



COURT FILE NUMBER: 2601- 07007
COURT: COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE: CALGARY

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 CANADABIS CAPITAL INC.,
1998643 ALBERTA LTD., STIGMA
PHARMACEUTICALS INC., 2103157 ALBERTA LTD.,
AND FULL SPECTRUM LABS LTD.

PLAINTIFF(S)/APPLICANTS: CANADABIS CAPITAL INC., 1998643 ALBERTA LTD.,
STIGMA PHARMACEUTICALS INC., 2103157
ALBERTA LTD., AND FULL SPECTRUM LABS LTD.

DOCUMENT: **BENCH BRIEF OF THE APPLICANTS**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT: THORNTON GROUT FINNIGAN LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Attn: **Mitchell W. Grossell / Derek Harland / Andrew
Nesbitt**

Telephone: 416-304-1616
Email: mgrossell@tgf.ca / धारland@tgf.ca /
anesbitt@tgf.ca

**Application before the Honourable Justice Armstrong to be held on April 17, 2026 at 11 AM on
the Commercial List**

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PART I - OVERVIEW

1. This Bench Brief is submitted on behalf of CanadaBis Capital Inc. (“**CanadaBis**”), and its subsidiaries, Stigma Pharmaceuticals Inc. (“**Stigma Pharmaceuticals**”), 2103157 Alberta Ltd. (“**210**”), Full Spectrum Labs Ltd. (“**Full Spectrum**”), and 1998643 Alberta Ltd. (“**199**”) (collectively, the “**Applicants**”) in support of their application for an initial order (the “**Initial Order**”) and related relief under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”).¹
2. The Applicants are licenced producers of cannabis and are in the business of cultivating, processing and selling cannabis products across Canada. The Applicants face imminent enforcement action from the Canada Revenue Agency (the “**CRA**”) with respect to significant excise tax arrears accrued by the Applicants, with the CRA recently threatening to garnish the Applicants’ bank accounts and seize its assets, which would have devastating impacts on their business and stakeholders.
3. The Applicants do not have sufficient liquidity to satisfy the outstanding excise tax obligations and have suffered financial difficulties in recent years as the result of various factors, including but not limited to increased competition from both licenced competitors and the illicit market, a labour disruption resulting in approximately \$500,000 of lost revenue and tightening profit margins.
4. Despite significant efforts to address their liquidity issues, these measures have not been sufficient and the Applicants will not be able to maintain going concern operations with

¹ [RSC 1985, c C36](#) [Book of Authorities of the Applicants dated April 16, 2026 (“BoA”), Tab 1].

the outstanding existing tax burden. The Applicants require the breathing space afforded by the CCAA to implement their restructuring plan in order to continue business operations in Red Deer, Alberta, and the employment of their 79 employees.

5. The Applicants require a stay of proceedings (the “**Stay of Proceedings**”) for the permitted initial 10-day period (the “**Stay Period**”) and related relief to prevent enforcement actions from the CRA and other creditors and to preserve the Applicants’ business and stakeholder value. The relief sought in the Initial Order is limited to what is reasonably necessary to allow the Applicants to maintain the *status quo* and continue operations in the ordinary course during the Stay Period. This relief includes the appointment of FTI Consulting Canada Inc. (“**FTI**”) as monitor in these proceedings (the “**Proposed Monitor**”).

PART II - SUMMARY OF FACTS

6. The relevant facts in support of the relief sought in the Initial Order are briefly described herein, and are more particularly set out in the Affidavit of Travis McIntyre sworn April 16, 2026 (the “**McIntyre Affidavit**”).²

The Applicants

7. CanadaBis is incorporated under the laws of Alberta, and its head office and registered office are located in Red Deer County, Alberta. It is the ultimate parent of the CanadaBis Group. CanadaBis is a publicly traded company and its common shares are listed and traded on the TSX Venture Exchange under the symbol “CANB”.³ CanadaBis has the

² Capitalized terms not otherwise defined herein have the meanings ascribed to them in the McIntyre affidavit. All references to monetary amounts are in Canadian dollars unless otherwise noted.

³ McIntyre Affidavit, paras 19-20.

following wholly owned direct and indirect subsidiaries, each of whom is an Applicant in these proceedings:⁴

- (a) **Stigma Pharmaceuticals:** An Alberta corporation with the same head office and registered office as CanadaBis. Stigma Pharmaceuticals is a holding company and does not have any active business operations.⁵
- (b) **199:** An Alberta corporation with the same head office and registered office as CanadaBis. 199 is a wholly-owned subsidiary of Stigma Pharmaceuticals and is the operating company of the CanadaBis Group that holds all material assets required for the cannabis business, including the Health Canada licence to sell cannabis products,⁶ and owns the Facility, being the real property from which the Applicants conduct their operations.⁷
- (c) **210:** An Alberta corporation with a registered head office located in Clearwater County, Alberta. 210 owns real property in Red Deer County, Alberta which is leased to a third-party cannabis retail company.⁸
- (d) **Full Spectrum:** An Alberta corporation with a registered head office located in Clearwater County, Alberta. Full Spectrum has been dormant since January 2024 and has no active business operations.⁹

⁴ McIntyre Affidavit, para 20.

⁵ McIntyre Affidavit, paras 24-25.

⁶ McIntyre Affidavit, paras 26-28.

⁷ McIntyre Affidavit, para 62(b).

⁸ McIntyre Affidavit, paras 30-32.

⁹ McIntyre Affidavit, paras 34-35.

The Applicants' Business

8. The CanadaBis Group is a vertically integrated cannabis company engaged in the cultivation, extraction, product development, and sale of cannabis and cannabis products within a single corporate group.¹⁰
9. Almost all of the business of the CanadaBis Group is conducted through 199; it is the contracting party for most operating and employment contracts and holds the material cannabis licences to operate the business. 199 also holds the CRA licence required to obtain and apply cannabis excise stamps to its cannabis products.¹¹
10. The CanadaBis Group maintains supply agreements with provincial regulators in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Yukon, Nunavut, and the Northwest Territories for the sale of its cannabis products. Its business and administrative operations are conducted primarily from the Facility in Red Deer, Alberta, which is owned by 199.¹²
11. The Applicants employ 79 full-time employees and two part-time employees, all employed by 199 and based in Alberta, as well as one independent contractor.¹³
12. The Applicants are party to various supply and manufacturing agreements which are material to the Applicants' operations, as they ensure a consistent and reliable supply of inputs required for cultivation, extraction, manufacturing and product development activities.¹⁴

¹⁰ McIntyre Affidavit, para 40.

¹¹ McIntyre Affidavit, para 42.

¹² McIntyre Affidavit, para 44.

¹³ McIntyre Affidavit, para 45.

¹⁴ McIntyre Affidavit, paras 48-49.

13. Most of the Applicants' bank accounts are with Servus Credit Union. Substantially all operating revenues and expenses flow through 199's primary operating account with Servus Credit Union. 199 transfers funds to CanadaBis' bank accounts from time to time to allow CanadaBis to meet certain of its obligations, including payment of accrued interest under the convertible debentures and other corporate expenses.¹⁵

Financial Position of the Applicants

14. As at January 31, 2026, the Applicants had assets with a book value in the aggregate amount of \$24,322,362 and aggregate book liabilities in the amount of \$19,250,525.¹⁶ The largest asset line item is approximately \$12 million in respect of inventory, which primarily consists of cannabis products and would likely be subject to material impairment if the Applicants were required to immediately liquidate.¹⁷
15. For the fiscal year ended July 31, 2025, the Applicants recorded a net loss of \$835,204 and a further net loss of \$128,539 for the three-month period ended October 31, 2025. During the current fiscal year, the Applicants have experienced negative monthly cashflows between approximately \$100,000 to \$200,000 per month.¹⁸
16. The Applicants' overall financial position continues to deteriorate. The Applicants' unreleased internal financial statements as at January 31, 2026 indicate continued increases

¹⁵ McIntyre Affidavit, paras 51-54.

¹⁶ McIntyre Affidavit, paras 61 and 64.

¹⁷ McIntyre Affidavit, para 63.

¹⁸ McIntyre Affidavit, para 57.

in the CanadaBis Group's overall indebtedness, and interest-bearing obligations, without any material improvement in profitability or liquidity.¹⁹

17. 199 has a significant excise tax liability owing to the CRA in the amount of approximately \$7.6 million. Until March 2026, 199 was making monthly payments of \$85,000 to the CRA to reduce the liability.²⁰
18. 199 also has outstanding obligations to the Workers' Compensation Board (Alberta) for unpaid premiums in the aggregate amount of \$132,702. The Applicants intend to pay the outstanding balance in full prior to the Initial Order being granted or shortly thereafter.²¹

(a) Secured Indebtedness

19. CanadaBis is the borrower under a commitment letter with Connect First (the predecessor to Servus Credit Union following a corporate amalgamation) for a credit facility in the principal amount of \$9,600,000, comprised of a 5-year term, \$8,850,000 commercial mortgage loan and a \$750,000 demand line of credit. The monthly blended principal and interest payments under the Commercial Mortgage is \$60,490. The Commercial Mortgage is scheduled to mature in July 2026 and it is unclear if CanadaBis will be able to refinance the facility.²²
20. Connect First was granted a security interest over CanadaBis' personal property pursuant to a general security agreement. Connect First also received unlimited guarantees and

¹⁹ McIntyre Affidavit, paras 58-59.

²⁰ McIntyre Affidavit, paras 66 and 57.

²¹ McIntyre Affidavit, paras 86 and 87.

²² McIntyre Affidavit, paras 68-70.

postponements from each of the Applicants as well as first-ranking mortgages over the Facility and the Leva Property from 199 and 210, respectively.²³

21. 199 is a borrower under a loan agreement with Runway in the principal amount of \$650,000 that is payable on demand. Runway is owned by a shareholder of CanadaBis. Runway holds a second-ranking mortgage over the Facility.²⁴
22. 199 is also indebted to 2208318 Alberta Ltd. (“220”) under a promissory note, evidencing \$1,168,000 of principal indebtedness. 220 holds a general security agreement over 199’s personal property and a mortgage over the Facility.²⁵ 220 is a related party that is controlled by Travis McIntyre, the CEO and President of the CanadaBis Group.
23. 199 is also party to various equipment lease arrangements, pursuant to which the equipment lessors have made registrations against 199 in the Personal Property Registry of Alberta.²⁶

(b) Unsecured Creditors

24. In 2025, CanadaBis issued unsecured convertible debentures in the aggregate principal amount of \$4,035,000. The Debentures mature on April 2, 2029. Interest accrues on a quarterly basis and is payable quarterly in arrears in cash or common shares of CanadaBis.²⁷

²³ McIntyre Affidavit, para 71.

²⁴ McIntyre Affidavit, paras 75-77.

²⁵ McIntyre Affidavit, paras 78-79.

²⁶ McIntyre Affidavit, paras 82-85.

²⁷ McIntyre Affidavit, paras 88-90.

25. As at April 14, 2026, the Applicants' had aggregate trade payables of approximately \$937,000.²⁸

Events Leading to this CCAA Proceeding

(a) **CRA Excise Tax Demand**

26. The Applicants' financial difficulties have been driven primarily by a significant increase in market competition and a growing excise tax burden that the Applicants cannot pay in the ordinary course.²⁹
27. On March 25, 2026, 199 received a letter from the CRA dated March 4, 2026, that demanded 199 immediately repay its outstanding excise tax liability of \$5,732,843 within 14 days. The CRA advised that failure to remit payment may result in legal action, including, among other things, garnishment of bank accounts and seizure of assets.³⁰
28. Upon receipt of the CRA Demand, the Applicants immediately engaged with the CRA, and the CRA requested that the Applicants provide the CRA with a further update by April 17, 2026.³¹
29. Notwithstanding the best efforts of the Applicants, the Applicants have not been able to reach agreement with the CRA that preserves the go-forward financial viability of the Applicants.³² As a result of this conclusion, the Applicants determined that the best path forward is to commence these CCAA proceedings.

²⁸ McIntyre Affidavit, para 91.

²⁹ McIntyre Affidavit, para 5.

³⁰ McIntyre Affidavit, para 6.

³¹ McIntyre Affidavit, para 7.

³² McIntyre Affidavit, para 7.

(b) **Operational Challenges**

30. The Applicants' financial difficulties have also been caused or contributed to by several other external factors, including:

- (a) the heavily saturated and highly competitive cannabis market that has driven profit margins to historic lows, including a price compression of approximately 30–50% in the concentrates space;
- (b) a shift in consumer preference toward higher THC products that are also subject to higher excise taxes because excise taxes are calculated based on the number of milligrams of total THC in the product;
- (c) a labour disruption affecting the British Columbia Liquor Distribution Branch in late 2025, which resulted in a temporary interruption in the Applicants' sales and lost revenue of approximately \$500,000;
- (d) the complicated regulatory and licencing regime in the cannabis industry, which include stringent restrictions on the Applicants' ability to market their products directly to end consumers; and
- (e) increased competition from the illicit cannabis market.³³

³³ McIntyre Affidavit, para 12.

(c) Failed Restructuring Efforts

31. Prior to finalizing the decision to commence CCAA proceedings, the Applicants made significant efforts to stabilize their financial position outside of a formal restructuring process.
32. In April 2025, to expand its footprint and attempt to alleviate financial issues, the Applicants pursued a proposed transaction with Simply Solventless (now under CCAA protection). Despite significant time and effort invested, the transaction was not completed. The Applicants incurred substantial legal and advisory fees in connection with the transaction and diverted resources from core commercial activities, further straining the Applicants' already precarious financial position.³⁴
33. In the months prior to commencing these proceedings, the Applicants made efforts to raise additional liquidity and pursue strategic alternatives. The Applicants unsuccessfully engaged in discussions with Farm Credit Canada to refinance existing loans over certain land and buildings owned by the Applicants. The Applicants also met with Connect First in February 2026 to explore alternative financing options. However, Connect First indicated that it had no appetite to increase its exposure to the Applicants due to changing lending principles with respect to companies in the cannabis industry.³⁵
34. The Applicants' restructuring efforts have not resulted in material improvements to the Applicants' financial position. The Applicants have substantially drawn on their line of

³⁴ McIntyre Affidavit, para 10.

³⁵ McIntyre Affidavit, para 14.

credit, have excise tax liabilities of approximately \$7.6 million, and trade payables of almost \$1 million. The Applicants cannot satisfy the CRA Demand, service existing debt and continue operations in the ordinary course without restructuring relief.³⁶

PART III - ISSUES

35. The issues to be determined by this Court are whether:
- (a) the Applicants are entitled to seek protection under the CCAA;
 - (b) Alberta is the appropriate venue for these CCAA Proceedings;
 - (c) FTI should be appointed as Monitor;
 - (d) the Stay of Proceedings should be granted in favour of the Applicants and the D&Os;
 - (e) the *status quo* of the Licences should be preserved;
 - (f) the Securities Relief should be granted; and
 - (g) the CCAA Charges should be granted.

PART IV - LAW & ARGUMENT

A. The Applicants are Entitled to Relief under the CCAA

36. The CCAA applies in respect of a “debtor company” or “affiliated debtor companies” whose liabilities exceed \$5 million.³⁷
37. The term “debtor company” is defined as any company that is, among other things, “insolvent” and the term “company” is defined as “any company, corporation or legal

³⁶ McIntyre Affidavit, para 15.

³⁷ CCAA, [s 3\(1\)](#).

person incorporated by or under any Act of Parliament or the legislature of a province.”³⁸

Companies are considered “affiliated” under the CCAA if:

- (a) one is a subsidiary of the other or both are subsidiaries of the same company or each of them is controlled by the same person; or
- (b) they are affiliated with the same company at the same time.³⁹

38. The Applicants are “companies” within the meaning of the CCAA as they were all incorporated under the *Alberta Business Corporations Act* (the “**ABCA**”) and are “affiliated” as CanadaBis is the ultimate parent company and each of the other Applicants are direct or indirect subsidiaries of CanadaBis.

39. The Applicants are also “debtor companies” as defined in the CCAA. Whether a company is insolvent for the purposes of this definition is evaluated by reference to the definition of “insolvent person” in the *Bankruptcy and Insolvency Act* (the “**BIA**”).⁴⁰

40. The BIA defines “insolvent person” as a person: (a) who is for any reason unable to meet his obligations as they generally become due; (b) who has ceased paying his current obligations in the ordinary course of business as they generally become due; or (c) the aggregate of whose property is not, at a fair valuation, sufficient, or if disposed at a fairly conducted sale under legal process, would not be sufficient to enable payment of all his obligations, due and accruing due.⁴¹

³⁸ *Ibid*, [s 2\(1\)](#), “debtor company” and “company”.

³⁹ *Ibid*, [s 3\(2\)](#).

⁴⁰ [RSC 1985, c B-3](#) [**BoA, Tab 2**].

⁴¹ BIA, [s 2](#), “insolvent person”.

41. The test for determining whether a company is an “insolvent person” under the BIA is disjunctive – satisfaction of any one of the above criteria is sufficient for a Court to determine that a person is insolvent.⁴²
42. In the CCAA proceedings of *Stelco*, Justice Farley held that a company is also insolvent for the purposes of the CCAA if “there is a reasonably foreseeable (at the time of filing) expectation that there is a looming liquidity condition or crisis which will result in the applicant running out of ‘cash’ to pay its debts as they generally become due in the future without the benefit of the [stay] and ancillary protection”.⁴³
43. The Applicants are unable to meet their obligations as they generally become due and have ceased paying excise taxes in the ordinary course of business as they become due. The Applicants would not have sufficient liquidity to continue operating the business and paying its suppliers and employees while also satisfying the outstanding excise tax obligations to the CRA.
44. In addition, the Commercial Mortgage matures in July 2026, and the Applicants do not presently have access to replacement financing on terms that would permit them to satisfy that indebtedness while also addressing the CRA arrears.⁴⁴
45. For these reasons, the Applicants satisfy the first two branches of the insolvency test.

⁴² *PricewaterhouseCoopers Inc v Perpetual Energy Inc*, 2022 ABCA 111 at [para 34](#) [**Book of Authorities of the Applicants dated April 16, 2026 (the “BoA”), Tab 3**]; *McEwan Enterprises Inc*, 2021 ONSC 6453 at [para 26](#) [**BoA, Tab 4**].

⁴³ *Re Stelco*, (2004), 48 CBR (4th) 299 (Ont SC) at [paras 26](#) and [40](#) [*Stelco*] [**BoA, Tab 5**].

⁴⁴ McIntyre Affidavit, para 60.

46. The Applicants' aggregate outstanding liabilities are approximately \$19 million as of January 31, 2026, well in excess of \$5 million and they are therefore entitled to seek relief under the CCAA.⁴⁵

B. Alberta is the Appropriate Venue for these CCAA Proceedings

47. An application under the CCAA may be “made to the court that has jurisdiction in the province within which the head office or chief place of business of the company in Canada is situated”.⁴⁶ The Applicants were all incorporated pursuant to the ABCA and each have a registered head office located in Alberta. The Facility where all cannabis cultivation and processing activities are carried out is also located in Alberta.

48. As such, the Applicants submit that the appropriate venue for these proceedings is Alberta and this Court has jurisdiction to hear this application.

C. FTI Should be Appointed Monitor

49. Section 11.7 of the CCAA provides that when an order is made on the initial application, the Court shall at the same time appoint a person to monitor the business and financial affairs of the company, and that the person so appointed must be a trustee within the meaning of section 2 of the BIA.⁴⁷

50. FTI has consented to act as the Court-appointed Monitor of the Applicants, subject to Court approval. FTI is a trustee within the meaning of section 2 of the BIA and is not subject to

⁴⁵ McIntyre Affidavit, para 64.

⁴⁶ CCAA, [s 9\(1\)](#).

⁴⁷ CCAA, [s 11.7](#); BIA, [s 2](#).

any of the restrictions as to who may be appointed as Monitor set out in section 11.7(2) of the CCAA.⁴⁸

D. The Stay of Proceedings Should be Granted

51. Section 11.02 of the CCAA provides this Court with the jurisdiction to impose a stay of proceedings for a period of not more than 10 days if it is satisfied that circumstances exist that make the order appropriate.⁴⁹
52. A stay of proceedings is appropriate to provide debtors with breathing room while they seek to restore solvency and emerge from the CCAA as a going concern.⁵⁰ Absent exceptional circumstances, the relief sought shall be limited to relief reasonably necessary for the ordinary course continued operations and, whenever possible, the *status quo* should be maintained during the initial 10-day period.⁵¹
53. The Applicants require the Stay of Proceedings to preserve the value of their business and provide them with breathing room to maintain business operations in the ordinary course and in compliance with the cannabis regulatory regime while they restructure and explore their options under the CCAA, including a potential sales and investment solicitation process (“SISP”).
54. In the absence of the Stay of Proceedings, the Applicants will likely face enforcement actions by the CRA, as detailed in the McIntyre Affidavit, that would be detrimental to the Applicants’ business in the ordinary course and would significantly erode the going-

⁴⁸ McIntyre Affidavit, paras 101-102.

⁴⁹ CCAA, [s 11.02](#).

⁵⁰ *Century Services Inc v Attorney General (Canada)*, 2010 SCC 60 at [para 14](#) [BoA, Tab 6]; *The Cannabist Company Holdings Inc. et al*, 2026 ONSC 1849 at [para 29](#) [*The Cannabist Company*] [BoA, Tab 7].

⁵¹ CCAA, [s 11.001](#).

concern value of the business. It is possible that action by the CRA will also precipitate further action by other creditors of the Applicants, further straining the Applicants' business. These actions would significantly prejudice the Applicants' stakeholders as a whole.

55. The granting of the Stay of Proceedings is in the best interests of the Applicants and their stakeholders, meets the statutory requirements under the CCAA, and is appropriate in the circumstances.

E. The Stay of Proceedings Should be Extended to the Directors and Officers

56. This Court has the authority to extend the Stay of Proceedings to third parties pursuant to sections 11 and 11.02(1) of the CCAA, which allows it to grant an initial order on any terms that the Court may impose in furtherance of the Court's inherent jurisdiction.⁵² Section 11.03(1) of the CCAA also explicitly authorizes this Court to make an order granting a stay of proceedings against directors and officers of a debtor company.⁵³
57. The Applicants seek to extend the Stay of Proceedings to the directors and officers of the Applicants (the "D&Os") in respect of their personal obligations for amounts owing by the Applicants during the Stay Period.
58. Stays of proceedings against the directors and officers of a debtor company are commonly made in initial orders under the CCAA.⁵⁴

⁵² [Great Basin Gold Ltd. \(Re\)](#), 2015 BCSC 1199 at [para 32](#) [[Great Basin](#)] [[BoA, Tab 8](#)]; [Elna Medical Group Inc., Re](#), 2024 QCCS 4541 at [para 52](#) [[BoA, Tab 9](#)].

⁵³ CCAA, [s 11.03\(1\)](#); [Great Basin](#), *supra* at [para 33](#).

⁵⁴ [Great Basin](#), *ibid* at [para 32](#); [Canacol Energy Ltd \(Re\), Initial Order \(18 November 2025\)](#), Court of King's Bench of Alberta (Court File No. 2501-18462) at [para 20](#) [[BoA, Tab 10](#)].

59. It is appropriate to extend the Stay of Proceedings to include the personal obligations of the directors and officers of the Applicants to ensure that they are able to focus on the Applicants' restructuring efforts and to prevent creditors and other potential claimants from seeking to do indirectly what they cannot do directly by asserting claims or other relief relating to the debts and obligations of the Applicants against the D&Os. The D&Os are vital to the restructuring of the Applicants due to their historical knowledge of the financial and operational aspects of the Applicants.⁵⁵
60. The D&Os have worked in good faith and with due diligence to reduce costs, preserve the value of the Applicants and keep their business operational and have agreed to remain with the Applicants to implement a restructuring of their business for the benefit of their stakeholders. It is therefore appropriate to extend the Stay of Proceedings to the D&Os in the circumstances.

F. The Status Quo of the Licences Should be Preserved

61. As part of the Initial Order, the Applicants seek the preservation and maintenance of the *status quo* with respect to the Applicants' Health Canada licences and the cannabis excise licence (collectively, the "**Licences**") during the Stay Period, including, without limitation, the Applicants' ability to possess, test, produce, cultivate, and sell cannabis in the ordinary course under the Licences and the Applicants' ability to order and affix Canada Revenue Agency excise stamps.
62. CCAA courts have granted regulatory stays over licences where, without regulatory stays, the applicable regulators may suspend or cancel licences due to the relevant parties having

⁵⁵ McIntyre Affidavit at para 98.

commenced CCAA proceedings.⁵⁶ Courts have commented that to “permit the immediate termination of a debtor company’s licenses would not avoid the social and economic losses but amplify them”.⁵⁷

63. In *Just Energy*, the court held that a court may stay steps that may be taken by a regulator if it is of the view that the failure to stay those other steps means that a viable compromise or arrangement could not be made, provided that the additional stay is not contrary to the public interest.⁵⁸
64. In *Freedom* and the recent CCAA proceeding of Massive Hash Factory Ltd., *et al.*,⁵⁹ this Court granted an initial order staying Health Canada and the CRA from cancelling the debtor’s Health Canada and cannabis excise licences, and preserving the *status quo* with respect to the licences during the stay period.
65. The Licences are among the Applicants’ most valuable assets and are required to permit the Applicants to operate its underlying business. If the Licences lapse or are cancelled, the Applicants’ operation and delivery of products will need to be halted or suspended. Accordingly, this would effectively terminate the Applicants’ ability to restructure or continue as a going-concern business. The Applicants’ revenue streams would be lost, and the fundamental purpose of these insolvency proceedings would be frustrated.

⁵⁶ *(Re) Just Energy Corp.*, 2021 ONSC 1793 at [para 87](#) [*Just Energy*] [**BoA, Tab 11**]; *Freedom Cannabis Inc (Re), Initial Order (12 August 2024)*, Court of King’s Bench of Alberta (Court File No. 2403-15089) at [para 43](#) [*Freedom*] [**BoA, Tab 12**].

⁵⁷ *Just Energy*, *ibid* at [para 87](#).

⁵⁸ *Ibid* at [para 79](#).

⁵⁹ *Massive Hash Factory Ltd., et al. (Re), Initial Order (27 February 2026)*, Court of King’s Bench of Alberta (Court File No. 2601-03798) at [para 37](#) [**BoA, Tab 13**].

66. It is anticipated that the property of the Applicants will be marketed through a SISP, for which approval will be sought at the comeback hearing. If the Licences are cancelled or its operations are interrupted during the marketing process to be conducted under the SISP, any such interruptions could have significant negative impact on the value to be obtained for the stakeholders of the Applicants in the SISP.⁶⁰
67. Accordingly, the Applicants submit that it is appropriate in the circumstances for this Court to order that the status quo with respect to the Licences be maintained.

G. The Securities Relief Should be Granted

68. CanadaBis is a publicly-traded company on the TSX Venture Exchange and is subject to securities filing obligations.
69. The Applicants are seeking relief to dispense with certain securities filing requirements and seek authorization to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases, or any other actions (collectively, the “**Securities Filings**”) that may be required by any federal, provincial, or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), and comparable statutes enacted by other provinces of Canada, and the policies and rules of the TSX Venture Exchange.
70. The Initial Order also provides that none of the directors and officers, employees, and other representatives of the Applicants, and the Monitor (and its directors, officers, employees

⁶⁰ McIntyre Affidavit at para 95(c).

and representatives) shall have any personal liability for any failure by the Applicants to make the Securities Filings.

71. Similar relief has been granted for other reporting issuers who also sought such relief under the CCAA.⁶¹
72. Due to ongoing liquidity and resource constraints, CanadaBis did not file its required quarterly financial statements for the period ended January 31, 2026 by the prescribed filing deadline of March 31, 2026, and is therefore in default of its continuous disclosure obligations. On April 9, 2026, CanadaBis received a cease trade order from the Alberta Securities Commission prohibiting the trading or purchasing of any of its securities, subject to limited exceptions.⁶²
73. The Applicants believe that incurring the time and costs associated with the Securities Filings would detract from their successful restructuring. Further, stakeholders will not be prejudiced given that detailed financial and other information on the Applicants will continue to be publicly available through materials filed and posted to the Proposed Monitor's website in these CCAA proceedings.⁶³

⁶¹ *BZAM Ltd., Re*, 2024 ONSC 1645 at [para 71](#) [**BoA, Tab 14**]; *Trees Corporation (Re), Endorsement of Justice Osborne* dated January 29, 2024, Ont. S.C.J. [Commercial List] (Court File No. CV-23-00711935-00CL) at [paras 24-25](#) [**BoA, Tab 15**]; *Royal Helium Ltd., Re, et al., Initial Order (19 February 2025)*, Court of King's Bench of Alberta (Court File No. 2501-02606) at [paras 45-46](#) [**BoA, Tab 16**]; *Green Impact Partners Inc., Re, et al., Amended and Restated Initial Order (23 February 2026)*, Court of King's Bench of Alberta (Court File No. 2501-19989) at [paras 11-12](#) [**BoA, Tab 17**].

⁶² McIntyre Affidavit at para 107.

⁶³ McIntyre Affidavit at para 108.

74. The language in the proposed Initial Order is limited to what is necessary for the Applicants to focus on their restructuring. Accordingly, the Applicants believe that this relief is necessary and appropriate in the circumstances.

H. The CCAA Charges Should be Granted

75. The Applicants are seeking an Administration Charge in the initial amount of \$150,000 to secure the professional fees and disbursements of the Proposed Monitor, along with its counsel and the Applicants' counsel, incurred prior to, on, or subsequent to the date of the Initial Order, at their standard rates and charges.
76. Section 11.52 of the CCAA expressly provides the Court with the jurisdiction to grant an administration charge. The list of non-exhaustive factors to be considered when granting an administration charge includes: (a) the size and complexity of the business being restructured; (b) the proposed role of the beneficiaries of the charge; (c) whether there is unwarranted duplication of roles; (d) whether the quantum of the proposed charge appears to be fair and reasonable; (e) the position of the secured creditors likely to be affected by the charge; and (f) the position of the monitor.⁶⁴
77. The Applicants submit that it is appropriate for this Court to exercise its jurisdiction and grant the Administration Charge, given that:
- (a) the Applicants' business is highly regulated and subject to numerous statutory and regulatory restrictions and requirements;

⁶⁴ CCAA, [s 11.52](#); [Canwest Publishing Inc](#), 2010 ONSC 222 at [para 54](#) [BoA, Tab 18].

- (b) the beneficiaries of the Administration Charge have the requisite knowledge with respect to these statutory and regulatory restrictions and have, and will continue to, contribute to these CCAA Proceedings and assist the Applicants with their business and their restructuring;
 - (c) each of the proposed beneficiaries of the Administration Charge is performing distinct functions and there is no duplication of roles;
 - (d) the quantum of the proposed Administration Charge was calculated with the assistance of the Proposed Monitor and is fair and reasonable; and
 - (e) the Proposed Monitor supports the Administration Charge and is of the view that the amount of the Administration Charge for the initial 10-day period is reasonable and appropriate in the circumstances.
78. The Applicants are also seeking the D&O Charge up to the aggregate amount of \$900,000 to secure the indemnity of their respective directors and officers for liabilities they may incur in these CCAA proceedings.
79. The D&O Charge is proposed to rank subordinate to the Administration Charge.
80. Section 11.51 of the CCAA empowers the Court to grant the D&O Charge. The purpose of such a charge is to keep the directors and officers in place during the restructuring by providing them with protections against liabilities that could be incurred during the restructuring.⁶⁵

⁶⁵ CCAA, [s 11.51](#); *Lydian International Limited (Re)*, 2019 ONSC 7473 at [para 52](#) [BoA, Tab 19].

81. A Court may not make the order if “the company could obtain adequate indemnification insurance for the director or officer at a reasonable cost”, and the Court shall make an order declaring that the charge does not apply in respect of a specific obligation or liability incurred by a director or officer “if in its opinion the obligation or liability was incurred as a result of the director’s or officer’s gross negligence or wilful misconduct.”⁶⁶
82. It is appropriate in the circumstances for the Court to approve the D&O Charge, given that:
- (a) the Applicants require the active and committed involvement of the directors and officers in order to continue business operations in the ordinary course and to effectively execute their proposed restructuring;
 - (b) the directors and officers have indicated that their continued service and involvement in the CCAA Proceedings is conditional upon the granting of the D&O Charge;
 - (c) the D&O Charge will apply only to the extent that the directors and officers do not have coverage under the Applicants’ directors and officers insurance policy, which expires on May 25, 2026 and it is unclear whether the insurer will renew the policy;
 - (d) the D&O Charge would only cover obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceedings and does not cover wilful misconduct or gross negligence;
 - (e) the amount of the D&O Charge is reasonable in the circumstances, as it has been developed with the assistance and support of the Proposed Monitor taking into

⁶⁶ *The Cannabist Company*, *supra* note 50 at [para 43](#).

account the anticipated payroll, sales tax, and other potential exposure to director liability for the applicable period; and

(f) the Proposed Monitor is supportive of the D&O Charge.

83. The proposed Administration Charge and D&O Charge would rank behind encumbrances in favour of any persons that have not been served with notice of the application. The Applicants intend to seek to elevate the priority of the Administration Charge and D&O Charge ahead of such encumbrances on notice to those parties at the comeback hearing.

PART V - ORDER REQUESTED

84. For all of the foregoing reasons, the Applicants submit that they have met all of the requirements to obtain the requested relief and respectfully request that this Court grant the proposed form of order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 16th day of April, 2026.

Thornton Grout Finnigan LLP

Thornton Grout Finnigan LLP

Mitchell Grossell / Derek Harland / Andrew Nesbitt
Counsel for the Plaintiffs /Applicants, Canadabis
Capital Inc., 1998643 Alberta Ltd., Stigma
Pharmaceuticals Inc., 2103157 Alberta Ltd., and Full
Spectrum Labs Ltd.

LIST OF AUTHORITIES

A. Statutes

1. [*Companies' Creditors Arrangement Act*](#), RSC 1985, c C36.
2. [*Bankruptcy and Insolvency Act*](#), RSC 1985, c B-3.

B. Case Law

1. [*PricewaterhouseCoopers Inc v Perpetual Energy Inc*](#), 2022 ABCA 111.
2. [*McEwan Enterprises Inc*](#), 2021 ONSC 6453.
3. [*Re Stelco*](#), (2004), 48 CBR (4th) 299 (Ont SC).
4. [*Century Services Inc v Attorney General \(Canada\)*](#), 2010 SCC 60.
5. [*The Cannabist Company Holdings Inc. et al*](#), 2026 ONSC 1849.
6. [*Great Basin Gold Ltd. \(Re\)*](#), 2015 BCSC 1199.
7. [*Elna Medical Group Inc., Re*](#), 2024 QCCS 4541.
8. [*\(Re\) Just Energy Corp*](#), 2021 ONSC 1793.
9. [*BZAM Ltd., Re*](#), 2024 ONSC 1645.
10. [*Canwest Publishing Inc*](#), 2010 ONSC 222.
11. [*Lydian International Limited \(Re\)*](#), 2019 ONSC 7473.

C. Court Orders and Endorsements

1. [*Canacol Energy Ltd \(Re\), Initial Order \(18 November 2025\)*](#), Court of King's Bench of Alberta (Court File No. 2501-18462).
2. [*Freedom Cannabis Inc \(Re\), Initial Order \(12 August 2024\)*](#), Court of King's Bench of Alberta (Court File No. 2403-15089).
3. [*Massive Hash Factory Ltd., et al. \(Re\), Initial Order \(27 February 2026\)*](#), Court of King's Bench of Alberta (Court File No. 2601-03798).
4. [*Trees Corporation \(Re\), Endorsement of Justice Osborne dated January 29, 2024*](#), Ont. S.C.J. [Commercial List] (Court File No. CV-23-00711935-00CL).
5. [*Royal Helium Ltd., Re, et al., Initial Order \(19 February 2025\)*](#), Court of King's Bench of Alberta (Court File No. 2501-02606).
6. [*Green Impact Partners Inc., Re, et al., Amended and Restated Initial Order \(23 February 2026\)*](#), Court of King's Bench of Alberta (Court File No. 2501-19989).

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 CANADABIS CAPITAL INC., 1998643 ALBERTA LTD.,
STIGMA PHARMACEUTICALS INC., 2103157 ALBERTA LTD., AND FULL SPECTRUM LABS LTD.

Court File No. 2601-_____

ALBERTA
COURT OF KING'S BENCH
COMMERCIAL LIST

Proceeding commenced at **Calgary**

BENCH BRIEF OF THE APPLICANTS

THORNTON GROUT FINNIGAN LLP

100 Wellington Street West, Suite 3200, TD West Tower
Toronto ON M5K 1K7

Mitchell Grossell (LSO# 69993I)

Tel: 416-304-0595

Email: mgrossell@tgf.ca

Derek Harland (LSO #79504N)

Tel: 416-304-1127

Email: dharland@tgf.ca

Andrew Nesbitt (LSO #90514O)

Tel: 416-307-2413

Email: anesbitt@tgf.ca

Lawyers for the Applicants