

**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 May 15, 2025)**

May 13, 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 implement a going concern sale transaction and effect the orderly and efficient completion of these CCAA Proceedings.
2. The Stalking Horse Transaction (as defined below) is proposed to be performed pursuant to a reverse approval and vesting order (the "**Stalking Horse RVO**"), which among other things:
 - (a) approves an amended and restated share subscription agreement dated May 9, 2025 (the "**Subscription Agreement**") among BZAM Ltd. ("**BZAM**") and 1000816625 Ontario Inc. (the "**Stalking Horse Purchaser**"), *nunc pro tunc*, and the transaction contemplated thereby (the "**Stalking Horse Transaction**");
 - (b) authorizes and directs the BZAM Entities (as defined in the ARIIO (as defined below)) to perform their obligations under the Subscription Agreement for the completion of the Stalking Horse Transaction and the issuance of the shares of BZAM (the "**Subscribed Shares**") to the Stalking Horse Purchaser;
 - (c) approves the addition of 1001105728 Ontario Inc. ("**ResidualCo**") as an Applicant and vests all Excluded Assets, Excluded Contracts, and Excluded Liabilities (as defined in the Subscription Agreement) out of BZAM and The Green Organic Dutchman Ltd. (together, the "**Surviving Entities**") and into ResidualCo;
 - (d) vests in the Stalking Horse Purchaser all of the title and interest in and to the Subscribed Shares and Retained Assets (as defined in the Subscription Agreement), free and clear of any Encumbrances (as defined in the Stalking Horse RVO);

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

- (e) approves the assignment of all rights and obligations under the Assigned Contract to The Green Organic Dutchman Ltd. ("**TGOD**");
- (f) authorizes and directs the Applicants to distribute the Cash Consideration to Cortland Credit Lending Corporation ("**Cortland**"), as full and final repayment of the indebtedness owing by the Applicants to Cortland (the "**Indebtedness**"); and
- (g) removes the Surviving Entities as Applicants in these CCAA Proceedings.

3. Once the Stalking Horse RVO is approved and the Stalking Horse Transaction is consummated (as applicable), the Remaining Applicants (as defined below) will have no material assets or business operations. At which time, the next logical step will be to terminate these CCAA Proceedings. Accordingly, the proposed CCAA Termination Order, among other things:

- (a) extends the stay of proceedings until the earlier of: (i) August 15, 2025, and (ii) the CCAA Termination Time (as defined below) (the "**Stay Extension**");
- (b) terminates the CCAA Proceedings and discharges FTI as monitor (in such capacity, the "**Monitor**") in these CCAA Proceedings upon the Monitor's service of a certificate (the "**Termination Certificate**") on the service list (the "**CCAA Termination Time**");
- (c) approves the Tenth Report of the Monitor dated May 13, 2025 (the "**Tenth Report**") and the activities of the Monitor described therein;
- (d) approves the fees and disbursements of the Monitor and its counsel, along with the proposed Fee Accrual (as defined below);
- (e) releases and discharges the Charges and the Bid Protections Charge (each as defined below) effective as of the CCAA Termination Time;

- (f) approves certain releases (the "**Releases**") in favour of the Released Parties (as defined below), the Stalking Horse Purchaser and its counsel; and
- (g) authorizes each of the Applicants except the Surviving Entities (collectively, the "**Remaining Applicants**"), to make an assignment in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"), as amended, following the CCAA Termination Time, naming FTI as their licensed insolvency trustee.

4. The Stalking Horse Transaction will maximize the going concern value of the existing business, maintain the employment of approximately 155 employees, and preserve TGOD's cannabis and excise licenses (the "**Licenses**") for the benefit of the Applicants' stakeholders. The relief sought in the within motion is supported by the Monitor and the DIP Lender. The Applicants respectfully submit that the proposed Stalking Horse RVO and the CCAA Termination Order are 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 May 9, 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 cannabis industry in Canada.³ Through its operating subsidiary, its business and operations focus on the production and sale of various cannabis products.⁴

² Affidavit of Matthew Milich sworn on May 9, 2025 [Milich Affidavit], Motion Record of the Applicants dated May 9, 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) on February 28, 2024 (the "**Initial Order**").⁵ The Initial Order, among other things, appointed FTI as the Monitor, granted the Administration Charge, the DIP Lender's Charge and the Directors' Charge (collectively, the "**Charges**") over the property of the Applicants, and granted an initial 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 "**Original Stalking Horse Agreement**") between BZAM and the Stalking Horse Purchaser served as the Stalking Horse Bid. The Court also granted a Court-ordered charge over the Property (as defined in the ARIO) in favour of the Stalking Horse Purchaser as security for payment for certain bid protections (the "**Bid Protections Charge**").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

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 13, Motion Record at Tab 2.

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

- (a) on October 15, 2024, the Applicants obtained a reverse approval 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 – pursuant to which, 100% of the share capital of BZAM Management Inc. (a former Applicant in these CCAA Proceedings) was sold to 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, among other things, 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 transactions listed above have closed.¹² The net proceeds were distributed to, among others, Cortland as partial repayment of the Indebtedness.¹³

13. The Applicants have also obtained certain ancillary relief, including on December 2, 2024, where the Court, among other things, authorized 9430-6347 Québec Inc. ("**9430 Quebec**") or the Monitor to file an assignment in bankruptcy for 9430 Quebec (the "**Bankruptcy Assignment**").¹⁴

¹⁰ Milich Affidavit, *ibid* at para 15, Motion Record at Tab 2.

¹¹ Milich Affidavit, *ibid* at para 18, Motion Record at Tab 2.

¹² Milich Affidavit, *ibid* at paras 16, 19, Motion Record at Tab 2.

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

¹⁴ Milich Affidavit, *ibid* at para 17, Motion Record at Tab 2.

The Bankruptcy Assignment was effected on May 13, 2025, and FTI is now in the process of winding down 9430 Quebec's estate, in its capacity as the licensed insolvency trustee.

14. Most recently, on March 27, 2025, the stay of proceedings was extended to May 15, 2025 (the "**Previous Stay Extension**"), which was intended to provide the Applicants with additional time to attempt to resolve certain outstanding matters with the Canada Revenue Agency (the "**CRA**") and Health Canada.¹⁵ Since the Previous Stay Extension, the Applicants have reached negotiated resolutions with each of the CRA and Health Canada, and understand that neither party intends to oppose the relief being sought on this motion.¹⁶

B. Conduct of the SISP

15. The Applicants developed the SISP, in consultation with the Monitor, to solicit interest in the sale of, or investment in, all or part of the Applicants' assets and business (collectively, the "**Opportunity**").¹⁷ The SISP was purposefully designed to create an efficient, fair, flexible and equitable process to obtain the best offer for the Opportunity and to maximize value for the Applicants' many stakeholders through a broad canvassing of the market.¹⁸ In an effort to provide greater certainty during the SISP, the Original Stalking Horse Agreement acted as a stalking horse bid to set an appropriate floor for prospective bidders.

16. In accordance with the terms of the SISP, the Applicants and the Monitor implemented a comprehensive sale and investment solicitation process. As part of its marketing efforts, the Monitor prepared a teaser letter and other marketing materials that were disseminated into the market broadly.¹⁹ The Monitor and the Applicants contacted approximately 127 parties regarding

¹⁵ Milich Affidavit, *ibid* at para 20, Motion Record at Tab 2.

¹⁶ Milich Affidavit, *ibid* at para 38, Motion Record at Tab 2.

¹⁷ Milich Affidavit, *ibid* at para 21, Motion Record at Tab 2.

¹⁸ Milich Affidavit, *ibid* at paras 21-22, Motion Record at Tab 2.

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

the SISP.²⁰ Ultimately, 16 parties communicated interest in the Opportunity to the Applicants and/or the Monitor, and 10 non-disclosure agreements were executed.²¹

17. The Applicants and the Monitor received three LOIs by the Bid Deadline. As part of their evaluation, the Monitor and the Applicants considered each of the received LOIs independently and collectively in a liquidation scenario to determine which LOI and/or bid contemplated the best offer.²² The combined consideration of all LOIs was less than the consideration contemplated under the Stalking Horse Bid, and did not purport to satisfy the Indebtedness owing to Cortland.²³

18. Despite the Applicants and the Monitor's extensive marketing efforts, it was determined that no Qualified LOIs were submitted by the Bid Deadline.²⁴ Accordingly, the Stalking Horse Bid was deemed to be the Successful Bid (as defined in the SISP) and the SISP was terminated with the consent of the DIP Lender.²⁵

C. Subscription Agreement

19. On May 9, 2025, BZAM and the Stalking Horse Purchaser, in consultation with the Monitor, entered into the Subscription Agreement.²⁶ Among other things, the Subscription Agreement: (i) incorporates certain revisions to the subscription price, including the removal of the assumption of the Stone Pine Debt; (ii) includes certain closing conditions; and (iii) populates relevant schedules that were not completed at the time the Original Stalking Horse Agreement was executed.²⁷

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

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

²² Milich Affidavit, *ibid* at para 23, Motion Record at Tab 2.

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

²⁴ Milich Affidavit, *ibid* at para 25, Motion Record at Tab 2.

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

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

²⁷ Milich Affidavit, *ibid* at para 26, Motion Record at Tab 2.

20. The Stalking Horse Purchaser is a related party to the BZAM Entities and is 100% owned and controlled by Mr. Bassam Alghanim – BZAM's largest shareholder and current Chairman.²⁸ Under the Stalking Horse Transaction, the Stalking Horse Purchaser will acquire all of the title and interest in and to the Subscribed Shares and Retained Assets, free and clear of any Encumbrances (other than the Permitted Encumbrances). Additionally, the BZAM Entities shall transfer and cause ResidualCo to assume all Excluded Assets, Excluded Contracts, and Excluded Liabilities.²⁹ As part of the closing sequence, ResidualCo will be added as an Applicant in these CCAA Proceedings.³⁰

21. The Subscription Agreement contemplates a reverse vesting transaction that will preserve the Licenses and certain tax losses, neither of which could be otherwise transferred in the ordinary course.³¹ The Licenses are necessary for the continued operations of the business outside of these CCAA Proceedings.³²

22. It is also contemplated that Final Bell Corp. will assign a license and services contract to TGOB as part of the closing sequence. The Applicants are not aware of any defaults, monetary or otherwise, committed by Final Bell Corp. under the Assigned Contract.³³ The counterparty to the Assigned Contract was also provided advance informal notice, and served with the Motion Record.

23. If approved, the proceeds from the Stalking Horse Transaction will be used to repay the Indebtedness owing to Cortland in accordance with the terms of the Subscription Agreement.³⁴ Notwithstanding the fact that the consideration under the Stalking Horse Bid contemplated the highest recovery under the SISP, there are no expected recoveries for the Applicants' unsecured

²⁸ Milich Affidavit, *ibid* at para 30, Motion Record at Tab 2.

²⁹ Milich Affidavit, *ibid* at para 3, Motion Record at Tab 2.

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

³¹ Milich Affidavit, *ibid* at paras 49, 60, Motion Record at Tab 2.

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

³³ Milich Affidavit, *ibid* at para 52, Motion Record at Tab 2.

³⁴ Milich Affidavit, *ibid* at para 55, Motion Record at Tab 2.

creditors or the public equity holders of BZAM.³⁵ The Stalking Horse Transaction represents the best alternative in the circumstances and is a superior alternative to bankruptcy.³⁶

D. Termination of the CCAA Proceedings

24. Following the closing of the Stalking Horse Transaction, the Remaining Applicants will have no material assets or an operating business.³⁷ Accordingly, the logical next step for the Remaining Applicants is to bring these CCAA Proceedings to an end.

25. The proposed CCAA Termination Order provides that these CCAA Proceedings will be terminated upon service of the Termination Certificate certifying that all matters to be attended to in connection with these CCAA Proceedings have been completed to the satisfaction of the Monitor. At such time, FTI will be released and discharged as Monitor and the Charges and the Bid Protections Charge will be terminated, released and discharged.³⁸

E. Releases

26. The CCAA Termination Order also approves certain releases in favour of the current directors, officers and legal counsel of the Applicants and ResidualCo, the Monitor and its legal counsel, and the Monitor's respective current directors, officers, partners, employees and advisors (together, the "**Released Parties**").³⁹ The Releases release and discharge the Released Parties from all present and future liabilities and claims arising in connection with or relating to:

- (a) the CCAA Proceedings;
- (b) the Subscription Agreement;

³⁵ Milich Affidavit, *ibid* at para 59, Motion Record at Tab 2.

³⁶ Milich Affidavit, *ibid* at para 60, Motion Record at Tab 2.

³⁷ Milich Affidavit, *ibid* at para 61, Motion Record at Tab 2.

³⁸ Milich Affidavit, *ibid* at para 62, Motion Record at Tab 2.

³⁹ Milich Affidavit, *ibid* at para 68, Motion Record at Tab 2.

- (c) the consummation of the Stalking Horse Transaction;
- (d) any closing document, agreement, instrument, matter or transaction involving the Applicants arising in connection with or pursuant to any of the foregoing; and/or
- (e) any matter relating to the Applicants' current or former cannabis excise licenses and/or GST/HST arrears owing by any of the Applicants for the period prior to the Initial Order (collectively, the "**Released Claims**").⁴⁰

27. The Released Claims do not include any claim for fraud or wilful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.⁴¹

28. The proposed Releases also release the Stalking Horse Purchaser and its counsel from all present and future liabilities and claims relating to any act taking place prior to the filing of the Termination Certificate regarding the Subscription Agreement, the DIP Loan, the consummation of the Stalking Horse Transaction and/or any agreement, matter or transaction involving the Surviving Entities in connection with any of the foregoing. However, neither the Stalking Horse Purchaser nor its counsel will be released from any claims relating to the Assumed Liabilities (as defined in the Subscription Agreement).⁴²

29. The Service List has been provided with notice of the within motion to ensure that the Applicants' stakeholders have been afforded an opportunity to consider the proposed Releases. The Applicants also provided the Department of Justice, acting on behalf of the CRA, with an advanced copy of the CCAA Termination Order, inclusive of the proposed release language. The Applicants understand that the CRA does not intend to oppose the relief.⁴³

⁴⁰ Milich Affidavit, *ibid* at para 69, Motion Record at Tab 2.

⁴¹ Milich Affidavit, *ibid* at para 70, Motion Record at Tab 2.

⁴² Milich Affidavit, *ibid* at para 73, Motion Record at Tab 2.

⁴³ Milich Affidavit, *ibid* at para 38, Motion Record at Tab 2.

F. The Stay of Proceedings

30. The Stay Period is currently set to expire on May 15, 2025.⁴⁴ Pursuant to the proposed CCAA Termination Order, the Applicants seek to extend the Stay Period until the earlier of: (i) August 15, 2025, and (ii) the CCAA Termination Time.⁴⁵ The Applicants have acted, and continue to act, in good faith and with due diligence throughout the CCAA Proceedings.⁴⁶

31. The Applicants require an extension of the stay of proceedings to close the Stalking Horse Transaction, if approved, and complete all remaining restructuring steps before certain of the Applicants will emerge from these CCAA Proceedings as going-concern entities.⁴⁷ 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.⁴⁸ The Monitor and DIP Lender are supportive of the proposed Stay Extension.⁴⁹

G. Bankruptcy Assignments

32. To facilitate the orderly and efficient winddown of their estates, each of the Remaining Applicants, as well as ResidualCo, will be assigned into bankruptcy following the CCAA Termination Time.⁵⁰ Since the Stalking Horse Transaction does not provide sufficient proceeds to satisfy the claims of unsecured creditors or equity-holders, the Applicants do not intend to implement a claims process in these CCAA Proceedings.⁵¹

⁴⁴ Milich Affidavit, *ibid* at para 64, Motion Record at Tab 2.

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

⁴⁶ Milich Affidavit, *ibid* at para 65, Motion Record at Tab 2; Tenth Report of the Monitor dated May 13, 2025 at para 79(b) [Tenth Report].

⁴⁷ Milich Affidavit, *ibid* at para 64, Motion Record at Tab 2.

⁴⁸ Milich Affidavit, *ibid* at para 66, Motion Record at Tab 2; Tenth Report, *supra* note 46 at para 76.

⁴⁹ Milich Affidavit, *ibid* at para 67, Motion Record at Tab 2; Tenth Report, *ibid* at para 79.

⁵⁰ Milich Affidavit, *ibid* at para 75, Motion Record at Tab 2.

⁵¹ Milich Affidavit, *ibid* at para 47, Motion Record at Tab 2.

33. It is expected that a significant portion of the Wind-Up Reserve (as defined in the Subscription Agreement) will be used to fund these bankruptcy assignments.

H. Approval of the Monitor's Fees

34. The Applicants seek approval of the fees, disbursements and other costs of (i) the Monitor incurred from August 1, 2024 through to and including April 30, 2025 (the "**Monitor Fee Period**"), and (ii) Stikeman Elliott LLP ("**Stikeman**") incurred from August 1, 2024 through to and including May 7, 2025 (the "**Stikeman Fee Period**", and together with the Monitor Fee Period, the "**Fee Periods**").⁵² In support of this motion, the Monitor delivered its Tenth Report, which provides a detailed listing of the accounts sought to be passed.

35. The proposed CCAA Termination Order also seeks authorization and approval for the services of the Monitor and its counsel that will be provided until the CCAA Termination Time, up to the aggregate amount of \$130,000, exclusive of HST (the "**Fee Accrual**").⁵³

PART III: ISSUES

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

- (a) approve the Subscription Agreement and the Stalking Horse Transaction, including the Assigned Contract and the Cash Distribution to Cortland;
- (b) approve the termination of the CCAA Proceedings upon the service of the Termination Certificate;
- (c) grant the Releases;
- (d) extend the Stay Period; and

⁵² Milich Affidavit, *ibid* at paras 42-43, Motion Record at Tab 2; Tenth Report, *supra* note 46 at section K.

⁵³ Milich Affidavit, *ibid* at para 43.

- (e) approve the Fees and Disbursements, the Fee Accrual, the Tenth Report and the activities described therein.

PART IV: LAW AND ANALYSIS

A. The Subscription Agreement and the Stalking Horse Transaction Should be Approved

1. This Court has Jurisdiction to Approve a Reverse Vesting Transaction

37. The broad discretion afforded under section 11 of the CCAA vests this Court with jurisdiction to approve reverse vesting transactions akin to the proposed Stalking Horse Transaction if appropriate in the circumstances.⁵⁴

38. 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."⁵⁵ 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."⁵⁶ In furtherance of these objectives, Courts have approved reverse vesting transactions where, as here, the proposed transaction maximizes value for the Applicants' stakeholders and ensures the continued operation of the debtor's highly regulated licenses.⁵⁷

⁵⁴ *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 s 11 [CCAA]; *Just Energy Group Inc et al v Morgan Stanley Capital Group Inc et al*, 2022 ONSC 6354 at paras 29-31 [*Just Energy*]; *Re Harte Gold Corp*, 2022 ONSC 653 at paras 18, 37 [*Harte Gold*]. See also, *Re Quest University Canada*, 2020 BCSC 1883 at paras 150, 153-155, aff'd 2020 BCCA 364; *Tacora Resources Inc. (Re)*, 2024 ONSC 4436 at paras 6-7 [*Tacora*].

⁵⁵ *9354-9186 Québec inc v Callidus Capital Corp*, 2020 SCC 10 at para 70 [*Callidus*]; *Harte Gold*, *ibid* at para 32.

⁵⁶ *Callidus*, *ibid* at para 40; *Harte Gold*, *ibid*.

⁵⁷ *Just Energy*, *supra* note 44 at paras 33, 34; *Harte Gold*, *supra* note 44 at para 71; See also: *In the Matter of a Plan of Compromise or Arrangement of Indiva et al* (October 21, 2024), Toronto, CV-24-722044-00CL (*Endorsement of the Honourable Justice Penny*) (ONSC) at para 5 [*Indiva*]; *In the Matter of a Plan of Compromise or Arrangement of Heritage Cannabis Holdings Corp* (June 26, 2024), Toronto, CV-24- 00717664-00CL (*Endorsement of the Honourable Justice Osborne*) (ONSC) at para 7 [*Heritage Cannabis*].

2. The Subscription Agreement and the Stalking Horse Transaction are Appropriate in the Circumstances

39. This Court has made it clear that reverse vesting transactions should be closely scrutinized.⁵⁸ As held by Justice Penny in *Re Harte Gold Corp.*, scrutiny of a proposed reverse vesting transaction may be informed by the following inquiries: (i) why is the reverse vesting order necessary in this case; (ii) does the reverse vesting transaction structure produce an economic result at least as favourable as any other viable alternative; (iii) is any stakeholder worse off under the reverse vesting transaction structure than they would have been under any other viable alternative; and (iv) does the consideration being paid for the debtors' business reflect the importance and value of the licenses and permits (or other intangible assets) being preserved under the reverse vesting transaction structure.⁵⁹

40. When exercising its jurisdiction to approve a reverse vesting transaction, this Court has also concurrently considered the non-exhaustive factors enumerated under subsection 36(3) of the CCAA and those articulated in *Royal Bank v Soundair*.⁶⁰ 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;

⁵⁸ *Harte Gold*, *supra* note 54 at para 38; *Just Energy*, *supra* note 54 at para 33.

⁵⁹ *Harte Gold*, *ibid*; *Tacora*, *supra* note 54 at para 11.

⁶⁰ *Harte Gold*, *ibid* at paras 20-21, 23, 39; *Just Energy*, *supra* note 54 at paras 31-32; *Heritage Cannabis*, *supra* note 57 at para 9.

- (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.⁶¹

41. When considering a related party transaction, the court may, after considering the factors referred to above, grant the authorization for the sale *only* if it is satisfied that subsections 36(4)(a) and 36(4)(b) of the CCAA have been satisfied:

- (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.⁶²

42. Prior to authorization, the court must be satisfied that sufficient safeguards were adopted to ensure that a related party transaction is in the best interests of all stakeholders and that the risks

⁶¹ [CCAA](#), *supra* note 54 s 36(3); [Royal Bank of Canada v Soundair Corp.](#), [1991] 7 CBR (3d) 1 at para 16. See also, [Harte Gold](#), *ibid* at paras 20-21; [Just Energy](#), *ibid* at paras 31-32; [Tacora](#), *supra* note 54 at para 13.

⁶² [CCAA](#), *ibid*, s 36(4); [Target Canada Co., Re](#), 2015 ONSC 2066 at para 15 [Target].

associated with a related party transaction have been mitigated.⁶³ Applied here, the foregoing considerations and factors support the approval of the Subscription Agreement and the Stalking Horse Transaction, and the granting of the proposed Stalking Horse RVO. Namely:

- (a) ***The Process Leading to the Stalking Horse Transaction was Reasonable and Good Faith Efforts were Made to Solicit Third-Party Interest*** – The Stalking Horse Transaction is the culmination of: (i) the SISP developed by the Applicants, in consultation with the Monitor, which provided a flexible and equitable process for canvassing the market for parties interested in the Opportunity; (ii) the Monitor's efforts to solicit interest in the Applicants' business and assets, including through the preparation of marketing materials and engagement with approximately 127 prospective non-related third-party purchasers, including both local and international companies and potential investors; and (iii) extensive negotiation and discussions between the Stalking Horse Purchaser, in consultation with the Monitor and the DIP Lender.⁶⁴
- (b) ***The Monitor Approved the Process Leading up to the Stalking Horse Transaction*** – The SISP was developed and implemented in consultation with the Monitor, who also led many of the solicitation and marketing efforts.⁶⁵ The SISP was conducted at all times in accordance with the SISP Approval Order.
- (c) ***The Stalking Horse Transaction Produces an Economic Result at Least as Favourable as any Other Viable Alternative*** – The Stalking Horse Transaction contemplated the highest compensation value under the SISP.⁶⁶ The combined

⁶³ *Target, ibid.*

⁶⁴ Milich Affidavit, *supra* note 1 at paras 21-23, Motion Record at Tab 2; Tenth Report, *supra* note 46 at paras 17-20.

⁶⁵ Milich Affidavit, *ibid*, Motion Record at Tab 2, Motion Record at Tab 2; Tenth Report, *ibid*.

⁶⁶ Milich Affidavit, *ibid* at para 23, Motion Record at Tab 2; Tenth Report, *ibid* at para 26.

consideration of *all* bids received in the course of the SISP (excluding the Stalking Horse Transaction) was less than the consideration proposed by the Stalking Horse Purchaser.⁶⁷ The Monitor has advised that there is no better opportunity for the Applicants than the Stalking Horse Transaction.⁶⁸

- (d) ***The Stalking Horse Transaction Effects a Superior Result to a Bankruptcy*** – The Stalking Horse Transaction will allow the Surviving Entities to continue operating, preserve the jobs of 155 employees and maintain valuable commercial relationships.⁶⁹ Under a bankruptcy scenario, not only would Cortland likely receive a shortfall, but it is anticipated that there would be insufficient funds to make distributions to the Applicants' unsecured creditors and equity-holders (i.e., such parties would receive the same treatment under a bankruptcy scenario as they do under the Stalking Horse Transaction). Accordingly, the reverse vesting transaction contemplated by the Subscription Agreement provides a better recovery than would otherwise be achieved through liquidation or bankruptcy.⁷⁰
- (e) ***The DIP Lender was Appropriately Consulted*** – The party with the primary economic interest in the Applicants and these CCAA Proceedings, being the DIP Lender, was consulted throughout the negotiation of the Subscription Agreement and is supportive of the approval of the Stalking Horse Transaction contemplated therein.⁷¹

⁶⁷ Milich Affidavit, *ibid*, Motion Record at Tab 2.

⁶⁸ Milich Affidavit, *ibid*, Motion Record at Tab 2; Tenth Report, *supra* note 46 at para 51.

⁶⁹ Milich Affidavit, *ibid* at para 45, Motion Record at Tab 2; Tenth Report, *ibid* at para 52.

⁷⁰ Milich Affidavit, *ibid*, Motion Record at Tab 2; Tenth Report, *ibid* at para 47.

⁷¹ Milich Affidavit, *ibid* at para 25, Motion Record at Tab 2; Tenth Report, *ibid* at para 31.

- (f) ***The Proposed Reverse Vesting Structure is Necessary in the Circumstances*** – Absent the utilization of a reverse vesting transaction structure, the Licenses, which are essential to TGOD's business, could not be transferred efficiently in the ordinary course.⁷² A reverse transaction is the only commercially reasonable means by which the value of the going-concern business can be maximized upon exiting these CCAA Proceedings and a going concern result achieved.⁷³
- (g) ***The Proposed Reverse Vesting Structure does not Disadvantage any Stakeholder*** – The Applicants are not aware of any creditor that would be materially disadvantaged by the proposed Stalking Horse Transaction, including through its implementation by way of a reverse vesting transaction. As previously stated, although there will be insufficient proceeds to repay the Applicants' creditors (other than Cortland), the proposed Stalking Horse Transaction contemplates no worse recovery than under the submitted LOIs or a bankruptcy scenario.⁷⁴
- (h) ***The Consideration is Reasonable and Fair and Adequately Reflects the Value of the Proposed Reverse Vesting Transaction*** – The subscription price constitutes the highest value achieved under the Court-approved SISP and represents fair value for the business of the Applicants.⁷⁵

43. Finally, in accordance with the Court's authority under subsection 36(1) and section 11 of the CCAA and consistent with reverse vesting orders previously granted by this Court,⁷⁶ the

⁷² Milich Affidavit, *supra* note 1 at paras 49-50, Motion Record at Tab 2.

⁷³ Milich Affidavit, *ibid*, Motion Record at Tab 2. See also, [Re MPX International Corporation, 2022 ONSC 7152](#) at para 7 where Justice Penny accepted that the need to preserve the debtors' cannabis licenses satisfied "the exceptional circumstances necessary for the threshold application of the RVO structure".

⁷⁴ Tenth Report, *supra* note 46 at paras 45-47.

⁷⁵ Milich Affidavit, *supra* note 1 at paras 46; Tenth Report, *ibid* at para 46.

⁷⁶ *In the Matter of a Plan of Compromise or Arrangement of Indiva et al.*, (October 21, 2024), Toronto, CV-24-00722044-00CL ([Approval and Vesting Order](#)) (ONSC) at paras 6, 8(f) [Indiva RVO]; *In the Matter of a Plan of Compromise or Arrangement of FIGR Brands, Inc., FIGR Norfolk Inc. and Canada's Island Garden Inc.* (June 10, 2021), Toronto, CV-21-00655373-00CL ([Approval and Vesting Order](#)) (ONSC) at paras 4, 5(e); *In the Matter of a Plan of Compromise or Arrangement of Superette Inc. et al.* (December 20, 2022), Toronto,

proposed RVO will (i) constitute the only authorization required by the BZAM Entities to proceed with the Stalking Horse Transaction, and (ii) terminate and cancel all options, conversion privileges, equity-based award, warrants, securities, debentures, loans notes or other rights that are held by a person and convertible or exchangeable for any securities of BZAM.

B. The Ancillary Relief Pursuant to the Stalking Horse RVO Should be Granted

1. The Cash Distribution Should be Authorized

44. It is well established that the broad discretion conferred under section 11 of the CCAA permits Courts to approve interim or final distributions to secured or unsecured creditors absent a plan of compromise or arrangement.⁷⁷

45. The distributions to Cortland have been, and continue to be, a critical component of the Subscription Agreement.⁷⁸ As the Applicants' DIP Lender, Cortland has a super-priority charge with respect to the sale proceeds, inferior only to the Administration Charge. The Monitor has confirmed that the Applicants will have sufficient cash-on hand to address the outstanding professional fees secured by the Administration Charge.⁷⁹ Accordingly, it is appropriate and reasonable in the circumstances that the Cash Distribution to Cortland is approved.

CV-22-00686245-00CL (Approval and Vesting Order) (ONSC) ([Approval and Vesting Order](#)) at paras 4, 5(g) [Superette RVO]; *In the Matter of a Plan of Compromise or Arrangement of MPX International Corporation et al.* (December 15, 2022), Toronto, CV-22-00684542-00CL ([Approval and Vesting Order](#)) (ONSC) at paras 4, 5(g).

⁷⁷ CCAA, *supra* note 54 s 11; *Re Nortel Networks Corporation et al.*, 2014 ONSC 4777 at paras 54-58; *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6461 at para 71; See also *In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd. et al* (October 15, 2025), Toronto, CV-24- 00715773-00CL ([Endorsement of the Honourable Justice Osborne](#)) (ONSC) at para 7 [BZAM]; *In The Matter of Plan of Compromise or Arrangement of Trichome et al.* (September 13, 2023), Toronto, CV-22-00689857-00CL ([CCAA Termination Order](#)) (ONSC) at para 16 [Trichome] at para 7; *In the Matter of a Plan of Compromise or Arrangement of 1000704712 Ontario Inc., Ignite Holdings Inc., and Ignite Insurance Corporation* (January 30, 2024) CV-23-00708635-00CL ([CCAA Termination and Distribution Order](#)) (ONSC) at para 7 [Ignite].

⁷⁸ Milich Affidavit *supra* note 1 at para 56, Motion Record at Tab 2.

⁷⁹ Tenth Report, *supra* note 46 at para 72(f).

2. The Assigned Contract Should be Assigned

46. Section 11.3 of the CCAA provides that this Court may grant an order assigning the rights and obligations of the Applicant to "any person who is specified by the court and agrees to the assignment", with certain limited exceptions.⁸⁰ In deciding whether to exercise its discretion under s. 11.3, this Court must consider, among other things, three statutory factors:

- (a) ***Whether the Monitor Approved the Proposed Assignment*** – The Monitor supports the assignment of the Assigned Contract.⁸¹
- (b) ***Whether the Person to Whom the Rights and Obligations are to be Assigned Would be Able to Perform the Obligations.*** As a licensed-operating cannabis company, with comparable operations to Final Bell Corp. prior to its winddown, TGOD is both willing and able to perform the obligations under the service and license agreement.⁸²
- (c) ***Whether it Would be Appropriate to Assign the Rights and Obligations to that Person*** – Appropriateness is assessed by inquiring whether the order sought advances the policy objectives underlying the CCAA, including preserving and maximizing the value of a debtor's assets.⁸³ In this case, the Assigned Contract is critical for future operations of the Surviving Entities and will ensure their continued operations in the ordinary course outside of these CCAA Proceedings.⁸⁴

⁸⁰ CCAA, *supra* note 44 s 11.3; *BBB Canada Inc.*, 2023 ONSC 2308 at para 18; *Veris Gold Corp. (Re)*, 2015 BCSC 1204 at para 48 [Veris].

⁸¹ Tenth Report, *supra* note 46 at paras 40.

⁸² Milich Affidavit *supra* note 1 at para 53, Motion Record at Tab 2; Tenth Report, *ibid* at para 40.

⁸³ *Veris*, *supra* note 80 at para 48; *Century Services Inc v Attorney General (Canada)*, 2010 SCC 60 at para 70.

⁸⁴ Milich Affidavit *supra* note 1 at para 52, Motion Record at Tab 2.

47. The Applicant has provided notice to the contractual counterparty. The Applicant is not aware of any monetary defaults under the Assigned Contract.⁸⁵

C. The CCAA Proceedings Should be Terminated, and the Monitor and the Charges Should be Discharged

48. As previously stated, Section 11 of the CCAA vests this Court with broad discretion to make "any order that it considers appropriate in the circumstances."⁸⁶ In furtherance of the CCAA's remedial objectives, Courts have routinely granted orders, akin to the proposed CCAA Termination Order, terminating debtor companies' proceedings under the CCAA, discharging the Court-appointed monitor and Court-ordered charges, and facilitating the debtor companies' assignment in bankruptcy under the BIA.⁸⁷

D. The Releases Should be Approved

49. Third-party releases are commonly approved by this Court outside of a CCAA plan in the context of a transaction, including reverse vesting transactions.⁸⁸ In the cannabis context, this Court has found it appropriate to grant broad releases, including with respect to pre-filing excise liabilities and GST/HST arrears.⁸⁹

⁸⁵ Milich Affidavit *supra* note 1 at para 53, 54, Motion Record at Tab 2.

⁸⁶ *CCAA*, *supra* note 54, s 11.

⁸⁷ *Trichome*, *supra* note 77 at paras 10-17; *In the Matter of a Plan of Compromise or Arrangement of Indiva et al.* (December 10, 2024), Toronto, CV-24-722044-00CL ([CCAA Termination Order](#)) (ONSC) at paras 3-14; *Ignite*, *supra* note 77 at paras 3-6 and 11-24; *In the Matter of a Plan of Compromise or Arrangement of Biosteel Sports Nutrition Inc., Biosteel Manufacturing LLC, and Biosteel Sports Nutrition USA LLC* (July 31, 2024), Toronto, CV-23-00706033-00CL ([CCAA Termination](#)) (ONSC) at paras 1-13.

⁸⁸ *In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc.*, (July 26, 2024), Toronto, CV-23-00707394-00CL ([Approval and Vesting Order](#)) (ONSC) at para 26; *In The Matter of Plan of Compromise or Arrangement of Heritage Cannabis Holdings Corp., 1005477 B.C. Ltd., Heritage Cannabis West Corporation, Mainstrain Market Ltd., Heritage Cannabis East Corporation, Purefarma Solutions Inc., 333 Jarvis Realty Inc., 5450 Realty Inc., Heritage Cannabis Exchange Corp. And Premium 5 Ltd.* (June 26, 2024), Toronto, CV-24-00717664-00CL ([Approval and Vesting Order](#)) (ONSC) at para 25 [Heritage Cannabis RVO]; *Indivia RVO*, *supra* note 76 at para 21.

⁸⁹ *Indiva RVO*, *ibid*; *Heritage Cannabis RVO*, *ibid*; *Trichome*, *supra* note 77 at para 16; *In The Matter of Plan of Compromise or Arrangement of Nova Holdings Inc. and Nova Cannabis Inc.* (March 5, 2025), Toronto, CV-24-00730120-00CL ([Approval and Reverse Vesting Order](#)) (ONSC) at para 19 [Nova].

50. In *Harte Gold*, this Court considered the following criteria applied in *Lydian*, a decision that had approved releases in the context of a plan of arrangement:

- (a) whether the parties to be released from claims were necessary and essential to the restructuring of the debtor;
- (b) whether the claims to be released were rationally connected to the purpose of the plan and necessary for it;
- (c) whether the plan could succeed without the releases;
- (d) whether the parties being released were contributing to the plan; and
- (e) whether the release benefitted the debtors as well as the creditors generally.⁹⁰

51. The Court noted that it is not necessary for each of the above factors to apply for the releases to be approved.⁹¹ In the circumstances, the following factors support the approval of the Releases:

- (a) ***The Released Parties made Significant Contributions to the Restructuring*** – The Released Parties were significantly involved leading up to and throughout the filing and administration of the CCAA Proceedings. Their involvement included assisting with the CCAA application and the SISP, finalizing the Subscription Agreement, and negotiating resolutions with third-party stakeholders, all while managing the day-to-day operations of the Company.⁹²
- (b) ***The Releases are Rationally Connected to the Purpose of the Restructuring and Benefit the Applicants and their Stakeholders*** – The Releases will allow the

⁹⁰ *Lydian International Limited (Re)*, 2020 ONSC 4006 at para 54 [Lydian]; *Harte Gold*, *supra* note 54 at para 80-86; *Tacora*, *supra* note 54 at para 17.

⁹¹ *Lydian*, *ibid.*

⁹² Milich Affidavit *supra* note 1 at para 71, Motion Record at Tab 2; Tenth Report *supra* note 46 at para 73.

Released Parties, who will continue to be significantly involved in these CCAA Proceedings, to focus on closing the Stalking Horse Transaction.⁹³

- (c) *The Releases are fair, reasonable and not overly broad* – The Releases are consistent with Releases that have recently been approved in other reverse vesting transactions by this Court.⁹⁴ The Released Claims do not include any claim for fraud or willful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA. The Monitor is of the view that the Releases are not overly broad and appropriate in the circumstances.⁹⁵
- (d) *Stakeholders have Knowledge of the Nature and Effect of the Releases* – The scope of the releases were disclosed to the Department of Justice in advance of the Motion Record being served. The Motion Record was served on the service list in the ordinary course, and no opposition has been expressed as of the date hereof.

E. The Stay of Proceedings Should be Extended

52. The Stay Period is currently set to expire on May 15, 2025.⁹⁶ 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".⁹⁷ To grant such an extension, this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.⁹⁸

⁹³ Milich Affidavit *supra* note 1 at para 72, Motion Record at Tab 2.

⁹⁴ *Indiva RVO*, *supra* note 76 at para 21; *Heritage Cannabis RVO*, *supra* note 8 at para 25; *Trichome*, *supra* note 77 at para 16; *Nova*, *supra* note 89 at para 19.

⁹⁵ Tenth Report, *supra* note 46 at paras 73-74.

⁹⁶ Milich Affidavit *supra* note 1 at para 64, Motion Record at Tab 2.

⁹⁷ CCAA, *supra* note 54, s 11.02(2).

⁹⁸ CCAA, *ibid* s 11.02(2); *Harte Gold*, *supra* note 54 at para 87.

53. The Applicants require the proposed Stay Extension to close the Stalking Horse Transaction (if approved) and complete all remaining ancillary restructuring steps before terminating these CCAA Proceedings.⁹⁹ The Applicants have, and continue, to act in good faith and with due diligence in these CCAA Proceedings.¹⁰⁰ The proposed Stay Extension is supported by the Monitor and the Revised Cash Flow Forecast.¹⁰¹

54. 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.

F. The Monitor's Fees, Activities and the Tenth Report Should be Approved

55. The jurisdiction of this Court to approve the accounts of the Monitor and its counsel is confirmed in paragraphs 30 and 31 of the ARIO, which provides that the Monitor and its legal counsel are to be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and pass their accounts from time to time.

56. On a motion to pass accounts, the test is to consider the "overriding principle of reasonableness", with the predominant consideration in such assessment being the overall value contributed by the Monitor and its counsel.¹⁰²

57. To assist courts in evaluating whether a court-appointed officer's fees are fair and reasonable, the Ontario Court of Appeal has recognized the following list of non-exhaustive factors: the nature, extent and value of the assets being handled; the complications and difficulties encountered; the degree of assistance provided by the company, its officers or its employees; the time spent; the Monitor's knowledge, experience and skill; the diligence and thoroughness

⁹⁹ Milich Affidavit *supra* note 1 at para 64, Motion Record at Tab 2.

¹⁰⁰ Milich Affidavit *supra* note 1 at para 65, Motion Record at Tab 2; Tenth Report, *supra* note 46 at para 79.

¹⁰¹ Tenth Report, *ibid* at paras 76, 79.

¹⁰² [Bank of Nova Scotia v. Diemer, 2014 ONCA 851](#) at paras 32-33 [Diemer]; [Nortel Networks Inc., 2022 ONSC 6680](#) at paras 10-11 [Nortel].

displayed; the responsibilities assumed; the results achieved; and the cost of comparable services when performed in a prudent and economical manner.¹⁰³ Applying these factors to the present case, the Applicants respectively submit that the accounts of the Monitor and Stikeman during the Fee Periods are reasonable and appropriate in the circumstances. Further, the Applicants submit that the Fee Accrual will allow the Monitor to complete the remaining matters that need to be attended to in connection with these CCAA Proceedings and should be approved.¹⁰⁴

58. 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.¹⁰⁵ This Court has recognized a number of policy and practical reasons for the Court to approve a monitor's activities.¹⁰⁶ Since its appointment, the Monitor has provided valuable assistance to the Applicants and the Court.¹⁰⁷ 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. Accordingly, the activities and the Tenth Report of the Monitor should be approved.

PART V: RELIEF REQUESTED

59. The Applicants submit that the relief sought on the within motion is appropriate in the circumstances and respectfully request that the proposed forms of the Stalking Horse RVO and the CCAA Termination Order be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 13TH DAY OF MAY, 2025

Bennett Jones LLP
BENNETT JONES LLP

¹⁰³ *Diemer, ibid*; *Nortel, ibid*.

¹⁰⁴ Tenth Report, *supra* note 46 at paras 67, 86, 87.

¹⁰⁵ *Target Canada Co. (Re)*, 2015 ONSC 7574 at paras 1-2; *Laurentian University of Sudbury*, 2022 ONSC 2927 at paras 13-14.

¹⁰⁶ *Target Canada Co. (Re)*, 2015 ONSC 7574 at para 23.

¹⁰⁷ Tenth Report, *supra* note 43 at para 82, Milich Affidavit *supra* note 1 at para 78, Motion Record at Tab 2.

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. [9354-9186 Québec inc v Callidus Capital Corp, 2020 SCC 10](#)
2. [AbitibiBowater inc. \(Arrangement relatif à\), 2009 QCCS 6461](#)
3. [BBB Canada Inc., 2023 ONSC 2308](#)
4. [Bank of Nova Scotia v. Diemer, 2014 ONCA 851](#)
5. [Century Services Inc v Attorney General \(Canada\), 2010 SCC 60](#)
6. [Just Energy Group Inc et al v Morgan Stanley Capital Group Inc et al, 2022 ONSC 6354](#)
7. [Laurentian University of Sudbury, 2022 ONSC 2927](#)
8. [Lydian International Limited \(Re\), 2020 ONSC 4006](#)
9. [Nortel Networks Inc., 2022 ONSC 6680](#)
10. [Re Harte Gold Corp, 2022 ONSC 653](#)
11. [Re MPX International Corporation, 2022 ONSC 7152](#)
12. [Re Quest University Canada, 2020 BCSC 1883](#)
13. [Re Nortel Networks Corporation et al, 2014 ONSC 4777](#)
14. [Royal Bank of Canada v Soundair Corp, \[1991\] 7 CBR \(3d\) 1](#)
15. [Tacora Resources Inc. \(Re\), 2024 ONSC 4436](#)
16. [Target Canada Co., Re, 2015 ONSC 2066](#)
17. [Target Canada Co. \(Re\), 2015 ONSC 7574](#)
18. [Veris Gold Corp. \(Re\), 2015 BCSC 1204](#)

Endorsements

1. [In the Matter of a Plan of Compromise or Arrangement of BZAM Ltd. et al \(October 15, 2025\), Toronto, CV-24- 00715773-00CL \(Endorsement of the Honourable Justice Osborne\)](#)
2. [In the Matter of a Plan of Compromise or Arrangement of Heritage Cannabis Holdings Corp.\(June 26, 2024\), Toronto, CV-24- 00717664-00CL \(Endorsement of the Honourable Justice Osborne\)](#)
3. [In the Matter of a Plan of Compromise or Arrangement of Indiva et al. \(October 21, 2024\), Toronto, CV-24-722044-00CL \(Endorsement of the Honourable Justice Penny\)](#)

Orders

1. [*In the Matter of a Plan of Compromise or Arrangement of Biosteel Sports Nutrition Inc., Biosteel Manufacturing LLC, and Biosteel Sports Nutrition USA LLC* \(July 31, 2024\), Toronto, CV-23-00706033-00CL \(CCAA Termination\)](#)
2. [*In the Matter of a Plan of Compromise or Arrangement of FIGR Brands, Inc., FIGR Norfolk Inc. and Canada's Island Garden Inc.* \(June 10, 2021\), Toronto, CV-21-00655373-00CL \(Approval and Vesting Order\)](#)
3. [*In The Matter of Plan of Compromise or Arrangement of Heritage Cannabis Holdings Corp., 1005477 B.C. Ltd., Heritage Cannabis West Corporation, Mainstrain Market Ltd., Heritage Cannabis East Corporation, Purefarma Solutions Inc., 333 Jarvis Realty Inc., 5450 Realty Inc., Heritage Cannabis Exchange Corp. And Premium 5 Ltd.* \(June 26, 2024\), Toronto, CV-24-00717664-00CL \(Approval and Vesting Order\)](#)
4. [*In the Matter of a Plan of Compromise or Arrangement of 1000704712 Ontario Inc., Ignite Holdings Inc., and Ignite Insurance Corporation* \(January 30, 2024\) CV-23-00708635-00CL \(CCAA Termination and Distribution Order\)](#)
5. [*In the Matter of a Plan of Compromise or Arrangement of Indiva et al.*, \(October 21, 2024\), Toronto, CV-24-00722044-00CL \(Approval and Vesting Order\)](#)
6. [*In the Matter of a Plan of Compromise or Arrangement of Indiva et al.*\(December 10, 2024\), Toronto, CV-24-722044-00CL \(CCAA Termination Order\)](#)
7. [*In The Matter of Plan of Compromise or Arrangement of Indiva Limited, Indiva Amalco Ltd., Indiva Inc., Vieva Canada Limited, And 2639177 Ontario Inc.* \(October 21, 2024\) Toronto, CV-24-00722044-00CL \(Approval and Reverse Vesting Order\)](#)
8. [*In the Matter of a Plan of Compromise or Arrangement of MPX International Corporation et al.* \(December 15, 2022\), Toronto, CV-22-00684542-00CL \(Approval and Vesting Order\)](#)
9. [*In The Matter of Plan of Compromise or Arrangement of Nova Holdings Inc. and Nova Cannabis Inc.* \(Mach 5, 2025\), Toronto, CV-24-00730120-00CL \(Approval and Reverse Vesting Order\) \(ONSC\)](#)
10. [*In the Matter of a Plan of Compromise or Arrangement of Superette Inc. et al.* \(December 20, 2022\), Toronto, CV-22-00686245-00CL \(Approval and Vesting Order\) \(ONSC\) \(Approval and Vesting Order\)](#)
11. [*In the Matter of a Plan of Compromise or Arrangement of Tacora Resources Inc.*, \(July 26, 2024\), Toronto, CV-23-00707394-00CL \(Approval and Vesting Order\)](#)
12. [*In The Matter of Plan of Compromise or Arrangement of Trichome et al.* \(September 13, 2023\), Toronto, CV-22-00689857-00CL \(CCAA Termination Order\)](#)

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

Dated: May 13, 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 11.3

Assignment of agreements

11.3 (1) On application by a debtor company and on notice to every party to an agreement and the monitor, the court may make an order assigning the rights and obligations of the company under the agreement to any person who is specified by the court and agrees to the assignment.

Exceptions

(2) Subsection (1) does not apply in respect of rights and obligations that are not assignable by reason of their nature or that arise under

(a) an agreement entered into on or after the day on which proceedings commence under this Act;

(b) an eligible financial contract; or

(c) a collective agreement.

Factors to be considered

(3) In deciding whether to make the order, the court is to consider, among other things,

(a) whether the monitor approved the proposed assignment;

(b) whether the person to whom the rights and obligations are to be assigned would be able to perform the obligations; and

(c) whether it would be appropriate to assign the rights and obligations to that person.

Restriction

(4) The court may not make the order unless it is satisfied that all monetary defaults in relation to the agreement — other than those arising by reason only of the company's insolvency, the commencement of proceedings under this Act or the company's failure to perform a non-monetary obligation — will be remedied on or before the day fixed by the court.

Copy of order

(5) The applicant is to send a copy of the order to every party to the agreement.

1997, c. 12, s. 124/2005, c. 47, s. 128/2007, c. 29, s. 107, c. 36, ss. 65, 112

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.

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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