. Together, these factors include: (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances; (b) whether the monitor approved the process leading to the proposed sale or disposition; (c) whether the monitor filed with the Court a report stating that in its opinion the sale or disposition would be more beneficial to creditors than a sale or disposition under a bankruptcy; (d) the extent to which creditors were consulted; (e) the effects of the proposed sale or disposition on the creditors and other interested parties; (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value; (g) whether sufficient effort has been made to obtain the best price and that the debtors have not acted improvidently; (h) the efficacy and integrity of the process by which offers have been obtained; (i) whether the interests of all parties have been considered; and (j) whether there has been unfairness in the working out of the process.

31. Moreover, the Amendments, including the addition of Medican as one of the Purchased Entities, are not anticipated to prejudice any stakeholder and are appropriate for the following reasons:

- (a) Prior Authorization to Make Amendments. Under the First Amended Subscription Agreement and the Approval and Reverse Vesting Order, the Applicants are authorized to make certain minor amendments, including to the schedule of Retained Assets, without first obtaining Court approval. By including Medican's shares as Retained Assets, the Applicants are effectively taking steps already authorized by this Court under the Approval and Reverse Vesting Order and/or approved indirectly by the Court through its approval of the First Amended Subscription Agreement (albeit, after the target closing date deadline, as required under the First Amended Subscription Agreement).³⁹ Notably, there was no objection by any stakeholder at the previous hearing with respect to the inclusion of these amending provisions/authorizations.
- (b) Amendments are Minor. The Amendments are limited in scope and do not purport to change the economic terms of the Stalking Horse Transaction or change the closing sequence/conditions. Cortland, as the Applicants' senior secured creditor and the DIP Lender, is still anticipated to be repaid in full.⁴⁰
- (c) The Applicants are Acting in Good Faith. The Applicants continue to act in good faith to complete the Stalking Horse Transaction. They submitted all Health Canada documentation in a timely manner and any associated delays were not caused by

³⁹ Milich Affidavit, *supra* note 1 at para 28, Motion Record at Tab 2; Given the corresponding changes required to be made to the Approval and Reverse Vesting Order, the Applicants are nevertheless seeking the approval of the Amendments to ensure consistency between the amended Approval and Reverse Vesting Order and the terms of subscription agreement.

⁴⁰ Milich Affidavit, *ibid* at para 27, Motion Record at Tab 2.

any action (or inaction) of the Applicants.⁴¹ The proposed Amendments are being sought to maximize value for the continuing stakeholders of the going-concern company.

- (d) No Offers under the SISP. No offers were received by the Monitor or the Applicants with respect to Medican or its business under the SISP.⁴²
- (e) The Amendments are not Prejudicial to Creditors. Under the First Amended Subscription Agreement, the shares of Medican were being vested in ResidualCo, a result that offered no prospect of distribution to Medican's creditors. Similarly, no recovery is anticipated for any of the Applicants' unsecured creditors from the sale proceeds of the Stalking Horse Transaction. In other words, the Applicants' creditors' immediate prospect of recovery is the same regardless of whether the shares of Medican are vested in ResidualCo or acquired by the Stalking Horse Purchaser.

However, under the Second Amended Subscription Agreement, the going-concern entity will retain the option to resume its Quebec operations, which will provide the Stalking Horse Purchaser the ability to generate additional value for stakeholders who will continue to contract with, be employed by and/or finance the going-concern entity outside of these CCAA Proceedings. Accordingly, the proposed Amendments may result in a more favorable outcome for stakeholders in the future or, at worst, will result in identical distributions to creditors as under the First Amended Subscription Agreement.⁴³

⁴¹ Milich Affidavit, *ibid* at para 22, Motion Record at Tab 2.

⁴² Eleventh Report, *supra* note 30 at para 36(c).

⁴³ Milich Affidavit, *supra* note 1 at para 30, Motion Record at Tab 2.

- (f) The Monitor and DIP Lender Support the Amendments. The Monitor and the DIP Lender were both consulted during the amending process and are both supportive of the proposed Amendments.⁴⁴

32. The Applicants also seek to discharge certain registrations/writs of execution against The Green Organic Dutchman Holdings Ltd. (the former name of BZAM), to ensure that the Stalking Horse Purchaser acquires the Subscribed Shares free and clear of all encumbrances (other than certain permitted encumbrances).⁴⁵ Discharging encumbrances through a vesting order is commonly done in CCAA proceedings and consistent with this Court's form of model approval and vesting order, as well as the relief already granted under the Approval and Reverse Vesting Order.⁴⁶ The Applicants are not aware of any opposition to the proposed discharges notwithstanding that notice was provided to each affected party.⁴⁷

33. In conclusion, adding Medican as one of the Purchased Entities will enable the Company to preserve value and flexibility for the going-concern business and is in the best interest of the Applicants and their stakeholders.

B. The Stay of Proceedings Should be Extended

34. The Stay Period is currently set to expire on the earlier of: (i) August 15, 2025, and (ii) the CCAA Termination Time.⁴⁸ Subsection 11.02(2) of the CCAA expressly authorizes this Court to grant an extension of the stay of proceedings for "any period that the court considers necessary".⁴⁹ To grant such an extension, this Court must be satisfied that circumstances exist that make the

⁴⁴ Milich Affidavit, *ibid* at para 33, Motion Record at Tab 2.

⁴⁵ Milich Affidavit, *ibid* at paras 31, 32, Motion Record at Tab 2.

⁴⁶ *In the Matter of BZAM Ltd. et al* (May 15, 2025), Toronto, CV-24-00715773-00CL (Approval and Reverse Vesting Order (Stalking Horse Transaction)) (ONSC); [Commercial List Model Approval and Reverse Vesting Order](#).

⁴⁷ Milich Affidavit, *supra* note 1 at para 32(c), Motion Record at Tab 2.

⁴⁸ Milich Affidavit, *ibid* at para 35, Motion Record at Tab 2.

⁴⁹ [CCAA](#), *supra* note 35, s [11.02\(2\)](#).

order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.⁵⁰

35. The Applicants require the proposed Stay Extension to obtain the Approvals, close the Stalking Horse Transaction and complete all remaining ancillary restructuring steps before terminating the CCAA Proceedings.⁵¹ The Applicants have, and continue, to act in good faith and with due diligence in the CCAA Proceedings, and the delays in closing the Stalking Horse Transaction are due to circumstances beyond the Applicants' control.⁵² The proposed Stay Extension is supported by the Monitor, the DIP Lender and the Revised Cash Flow Forecast.⁵³

36. Accordingly, the proposed Stay Extension is in the best interests of the Applicants and their stakeholders, is consistent with the purposes of the CCAA, and is appropriate in the circumstances.

C. The Monitor's Activities and the Eleventh Report Should be Approved

37. It has become a usual practice in CCAA proceedings for a court-appointed monitor (or an applicant on its behalf) to bring a motion to approve its reports.⁵⁴ This Court has recognized a number of policy and practical reasons for the Court to approve a monitor's activities, including that it:

- (a) allows the monitor to move forward with next steps in the CCAA proceedings;
- (b) brings the monitor's activities before the Court;
- (c) allows an opportunity for the concerns of the stakeholders to be addressed, and any problems to be rectified;

⁵⁰ CCAA, *ibid* s 11.02(2); *Harte Gold*, *supra* note 35 at para 87.

⁵¹ Milich Affidavit *supra* note 1 at para 36, Motion Record at Tab 2.

⁵² Milich Affidavit *ibid* at paras 22-23, 37, Motion Record at Tab 2; Eleventh Report, *supra* note 30 at para 61.

⁵³ Milich Affidavit *ibid* at paras 38-39, Motion Record at Tab 2; Eleventh Report, *ibid* at paras 58, 61.

⁵⁴ *Target Canada Co. (Re)*, 2015 ONSC 7574 at paras 1-2 [Target]; *Laurentian University of Sudbury*, 2022 ONSC 2927 at paras 13-14.

- (d) enables the Court to satisfy itself that the monitor's activities have been conducted in prudent and diligent manners;
- (e) provides protection for the monitor not otherwise provided by the CCAA; and
- (f) protects the creditors from the delay and distribution that would be caused by:
 - (i) re-litigation of steps taken to date, and
 - (ii) potential indemnity claims by the monitor.⁵⁵

38. Since its appointment, the Monitor has provided valuable assistance to the Applicants and the Court.⁵⁶ The Applicants submit that the Monitor has acted responsibly and carried out its activities in a manner consistent with the provisions of the CCAA and in compliance with the Initial Order.⁵⁷ Accordingly, the Eleventh Report and the activities of the Monitor described therein should be approved.

PART V: RELIEF REQUESTED

39. The Applicants submit that the relief sought on the within motion is appropriate in the circumstances and respectfully request that the proposed form of the Amending Order be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 29TH DAY OF JULY, 2025

Bennett Jones LLP
BENNETT JONES LLP

⁵⁵ *Target*, *ibid* at para 23.

⁵⁶ Milich Affidavit, *supra* note 1 at para 40, Motion Record at Tab 2.

⁵⁷ Eleventh Report, *supra* note 30 at para 10.

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. [9354-9186 Québec inc v Callidus Capital Corp, 2020 SCC 10](#)
2. [Genesis Mortgage Investment Corp. and 1776411 Ontario Ltd. and 1333 Weber Street Kitchner LLP \(June 26, 2025\), Toronto CV-23-00706813-00CL \(Endorsement\)](#)
3. [Genesis Mortgage Investment Corp. and 1776411 Ontario Ltd. and 1333 Weber Street Kitchner LLP \(June 26, 2025\), Toronto CV-23-00706813-00CL \(Order \(Second AVO Amendment Order\)\)](#)
4. [In the Matter of BZAM Ltd. et al \(May 15, 2025\), Toronto, CV-24-00715773-00CL \(Approval and Reverse Vesting Order \(Stalking Horse Transaction\)\)](#)
5. [Laurentian University of Sudbury, 2022 ONSC 2927](#)
6. [Re Harte Gold Corp, 2022 ONSC 653](#)
7. [Re Quest University Canada, 2020 BCSC 1883](#)
8. [Royal Bank of Canada v Soundair Corp, \[1991\] 7 CBR \(3d\) 1](#)
9. [Target Canada Co. \(Re\), 2015 ONSC 7574](#)

I certify that I am satisfied as to the authenticity of every authority.

Dated: July 29, 2025


Signature

SCHEDULE B – STATUTES AND REGULATIONS RELIED ON

Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36

Section 11

General power of court

Despite anything in the [*Bankruptcy and Insolvency Act*](#) or the [*Winding-up and Restructuring Act*](#), if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

R.S., 1985, c. C-36, s. 111992, c. 27, s. 901996, c. 6, s. 1671997, c. 12, s. 1242005, c. 47, s. 128.

Section 11.02

Stays, etc. – initial application

(1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

(a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Stays, etc. — other than initial application

(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Restriction

(4) Orders doing anything referred to in subsection (1) or (2) may only be made under this section.

2005, c. 47, s. 128, 2007, c. 36, s. 62(F)2019, c. 29, s. 137.

Section 36

Restriction on disposition of business assets

36 (1) A debtor company in respect of which an order has been made under this Act may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.

Notice to creditors

(2) A company that applies to the court for an authorization is to give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition.

Factors to be considered

(3) In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process leading to the proposed sale or disposition;

(c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

Additional factors — related persons

(4) If the proposed sale or disposition is to a person who is related to the company, the court may, after considering the factors referred to in subsection (3), grant the authorization only if it is satisfied that

(a) good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the company; and

(b) the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition.

Related persons

(5) For the purpose of subsection (4), a person who is related to the company includes

(a) a director or officer of the company;

(b) a person who has or has had, directly or indirectly, control in fact of the company; and

(c) a person who is related to a person described in paragraph (a) or (b).

Assets may be disposed of free and clear

(6) The court may authorize a sale or disposition free and clear of any security, charge or other restriction and, if it does, it shall also order that other assets of the company or the proceeds of the sale or disposition be subject to a security, charge or other restriction in favour of the creditor whose security, charge or other restriction is to be affected by the order.

Restriction — employers

(7) The court may grant the authorization only if the court is satisfied that the company can and will make the payments that would have been required under paragraphs 6(5)(a) and (6)(a) if the court had sanctioned the compromise or arrangement.

Restriction — intellectual property

(8) If, on the day on which an order is made under this Act in respect of the company, the company is a party to an agreement that grants to another party a right to use intellectual property that is included in a sale or disposition authorized under subsection (6), that sale or disposition does not affect that other party's right to use the intellectual property — including the other party's right to enforce an exclusive use — during the term of the agreement, including any period for which the other party extends the agreement as of right, as long as the other party continues to perform its obligations under the agreement in relation to the use of the intellectual property.

2005, c. 47, s. 1312007, c. 36, s. 782017, c. 26, s. 142018, c. 27, s. 269

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 CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP., FINAL BELL CORP. AND 1001028579 ONTARIO INC.

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

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