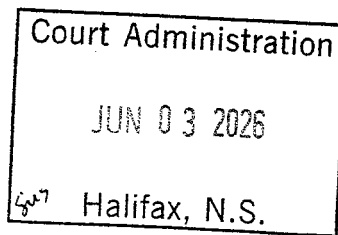


2026



Hfx. No. 551716

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF: The *Companies' Creditors Arrangement Act*, R.S.C., 1985,
c. C-36, as amended (the "CCAA")

AND IN THE MATTER OF: An application by CFFI Ventures Inc. for creditor
protection under s. 11 of the CCAA, and other relief

**RESPONDING BRIEF OF LAW OF SFPC QUANTUM LP
(SISP Approval Hearing – June 9, 2026)**

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Robert J. Chadwick LSO# 35165K
rchadwick@goodmans.ca

Jennifer Linde LSO# 86996A
jlinde@goodmans.ca

PART I – OVERVIEW:

1. SFPC Quantum LP (“**Quantum**”) is the senior secured lender of Cormorant Utility Services Limited (“**Cormorant**”), which is not a debtor in these proceedings of CFFI Ventures Inc. (“**CFFI**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and such proceedings, the “**CFFI CCAA Proceedings**”).¹
2. Quantum holds a direct first-priority security interest in respect of the assets and property of Cormorant, as well as a first-priority security interest in respect of the shares of Cormorant held by CFFI (the “**Cormorant Shares**”) that ranks ahead of CFFI’s senior secured lender, HPS Investment Partners LLC (“**HPS**”). Quantum also is a secured creditor of CFFI, holding a security interest in all of CFFI’s present and after-acquired property and undertakings, other than certain excluded assets, as additional security for CFFI’s guarantee of Cormorant’s obligations to Quantum.
3. As discussed more fully below, Quantum takes issue with the following key matters:
 - (a) the inclusion of the Cormorant Shares as part of the assets and property to be marketed pursuant to CFFI’s proposed sale and investment solicitation process (the “**SISP**”), which is not the appropriate structure in circumstances where there needs to be a standalone strategic process in respect of Cormorant separate and apart from the CFFI CCAA Proceedings to explore a broader range of transaction alternatives beyond only CFFI’s interest in Cormorant;
 - (b) even if the Cormorant Shares are excluded from the SISP, the SISP requires amendments to address Quantum’s additional comments and concerns, which were not addressed by CFFI and are required prior to court approval of the proposed SISP; and
 - (c) Cormorant should be fully excluded from the Non-Filing Affiliate Stay, as subjecting Cormorant to the Non-Filing Affiliate Stay risks harming its business while serving no meaningful purpose given the existing and pending defaults under

¹ Capitalized terms used but not defined herein have the meanings given to them in the Affidavit of Michael Scott affirmed June 2, 2026 (the “**Second Scott Affidavit**”).

the ARCA (as defined below) that are unrelated to CFFI's insolvency and these proceedings.

4. With respect to the SISP, Quantum opposes the inclusion of the Cormorant Shares, as this structure is not suited to advance Cormorant's needs. The proposed SISP would be limited in scope with respect to Cormorant as it would only address CFFI's minority interest in Cormorant without pursuing a broad range of transaction alternatives, which would (a) not result in the right outcome for Cormorant, (b) be unlikely to maximize value with respect to Cormorant and the Cormorant Shares held by CFFI, and (c) potentially negatively impact Cormorant's business. A separate standalone strategic process in respect of Cormorant conducted outside of the CFFI CCAA Proceedings with an independent sale advisor and the flexibility to explore a broader range of liquidity alternatives is necessary in Cormorant's current circumstances. Management of Cormorant and Brendan Paddick – a significant shareholder of Cormorant – are supportive of a standalone process for Cormorant.²
5. Quantum submits that carving out the Cormorant Shares from the proposed SISP would neither be complex nor result in significant costs, and would permit Cormorant to complete its own strategic process in the normal course outside of the CFFI CCAA Proceedings on a timeline that is generally aligned with an appropriate timeline for CFFI's SISP.
6. Quantum respectfully submits that its interests as the first-priority secured creditor with respect to Cormorant and the Cormorant Shares are a significant factor that the Court should consider in determining these matters. CFFI's interests with respect to Cormorant can be protected and achieved with Quantum's proposed amendments to the SISP, and there is no prejudice to CFFI or its stakeholders, including if Cormorant and its subsidiaries are carved out from the Non-Filing Affiliate Stay. In fact, there are positive results which can be achieved by making the amendments as proposed by Quantum.

² Second Scott Affidavit at paras. 33 and 34.

PART II – SUMMARY OF FACTS:

A. Overview

7. Quantum is the lender and administrative agent under that certain Amended and Restated Credit Agreement dated March 28, 2025 (as further amended, the “ARCA”), pursuant to which Quantum has made credit facilities of approximately \$41.26 million available to Cormorant, as borrower. The outstanding principal balance under the ARCA is approximately \$29.1 million.³
8. Cormorant, together with its subsidiaries, provides comprehensive solutions to the utility power sector, including: (a) transmission and distribution engineering, procurement and construction; (b) substation engineering, procurement and construction; (c) electrical design, testing, commissioning, refurbishment and maintenance; (d) design and manufacturing of prefabricated substation buildings, switchgear buildings and inverter buildings; (e) tracked vehicle manufacturing; and (f) underground cable engineering, procurement and construction.⁴
9. CFFI is an equityholder of Cormorant, along with Mr. Paddick, management of Cormorant pursuant to an employee stock option plan, and Quantum pursuant to warrants to acquire common shares. The shareholdings of Cormorant, on a fully-diluted basis, are summarized as follows:⁵

Shareholder	Shareholding Percentage (Fully-Diluted)
CFFI	39.77%
Brendan Paddick	35.16%
Quantum	10.03%
Employees	15.05%

³ Second Scott Affidavit at para. 9.

⁴ Affidavit of Brittany Bartlett sworn February 14, 2026, at para. 38.

⁵ Second Scott Affidavit at para. 12.

10. CFFI sought and obtained relief as part of the Initial Order granting a Non-Filing Affiliate Stay applicable to Cormorant and its subsidiaries. Quantum has objected to, and continues to object to, the Non-Filing Affiliate Stay.⁶ Cormorant is not a debtor in the CFFI CCAA Proceedings.

B. The ARCA and Related Guarantees and Security

11. Cormorant’s obligations under the ARCA are secured by a general security interest granted to Quantum over all or substantially all of Cormorant’s assets such that Quantum is the senior secured creditor of Cormorant.⁷

12. All obligations of Cormorant to Quantum under the ARCA are guaranteed by:

(a) CFFI pursuant to a Guarantee dated May 24, 2022 (the “**CFFI Guarantee**”);

(b) Mr. John Risley pursuant to a Guarantee dated May 24, 2022; and

(c) Mr. Paddick pursuant to a Limited Recourse Guarantee and Securities Pledge Agreement dated May 24, 2022 (the “**Paddick Guarantee and Pledge Agreement**”).

13. The obligations of CFFI under the CFFI Guarantee are secured by, among other things, a Securities Pledge Agreement between CFFI and Quantum dated May 24, 2022 (the “**CFFI Pledge Agreement**”), pursuant to which CFFI granted Quantum a security interest in the Cormorant Shares. Pursuant to the Subordination Agreement between CFFI, HPS and Quantum dated May 24, 2022 (the “**Subordination Agreement**”), HPS agreed to subordinate and postpone its security interest in the Cormorant Shares to Quantum.⁸

14. The CFFI Pledge Agreement expressly restricts CFFI’s ability to sell or otherwise dispose of the Cormorant Shares. Under Section 18(a) of the CFFI Pledge Agreement, CFFI

⁶ Second Scott Affidavit at para. 26.

⁷ Second Scott Affidavit at para. 10.

⁸ Second Scott Affidavit at para. 15.

covenanted and agreed that it “will not sell, assign, convey, exchange, release or abandon, or otherwise dispose of, any Collateral”, which includes the Cormorant Shares.⁹

15. With respect to the guarantee provided by Mr. Paddick, the obligations of Mr. Paddick are secured by the Paddick Guarantee and Pledge Agreement, pursuant to which Mr. Paddick granted Quantum a security interest in all securities of Cormorant owned or at any time acquired by Mr. Paddick.¹⁰
16. In addition to the CFFI Pledge Agreement, the obligations of CFFI under the CFFI Guarantee are also secured by a security agreement dated May 24, 2022, pursuant to which CFFI granted Quantum a security interest in all of its present and after-acquired property and undertakings, other than certain excluded assets.¹¹

C. Current Status of the ARCA

17. There are a number of pending events of default under the ARCA that Cormorant has not been in a position to satisfy. The pending events of default include, among other things, two repayment defaults requiring Cormorant to repay an amount of approximately \$4.6 million to Quantum, and defaults relating to Cormorant having not received an equity commitment amount from CFFI equal to at least \$3 million pursuant to an equity commitment letter entered into with CFFI in September 2022.¹² Quantum and Cormorant have been amending the ARCA on a month-to-month basis for the last number of months to address these pending events of default, and are currently in the process of finalizing an amendment to extend the relevant dates applicable to such defaults from May 31, 2026 to June 30, 2026. In addition, Quantum also expects Cormorant to breach a financial covenant under the ARCA as of June 30, 2026.¹³
18. A “Change of Control” constitutes an Event of Default under Section 7.1(m) of the ARCA. Under paragraph (f) of the definition of “Change of Control”, it is a Change of Control where “any individual who is not a member of the Board of Directors of the Borrower on

⁹ Second Scott Affidavit at para. 16.

¹⁰ Second Scott Affidavit at para. 17.

¹¹ Second Scott Affidavit at para. 18.

¹² Second Scott Affidavit at para. 21.

¹³ Second Scott Affidavit at para. 21.

the Amendment and Restatement Date becomes a member of the Board of Directors of the Borrower or any Subsidiary other than the new CEO of the Borrower appointed pursuant to Section 5.1(aa).” Ms. Bartlett has replaced Mr. Risley on the board of directors of Cormorant. A Change of Control under the ARCA has therefore occurred and is continuing, and Cormorant is in default under the ARCA.¹⁴

19. In addition, the Change of Control restriction under Section 7.1(m) of the ARCA would apply to any disposition of the Cormorant Shares held by CFFI, which would separately cause Cormorant’s obligations to Quantum under the ARCA to become due and payable.¹⁵

D. The Cormorant Shareholders’ Agreement

20. CFFI and Mr. Paddick, along with Cormorant, are parties to a Third Amended and Restated Shareholders’ Agreement (Investors) dated September 30, 2025 (the “**Shareholders’ Agreement**”). There are restrictions in the Shareholders’ Agreement with respect to potential transfers of shares by shareholders of Cormorant and various rights in respect of any such transaction, including (a) “tag-along” rights for non-selling shareholders (Section 5.2), (b) a right of first refusal in favour of Cormorant (Section 5.3), and (c) a right of first refusal in favour of non-selling shareholders (Section 5.4).¹⁶ CFFI will be required to adhere to such restrictions on any sale of the Cormorant Shares, unless it obtains relief from the CCAA Court. Quantum would oppose any transaction that does not adhere to the Shareholders’ Agreement. Quantum has proposed language for inclusion in the proposed SISP to reserve the rights of all parties in respect of these issues, which is required to be included in the SISP at this time.¹⁷

E. Quantum’s Concerns with CFFI’s Proposed SISP

21. Pursuant to the SISP as currently structured, it is proposed that the Monitor will be soliciting bids for executable transaction(s) involving “the shares and/or the business and

¹⁴ Second Scott Affidavit at para. 19.

¹⁵ Second Scott Affidavit at para. 20.

¹⁶ Second Scott Affidavit at para. 31(e).

¹⁷ Second Scott Affidavit at para. 28 and Exhibit “E”.

assets of CFFI”, including “a sale of some or all of CFFI’s shares, assets and/or business.”¹⁸
The SISP therefore, as proposed by CFFI, encompasses the Cormorant Shares.

22. On May 26, 2026, counsel to Quantum sent an email to counsel to CFFI enclosing Quantum’s comments on CFFI’s proposed SISP that, if accepted by CFFI, would have addressed Quantum’s concerns.¹⁹
23. Despite receiving Quantum’s comments, CFFI did not engage with Quantum. On May 28, 2026, CFFI served its materials in respect of its proposed SISP without any discussion with Quantum on the comments provided or making any amendments to the SISP. The proposed SISP continues to include the Cormorant Shares as part of the assets and property to be marketed and does not reflect Quantum’s concerns with the SISP.²⁰

PART III – LAW AND ARGUMENT

A. The Proposed SISP Should not be Approved in the Form Requested

(i) Summary of Argument

24. The Cormorant Shares should not be included in the proposed SISP as doing so would have limited benefits and is unlikely to maximize value. The SISP would be limited to a sale of CFFI’s minority interest in Cormorant rather than allowing for a broader range of alternatives in respect of Cormorant to be considered (such as new debt financing or a refinancing transaction, an equity raise, or a sale of Cormorant in its entirety). Moreover, any transaction pursuant to the proposed SISP involving the Cormorant Shares would trigger a change of control default under the ARCA, causing a default and accelerating Cormorant’s obligations to Quantum. The Shareholders’ Agreement also imposes transfer restrictions and provides tag-along and right of first refusal rights which need to be adhered to on any disposition of the Cormorant Shares. Additionally, the SISP participants may

¹⁸ Second Scott Affidavit at para. 27.

¹⁹ Second Scott Affidavit at para. 28 and Exhibit “E”.

²⁰ Second Scott Affidavit at para. 29.

lack access to current and detailed confidential financial and operational information regarding Cormorant.²¹

25. Cormorant requires a comprehensive strategic process in the near term to fully explore all available options, including transactions to facilitate the repayment of its secured debt, raise equity, or sell the business in its entirety (including the Cormorant Shares held by CFFI and/or the equity of other shareholders of Cormorant). The ARCA is currently in default for reasons unrelated to the CFFI CCAA Proceedings, and further defaults are expected in the near term that are in addition to the default that would occur in the event of any disposition of CFFI's interest. A CCAA sale process that only includes the Cormorant Shares is inherently limited and incapable of exploring all strategic alternatives in respect of Cormorant. A broader, standalone strategic process is needed in respect of Cormorant to address its current circumstances and maximize value for all stakeholders, including for the following additional reasons:
- (a) Cormorant is not a CCAA debtor and any process related to one or more transactions in respect of its shares or business should be completed in the normal course as would be the case for any non-CCAA company;
 - (b) Cormorant needs to refinance the existing secured debt in the immediate short term or reach agreement with Quantum on amended terms, and a standalone strategic process in respect of Cormorant is necessary to satisfy Quantum;
 - (c) excluding the Cormorant Shares from the SISP and enabling a standalone process to proceed in respect of Cormorant will avoid duplication, additional costs associated with multiple processes, market confusion and the negative effects of a limited CCAA sale process;
 - (d) contractual restrictions in the ARCA, the CFFI Pledge Agreement and the Shareholders' Agreement affect the disposition of the Cormorant Shares and

²¹ Second Scott Affidavit at para. 31(h).

Quantum is not prepared to waive any such rights until a standalone process has been conducted;

- (e) Quantum holds a first-priority security interest in substantially all of the shares and assets of Cormorant, and its position as priority secured creditor should be a key consideration in determining whether it is appropriate to include the Cormorant Shares as part of CFFI's proposed SISP;
- (f) Cormorant is a standalone business with separate management that can be efficiently marketed on its own; and
- (g) a standalone Cormorant strategic process outside of the CFFI CCAA Proceedings would not prejudice CFFI, as CFFI would benefit from all options and alternatives being explored in such a process, with the support of Cormorant's management and the support of other stakeholders, and the results would provide a more accurate and reliable determination of Cormorant's value than would arise from including the Cormorant Shares in a CCAA sale process encompassing all of CFFI's assets and investments.²²

26. CFFI's evidence in support of including the Cormorant Shares is simply that "the removal of CFFI's Cormorant shares from the SISP would preclude or complicate a sale of all of CFFI's assets, without a benefit" and that "[m]ultiple sale processes would involve incremental cost and would preclude certain transactions, whereas the inclusion of CFFI's Cormorant shares in the SISP will provide both flexibility and cost efficiency."²³ The evidence and justification of CFFI is extremely weak and does not justify adding the Cormorant Shares to CFFI's proposed SISP.

27. Removing the Cormorant Shares from CFFI's proposed SISP would not be overly complicated or costly. It would enable Cormorant to complete its own process in the normal course on a timeline that aligns with an appropriate timeline for CFFI's proposed SISP,

²² Second Scott Affidavit at para. 32(i).

²³ Affidavit of Brittany Bartlett sworn May 28, 2026, at para. 34.

avoiding the duplication, additional costs and market confusion that would inevitably result in the event the Cormorant Shares were subject to multiple processes.

28. Accordingly, the SISP should be denied in the form requested or amended to exclude the Cormorant Shares.

(ii) *It is not Appropriate to Approve a SISP that Includes the Cormorant Shares*

29. Courts approving sale and investment solicitation processes rely on their broad powers under the CCAA to facilitate restructurings.²⁴ Section 11 empowers a CCAA court to make “any order that it considers appropriate in the circumstances”.²⁵ The Supreme Court of Canada has confirmed that a Court’s discretion under section 11 is broad in nature, but not boundless, and must be exercised in furtherance of the objectives of the CCAA.²⁶ These objectives include “preserving and maximizing the value of a debtor’s assets” and “ensuring fair and equitable treatment of the claims against a debtor”.²⁷

30. Further, in exercising discretion under section 11 of the CCAA, a Court must also consider appropriateness as a baseline consideration. Appropriateness is assessed “by inquiring whether the order sought advances the policy objectives underlying the CCAA” and extends not only to the purpose of the order, but also to the means it employs, as “chances for successful reorganizations are enhanced where participants achieve common ground and all stakeholders are treated as advantageously and fairly as the circumstances permit.”²⁸

31. The SISP, as it relates to Cormorant and the inclusion of the Cormorant Shares, as CFFI has proposed, is not appropriate as it is contrary to the interests of Quantum, the senior secured creditor in respect of Cormorant and the Cormorant Shares.

32. Quantum at an early stage identified for CFFI its concerns with the proposed SISP. But rather than viewing the feedback from Quantum as representing valuable input from a key

²⁴ *Tacora Resources Inc. (Re)*, [2023 ONSC 6126](#) at para. 164 [*Tacora*].

²⁵ *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, s 11 [CCAA].

²⁶ *9354-9186 Québec inc. v. Callidus Capital Corp.*, [2020 SCC 10](#) at para. 49 [*Callidus*].

²⁷ *Callidus*, *supra* note 26 at para. 40.

²⁸ *Century Services Inc. v. Canada (Attorney General)*, [2010 SCC 60](#) at para. 70 [*Century Services*].

stakeholder, CFFI has largely ignored Quantum’s position and chosen to move forward with a SISP that, as it relates to the Cormorant Shares, is opposed by the relevant senior secured creditor.²⁹ In doing so, CFFI is ignoring Quantum’s role as the party with the priority economic interest in the Cormorant Shares, who should be engaged with and “treated as advantageously and fairly as the circumstances permit.”³⁰ Quantum is not looking to stand in the way of the CFFI CCAA Proceedings moving forward, but CFFI should be pursuing the path in respect of Cormorant that is most likely to reach a value-maximizing result.

33. The Affidavit of Brittany Bartlett sworn May 28, 2026, and CFFI’s Brief of Law treat the inclusion of the Cormorant Shares in CFFI’s proposed SISP as a mechanical step presumed to be the most efficient and flexible path. That is wrong. CFFI is pursuing a generic SISP in replacement of its original plan – first to pursue a plan of arrangement under the *Companies Act* (Nova Scotia) and then to pursue a plan of arrangement within the CFFI CCAA Proceedings, in both cases with the end result being that HPS’ affiliates would acquire CFFI’s assets – so that HPS can complete a credit bid transaction to acquire CFFI’s assets over which it has security. But it is important to remember that it is Quantum, not HPS, that is the first-ranking priority creditor in respect of the Cormorant Shares.
34. The fact that the ARCA is currently in default and will be further in default if CFFI disposes of its Cormorant Shares is a further key fact and circumstance underscoring the impracticability of including such shares in the SISP.
35. Quantum is endeavouring to reach a consensual solution that presents the best possible chance of achieving a value-maximizing result in respect of Cormorant while protecting its legitimate interests as senior secured lender and equityholder of Cormorant. The straightforward solution is to exclude the Cormorant Shares from the requested SISP and allow Cormorant to pursue potential transaction options in the normal course through a standalone strategic process outside of the CCAA context. Quantum is willing to work with CFFI on a timeline that is generally aligned with the CFFI SISP timeline. There is no

²⁹ Second Scott Affidavit at paras. 29–30.

³⁰ *Century Services*, *supra* note 28 at para. [70](#).

prejudice to CFFI in excluding the Cormorant Shares from the proposed SISP; in contrast, there is potential prejudice to Cormorant and its stakeholders if the SISP were to include the Cormorant Shares, as a limited CCAA sale process for CFFI's minority interest could negatively affect the timing and value of any broader Cormorant transaction.

36. CFFI has not met the test set out in the case law for approving a court-approved sale and investment solicitation process when considering the proposed inclusion of the Cormorant Shares. A party seeking court-approval of a sale and investment solicitation process must demonstrate that the process is appropriate. As referenced by CFFI in its Brief of Law, the relevant criteria for a court to consider in approving a sale and investment solicitation process includes:
- (a) whether a sale transaction is warranted at the time;
 - (b) **whether the sale will benefit the entire economic community;**
 - (c) **whether any of the debtors' creditors have a bona fide reason to object to the sale;**
 - (d) **whether there is a better viable alternative;**
 - (e) whether the proposed process is fair, transparent, commercially efficient, cost-effective in the circumstances, and preserves the integrity of the CCAA process; and
 - (f) whether all parties to the process are acting in good faith and with due diligence.³¹
37. CFFI's requested SISP does not satisfy these requirements with respect to Cormorant and the proposed inclusion of the Cormorant Shares. The proposed SISP is not structured to produce a transaction with respect to Cormorant and the Cormorant Shares that will produce a value-maximizing result, and therefore it cannot benefit the entire economic community. And for the reasons stated herein, Quantum, as the senior secured creditor in respect of the Cormorant Shares and of Cormorant in general, has *bona fide* reasons for

³¹ *Fiera Private Debt Fund v. SaltWire Network Inc.*, [2024 NSSC 89](#) at para. [27](#).

objecting to the process. Furthermore, as set out herein, there is a better viable alternative available: exclude the Cormorant Shares from CFFI's SISP and let Cormorant pursue a standalone process in the normal course.

38. In addition, in determining whether to approve a CCAA sale and investment solicitation process, courts have also considered the following additional factors:
- (a) the fairness, transparency and integrity of the proposed process;
 - (b) **the commercial efficacy of the proposed process in light of the specific circumstances**; and
 - (c) **whether the sales process will, in the circumstances, optimize the chances of securing the best possible price for the assets for sale.**³²
39. The proposed SISP, as it relates to the Cormorant Shares, is neither commercially efficient in the circumstances nor likely to optimize the chances of securing the best possible price for this asset. Quantum submits that an entirely separate standalone strategic process in respect of Cormorant, conducted outside of the CFFI CCAA Proceedings with an independent sale advisor and the flexibility to explore a broader range of liquidity alternatives, is necessary in Cormorant's current circumstances and would far better serve the interests of all stakeholders, including CFFI and its stakeholders.
40. Furthermore, there are a number of factors specific to Cormorant and the Cormorant Shares that indicate that the SISP, as CFFI has proposed, will not optimize the chances of securing maximum value for the Cormorant Shares:
- (a) Cormorant and its subsidiaries constitute a viable and distinct operating business separate and apart from CFFI and its various other investments. Parties who may have an interest in acquiring an equity stake in Cormorant or its assets and property may be deterred from participating in an insolvency sale process that encompasses the entirety of CFFI's asset portfolio. Such parties would be required to understand CCAA dynamics and procedures rather than being directed to Cormorant's normal

³² *Tacora, supra* note 24 at para. [166](#).

course business. A standalone process allows third-party investors or debt and equity providers to evaluate Cormorant and its business on a normal course basis without the complexities of a CCAA sale process;

- (b) parties participating in the proposed SISP may not have access to current and detailed financial and operational information regarding Cormorant. Cormorant is not a CCAA debtor, and CFFI is restricted under the Shareholders' Agreement from disclosing confidential information of Cormorant without the consent of Cormorant's board of directors, which CFFI does not control. Without access to adequate information regarding Cormorant, parties participating in CFFI's proposed SISP will be unable to properly assess the value of the Cormorant Shares; and
- (c) there is the possibility of potential harm to Cormorant's business if it is associated with a Court-supervised sale process. In a standalone process, Cormorant can approach the market with a focused, broad strategic process that will reduce the risk of confusion and duplication, and deliver a clear message to all interested parties. Such an approach will be perceived in the marketplace as normal course and will avoid Cormorant being negatively associated with the CFFI CCAA Proceedings, thereby assisting Cormorant in potentially attracting more third-party debt and equity providers.³³

41. Inclusion of the Cormorant Shares held by CFFI in its proposed SISP will not maximize the value of Cormorant or CFFI's interest therein. A broader strategic process led by Cormorant's management, with the assistance of an appropriate advisor, has a higher probability of exploring more options and alternatives, and a better chance of securing the best possible price for this asset, which would ultimately benefit CFFI and its applicable stakeholders. Cormorant is currently in the process of considering candidates for a potential sale advisor to assist Cormorant in advancing such efforts.³⁴

³³ Second Scott Affidavit at para. 32(d).

³⁴ Second Scott Affidavit at para. 24.

42. Accordingly, for the reasons set out above, the proposed SISP, to the extent that it includes the Cormorant Shares, does not satisfy the criteria for court approval. The proposed SISP should be denied in the form requested or amended to exclude the Cormorant Shares, thereby permitting Cormorant to pursue a standalone strategic process.

B. The Proposed SISP Should Be Revised to Address Quantum’s Concerns

43. In addition to Quantum’s concerns regarding the inclusion of the Cormorant Shares in the proposed SISP, Quantum has raised several other concerns with CFFI regarding the proposed SISP and, on May 26, 2026, provided CFFI comments on the form of SISP that would have addressed those concerns. Quantum’s comments addressed, among other concerns, the following:

- (a) **Consultation and information rights should be extended to other CFFI stakeholders.** The proposed SISP limits consultation and information rights to HPS. CFFI justifies this limitation based on HPS’ security position and the quantum of indebtedness owing to them. While these factors support CFFI’s engagement with HPS, they do not justify excluding other significant creditors of CFFI who also have a material interest in the outcome of the SISP. Quantum submits that consultation and information rights should be extended to Quantum, the CRA and Brendan Paddick on the same basis as those granted to HPS.
- (b) **The SISP milestones should be extended.** The proposed SISP contemplates compressed timelines that are not conducive to a comprehensive, robust and effective sale process designed to maximize value for all stakeholders. By way of example, the NOI deadline falls only six weeks after the contemplated SISP approval date, which is an insufficient amount of time for prospective purchasers to negotiate and execute NDAs, conduct meaningful financial, operational and legal diligence, and develop fully informed NOIs in respect of CFFI’s diverse and complex asset portfolio or individual investments of CFFI. Quantum submits that the proposed milestones should be extended by several weeks, taking into account the summer months and statutory holidays, as the current proposed timeline risks deterring serious bidders, suppressing competitive tension, and ultimately

undermining the objective of value maximization that is central to any court-supervised sale process.

- (c) **The SISP should include a reservation of rights regarding CFFI’s ability to transfer its interests.** As described above, there are several provisions in the ARCA, the CFFI Pledge Agreement and the Shareholders’ Agreement that restrict or otherwise limit CFFI’s ability to transfer the Cormorant Shares. While Quantum takes the position that the Cormorant Shares should be excluded from the SISP and marketed through a separate, standalone process, the SISP should nonetheless include language making clear that all parties’ rights to challenge CFFI’s ability to transfer any assets marketed pursuant to the SISP are preserved and not derogated from (the “**Reservation of Rights**”). This Reservation of Rights will ensure that all parties’ rights to object to any transaction that would seek to override or otherwise limit any such transfer restrictions are expressly preserved. It will also ensure that approval of the SISP, if granted, cannot be construed as predetermining the outcome of any future dispute regarding the enforceability or applicability of any applicable transfer restrictions. Such language is common for court-approved sale processes.³⁵

44. Despite receiving Quantum’s comments, CFFI did not engage with Quantum or seek to address any of Quantum’s concerns, instead serving its materials without any discussion and without making any amendments to the proposed SISP.
45. Quantum is a significant secured creditor of CFFI with a first-priority security interest over the Cormorant Shares and a first priority direct security on the assets and property of Cormorant. CFFI’s refusal to engage with Quantum regarding its concerns with the

³⁵ See, e.g., *Hudson’s Bay Company (Re)* (24 April 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00738613-00CL ([Order \(Amended and Restated SISP Approval Order\)](#)) at para. 42 of Amended and Restated Sale and Investor Solicitation Process; *STS Renewables Ltd. et al.* (23 May 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00743275-00CL ([SISP Approval Order](#)) at Schedule “A”, para. 59; *STS Renewables Ltd. et al.* (23 May 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00743275-00CL ([Endorsement of Justice Osborne](#)) at para. 26.

proposed SISP raises serious concerns regarding the fairness and integrity of the proposed SISP, being key factors in a court's approval of any sale process.³⁶

C. Cormorant Should be Excluded from the Non-Filing Affiliate Stay

46. Although Cormorant is not a debtor in the CFFI CCAA Proceedings, CFFI sought and obtained a Non-Filing Affiliate Stay applicable to Cormorant and its subsidiaries as part of the Initial Order. The Non-Filing Affiliate Stay prohibits actions from being taken against the Non-Filing Affiliates and/or their property as a result of CFFI commencing proceedings under the CCAA and certain related matters.³⁷
47. Quantum has objected to, and continues to object to, the Non-Filing Affiliate Stay. In Quantum's view, Cormorant should not be brought into or affected by the CFFI CCAA Proceedings, and should remain outside of these proceedings with its business and operations continuing in the normal course. Cormorant is a solvent, operating entity with distinct management, operations and stakeholders separate from CFFI. Subjecting Cormorant to the Non-Filing Affiliate Stay blurs this important distinction in the eyes of third parties, thereby creating a negative perception that risks harming Cormorant's business relationships, its ability to attract third-party debt and equity providers, and its reputation more broadly.
48. Not only does subjecting Cormorant to the Non-Filing Affiliate Stay risk harming Cormorant's business, but it also serves no meaningful purpose in the circumstances given there are existing and pending events of default unrelated to CFFI's insolvency proceedings. While the Non-Filing Affiliate Stay prevents enforcement actions taken by reason of CFFI's insolvency and steps taken in regards to these proceedings as set out in paragraph 14 of the Initial Order, it does not shield Cormorant from enforcement actions that could be taken in connection with defaults unrelated to those specifically enumerated items. Specifically, the Non-Filing Affiliate Stay does not prevent Quantum from taking enforcement steps in connection with the existing or pending defaults under the ARCA,

³⁶ *Tacora*, *supra* note 24 at para. 166.

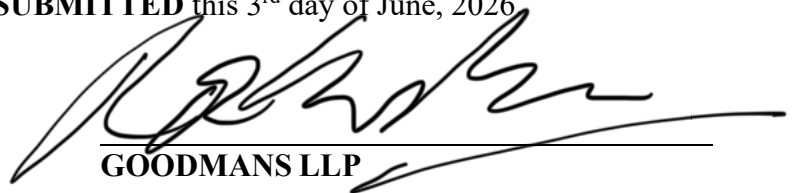
³⁷ *CFFI Ventures Inc. (Re)* (23 March 2026), Halifax Hfx No. 551716 (NSSC) ([Amended and Restated Initial Order](#)) at para. 14.

including, without limitation, those defaults described in paragraphs 17 and 18 above. As such, there is no evidentiary basis justifying the continuation of the Non-Filing Affiliate Stay as relates to Cormorant and its subsidiaries, which courts have held is a valid reason to decline to grant the continuation of a third-party stay.³⁸

PART IV- RELIEF SOUGHT:

49. For the foregoing reasons, Quantum respectfully requests that:
- (a) any sale process approved by this Court in respect of CFFI exclude the Cormorant Shares and address the other concerns raised by Quantum in respect of the proposed SISP; and
 - (b) Cormorant and its subsidiaries be excluded from the Non-Filing Affiliate Stay.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 3rd day of June, 2026



GOODMANS LLP

Robert J. Chadwick LSO# 35165K
rchadwick@goodmans.ca
Jennifer Linde LSO# 86996A
jlinde@goodmans.ca

Counsel for SFPC Quantum LP

³⁸ See e.g., *Hudson's Bay Company (Re)*, [2025 ONSC 1897](#) at paras. [40-43](#).

SCHEDULE A
LIST OF AUTHORITIES

Authority	BOA TAB
<i>Tacora Resources Inc. (Re)</i> , 2023 ONSC 6126	1
<i>9354-9186 Québec inc. v. Callidus Capital Corp.</i> , 2020 SCC 10	2
<i>Century Services Inc. v. Canada (Attorney General)</i> , 2010 SCC 60	3
<i>Fiera Private Debt Fund v. SaltWire Network Inc.</i> , 2024 NSSC 89	4
<i>Hudson's Bay Company (Re)</i> (24 April 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00738613-00CL (Order (Amended and Restated SISP Approval Order))	5
<i>STS Renewables Ltd. et al.</i> (23 May 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00743275-00CL (SISP Approval Order)	6
<i>STS Renewables Ltd. et al.</i> (23 May 2025), Toronto, Ont. Sup. Ct. J. [Commercial List] CV-25-00743275-00CL (Endorsement of Justice Osborne)	7
<i>CFFI Ventures Inc. (Re)</i> (23 March 2026), Halifax Hfx No. 551716 (NSSC) (Amended and Restated Initial Order)	8
<i>Hudson's Bay Company (Re)</i> , 2025 ONSC 1897	9

SCHEDULE B
TEXT OF STATUTES, REGULATIONS & BY-LAWS

Companies' Creditors Arrangement Act, RSC 1985, c C-36

General power of court

11 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.