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**
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Application before the Honourable Justice Jones to be held on April 27, 2026 at 2 PM on the Commercial List

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PART I - OVERVIEW

1. This Bench Brief is submitted on behalf of CanadaBis Capital Inc. ("**CanadaBis**"), 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 Amended and Restated Initial Order (the "**ARIO**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**") .[1]

2. On April 17, 2026, the Honourable Justice Armstrong of the Court of King's Bench of Alberta (the "**Court**") granted an Initial Order pursuant to the CCAA (the "**Initial Order**"). Among other things, the Initial Order included an initial ten day stay of proceedings (the "**Stay**") and appointed FTI Consulting Canada Inc. ("**FTI**") as Monitor of the Applicants (the "**Monitor**").

3. The Applicants commenced these CCAA proceedings because they owe over $7 million in outstanding excise taxes to the CRA, do not have the liquidity to repay the excise taxes while continuing operations in the ordinary course, and the Applicants were unable to raise additional capital. The Applicants require continued creditor protection to, among other things, stay enforcement actions that may be taken by the CRA and other creditors in order to preserve the Applicants' business and value for their stakeholders.

4. With the protections afforded to the Applicants by the CCAA and the Initial Order, the Applicants intend to stabilize their business and preserve the *status quo* while preparing for a sale and investment solicitation procedure with a view to maximizing value for their

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[1] RSC 1985, c C36 [**Book of Authorities of the Applicants dated April 22, 2026 ("BoA"), Tab 1**].

stakeholders either through additional investment in the Applicants or a going concern transaction.

5. Accordingly, the Applicants seek the ARIO at the comeback hearing scheduled for April 27, 2026 (the "**Comeback Hearing**") and submits that the Court should grant the relief requested for the following reasons:

(a) **Extension of the Stay**: The Applicants require the extension of the Stay to maintain the *status quo* and prevent disruption to the business while they prepare for a value-maximizing sale process. The Applicants have acted and are acting in good faith and with due diligence and have sufficient liquidity for the duration of the requested Stay period.

(b) **Increase and Elevation of Charges**: The Applicants request increases to the Administration Charge and the D&O Charge (together, the "**Charges**") and the elevation in priority of the Charges. Both forms of relief are necessary to ensure the continued participation of the professionals assisting with the restructuring and the Applicants' directors and officers, whom are critical to a successful restructuring. The Applicants have provided notice of the draft ARIO to their secured creditors and the amounts of the Charges have been developed in consultation with the Monitor and are fair and reasonable.

(c) **Critical Suppliers**: In order to safeguard against any disruption in the critical supply of goods or services, the Applicants request that the ARIO permit, with the consent of the Monitor, certain pre-filing payments be made to critical suppliers up to the modest aggregate amount of $290,000. Consistent with the objectives of the

CCAA, this relief will assist with the stabilization of operations to ensure that the Applicants continue business in the ordinary course.

(d) **Prohibition of Pre/Post Set-off**: Expressly prohibiting stakeholders of the Applicants to apply the law of set-off across pre-filing and post-filing obligations (and vice-versa) is consistent with leading jurisprudence from the Supreme Court of Canada, promotes the equitable treatment of creditors, avoids certain creditors attempting to leap ahead in priority, and avoids disruption to the Applicants' operations and cash flows.

PART II - SUMMARY OF FACTS

6. The relevant facts in support of the relief granted in the Initial Order and sought in the ARIO 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 were traded on the TSX Venture Exchange under the symbol "CANB".[3] On April 9, 2026, the Alberta Securities Commission sent CanadaBis a cease trade letter advising that its common shares would no longer be traded, subject to limited circumstances.[4] CanadaBis

[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.
[4] McIntyre Affidavit, para 107.

has the following wholly owned direct and indirect subsidiaries, each of whom is an Applicant in these proceedings:[5]

(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.[6]

(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,[7] and owns the Facility, being the real property from which the Applicants conduct their operations.[8]

(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.[9]

(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.[10]

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[5] McIntyre Affidavit, para 20.
[6] McIntyre Affidavit, paras 24-25.
[7] McIntyre Affidavit, paras 26-28.
[8] McIntyre Affidavit, para 62(b).
[9] McIntyre Affidavit, paras 30-32.
[10] 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.[11]

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.[12]

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.[13]

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.[14]

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[11] McIntyre Affidavit, para 40.
[12] McIntyre Affidavit, para 42.
[13] McIntyre Affidavit, para 44.
[14] McIntyre Affidavit, para 45.

Events Leading to these CCAA Proceedings

(a) **CRA Excise Tax Demand**

12. 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.[15]

13. On March 25, 2026, 199 received a letter from the CRA dated March 4, 2026 (the "**CRA Demand**"), that demanded 199 repay in full 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 199's bank accounts and/or seizure of 199's assets.[16]

14. Upon receipt of the CRA Demand, representatives of 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.[17]

15. Notwithstanding the best efforts of the Applicants to raise additional capital, the Applicants were not able to do so and could not find a solution that preserved the go-forward financial viability of the Applicants.[18] As a result, the board of directors of CanadaBis determined that the best path forward was to commence proceedings under the CCAA, which occurred on April 17, 2026.

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[15] McIntyre Affidavit, para 5.
[16] McIntyre Affidavit, para 6.
[17] McIntyre Affidavit, para 7.
[18] McIntyre Affidavit, para 7.

(b) **Operational Challenges**

16. 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.[19]

(c) **Failed Restructuring Efforts**

17. Prior to commencing these CCAA proceedings, the Applicants made significant efforts to stabilize their financial position outside of a formal restructuring process.

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[19] McIntyre Affidavit, para 12.

18. 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 failed transaction and diverted resources from core commercial activities, further straining the Applicants' already precarious financial position.[20]

19. 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.[21]

20. The Applicants' out-of-court restructuring efforts did not result in material improvements to the Applicants' financial position. As at the date that the CCAA proceedings were commenced, the Applicants had substantially drawn on their line of 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.[22]

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[20] McIntyre Affidavit, para 10.
[21] McIntyre Affidavit, para 14.
[22] McIntyre Affidavit, para 15.

Initial Order

21. On April 17, 2026, the Applicants appeared before the Honourable Justice Armstrong and were granted the Initial Order that, among other things:

(c) declared that the Applicants are each a debtor company to which the CCAA applies;

(d) granted the Stay in respect of the Applicants up to and including April 27, 2026 (the "**Initial Stay Period**");

(e) appointed FTI as the Monitor of the Applicants in these CCAA proceedings;

(f) granted the Applicants' relief from certain securities law reporting obligations under federal, provincial and other applicable law until further order of the Court;

(g) preserved the status quo of the Applicants' Health Canada and cannabis excise tax licenses;

(h) granted the Administration Charge in the initial amount of $150,000 for the benefit of the Applicants' counsel, the Monitor and the Monitor's counsel, as security for the respective fees and disbursements of counsel to the Applicants, the Monitor, and the Monitor's counsel relating to services rendered in respect of the CCAA proceeding;

(i) granted the D&O Charge in the initial amount of $900,000 for the benefit of the directors and officers of the Applicants; and

(j) confirmed the Comeback Hearing would be heard on April 27, 2026.

PART III - ISSUES

22. The issues to be determined by this Court are whether:

(a) the Stay should be extended to June 11, 2026;

(b) the Administration Charge should be increased from $150,000 to $375,000 and granted priority over all Encumbrances (as defined in the Initial Order);

(c) the D&O Charge should be increased from $900,000 to $2,900,000 and granted priority over all Encumbrances;

(d) the Applicants should be entitled to pay, with the approval of the Monitor, for goods and services supplied to the Applicants by critical suppliers prior to the date of the Initial Order, up to the maximum aggregate amount of $290,000; and

(e) the Court should prohibit any set-off between pre-filing and post-filing obligations absent the consent of the Applicants and the Monitor or further order of this Court.

PART IV - LAW & ARGUMENT

A. The Stay Should be Extended

23. The Applicants seek an extension of the Stay from April 27, 2026 to June 11, 2026.

24. Under section 11.02 of the CCAA, this Court may grant further extensions of the initial 10-day stay where the court is satisfied that: (i) circumstances exist that make the order appropriate; and (ii) the debtor has acted, and is continuing to act, in good faith and with due diligence.[23]

25. A stay of proceedings is appropriate to provide debtors with breathing room while they seek to deal with liquidity issues, consult with stakeholders, and develop a viable restructuring plan with a view to emerging as a going concern for the benefit of all stakeholders. The interests to be considered include those of creditors, employees and other counterparties.[24]

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[23] CCAA, s 11.02(2), 11.02(3).
[24] *Century Services Inc v Attorney General (Canada)*, 2010 SCC 60 at para 14 and para 60 [**BoA, Tab 2**].

26. This Court has also found that appropriateness of an extension of the stay of proceedings is assessed by inquiring into whether the order sought advances the policy objectives underlying the CCAA.[25]

27. The Applicants require the extension of the Stay to, among other things, provide the Applicants with time to develop and seek Court approval for a sale and investment solicitation process that will solicit further investment in or a going concern sale of the Applicants for the benefit of all stakeholders. Without the benefit of the Stay, the Applicants do not have sufficient liquidity to continue normal course operations in light of the CRA Demand.[26]

28. In the absence of the Stay, the Applicants will likely face enforcement actions by the CRA, as detailed in the McIntyre Affidavit, that would be devastating to the Applicants' business in the ordinary course and would significantly erode the going-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.

29. The Applicants have sufficient liquidity during the proposed extension of the Stay to continue these CCAA proceedings.[27]

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[25] *Re Canada North Group Inc*, 2017 ABQB 508 at para 34 [**BoA, Tab 3**].
[26] McIntyre Affidavit, para 15.
[27] Pre-Filing Report of the Monitor dated April 17, 2026 at para 83 and Appendix "A".

30. Since the granting of the Initial Order, the Applicants have taken steps to serve all affected parties with the Initial Order and application materials, as well as give notice of the comeback hearing.[28]

31. As detailed in the First Report of the Monitor dated April 22, 2026 (the "**First Report**"), the Monitor has also taken steps to provide the requisite notice of these CCAA proceedings, including to: (i) establish a website on which updates on the CCAA proceedings will be posted; (ii) establish an email address and telephone hotlines to address inquiries from interested stakeholders; (iii) arrange for publication in the *Globe and Mail* of the initial notice containing the information prescribed by the CCAA; and (iv) send notice of the proceedings to every known creditor with a claim against the Applicants in excess of $1,000.[29]

32. The Applicants have acted in good faith and with due diligence during these CCAA proceedings.

33. The Monitor is also of the view that the Applicants have acted and continue to act in good faith and with due diligence, and that circumstances exist that make an extension of the Stay Period appropriate. The Monitor also believes that the Applicants' creditors would not be materially prejudiced by an extension of the Stay Period until and including June 11, 2026. For those reasons, the Monitor supports the extension of the Stay.[30]

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[28] Affidavit of Service of Andrew Nesbitt affirmed April 20, 2026.
[29] First Report, paras 12-13.
[30] First Report, paras 34-38.

34. The granting of the Stay is in the best interests of the Applicants and their stakeholders, advances the remedial objectives of the CCAA, meets the statutory requirements under the CCAA, and is therefore appropriate in the circumstances.

B. The CCAA Charges Should be Granted

35. The Applicants are seeking to increase the Administration Charge to secure the fees and disbursements of the Monitor, along with its counsel and the Applicants' counsel, from $150,000 to $375,000, and to elevate its priority ahead of all other Encumbrances.

36. Pursuant to section 11.52 of the CCAA, on notice to secured creditors who are likely to be affected, the Court has 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.[31]

37. The Applicants submit that it is appropriate for this Court to exercise its jurisdiction and increase the Administration Charge and elevate its priority, given that:

(a) the Applicants' business is complex because it is highly regulated and subject to numerous statutory and regulatory restrictions and requirements;

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[31] CCAA, s 11.52; *Canwest Publishing Inc*, 2010 ONSC 222 at para 54 [*Canwest 2*] [**BoA, Tab 4**].

(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 beneficiaries of the Administration Charge is performing distinct functions and there is no duplication of roles;

(d) the quantum of the proposed increase to the Administration Charge was calculated with reference to the expected professional fees that will be incurred during the CCAA proceedings, relative to the anticipated ongoing payment of professional fees throughout these proceedings as evident in the Applicants' Cash Flow Forecast, and was calculated with the assistance of the Monitor and is fair and reasonable;

(e) the secured creditors likely to be affected have been given notice; and

(f) the Monitor supports the Administration Charge.[32]

38. The Applicants are also seeking to increase the D&O Charge from $900,000 to the aggregate amount of $2,900,000 to secure the indemnity of their respective directors and officers for liabilities they may incur in these CCAA proceedings and elevate its priority ahead of all other Encumbrances, save and except for the Administration Charge.

39. Section 11.51 of the CCAA empowers the Court to grant a charge in favour of any director or officer of the debtor company, and to indemnify the director or officer against

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[32] First Report, paras 16-17.

obligations and liabilities that they may incur in such capacity following the commencement of the CCAA proceedings, and for such charge to rank ahead of all existing secured creditors, provided that notice is given to the secured creditors who are likely to be affected by it. The purpose of such a charge is to incentivize the directors and officers to continue serving during the restructuring by providing them with protections against liabilities that could be incurred during the restructuring.[33] Having the directors and officers remain in place helps avoid a potential destabilization of the business and also allows the debtor company to benefit from experienced directors and officers, thereby increasing the probability of a successful restructuring.[34]

40. In *Jaguar Mining*, the Court identified the following factors to be considered with respect to the approval of a directors' and officers' charge:

(a) whether notice has been given to the secured creditors likely to be affected by the charge;

(b) whether the amount is appropriate;

(c) whether the applicant could not obtain adequate indemnification insurance for the director or officer at a reasonable cost; and

(d) whether the charge does not apply in respect of any obligation incurred by a director or officer as a result of the director's or officer's gross negligence or wilful misconduct.[35]

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[33] CCAA, s 11.51; *Lydian International Limited (Re)*, 2019 ONSC 7473 at para 52 [**BoA, Tab 5**].
[34] *Re Northstar Aerospace, Inc*, 2013 ONSC 1780 at para 29 [**BoA, Tab 6**].
[35] *Re Jaguar Mining Inc*, 2014 ONSC 494 at para 45 [**BoA, Tab 7**].

41. Director and officer charges have been held to be essential to the restructuring of debtor companies. The continued participation of highly experienced, fully functional and qualified directors and management of the debtor company is critical to restructuring and avoids destabilization in the business. Directors and officers usually cannot continue in the restructuring effort unless appropriate protections are granted, or they run the risk of personal liability incurred during the company's restructuring.[36] As the Supreme Court of Canada noted in *Canada North*, it is not reasonable to expect directors and officers to remain in place in a compromised position.[37]

42. As a restructuring creates new risks and potential liabilities for the directors and officers, the amount of the charge should be assessed in light of the obligations and liabilities that may be incurred by the directors and officers in the anticipated restructuring period.[38]

43. In light of the authorities noted above, it is appropriate in the circumstances for the Court to approve the increase to the D&O Charge and elevate its priority, 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 plan;

(b) the directors and officers have indicated that their continued service and involvement in these CCAA proceedings is conditional upon the granting of the D&O Charge;

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[36] *Re Canwest Global Communications Corp*, 2009 CarswellOnt 6184, 59 CBR (5th) 72 (Ont Sup Ct J [Commercial List]), at paras 47-48 [*Canwest 1*] [**BoA, Tab 8**].
[37] *Canada v Canada North Group Inc*, 2021 SCC 30, at para 28 [**BoA, Tab 9**].
[38] *Canwest 1*, *supra* note 36 at paras 47-48; *Canwest 2*, *supra* note 31 at paras 56-57.

(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 indemnity that is secured by the D&O Charge only covers obligations and liabilities that the directors and officers may incur after the commencement of these 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 Monitor taking into account the anticipated payroll, sales tax, excise taxes, and other possible personal liability exposure for directors and officers;

(f) the secured creditors that are affected by the D&O Charge have been given notice of the Comeback Hearing; and

(g) the Monitor is supportive of the D&O Charge.[39]

44. For the above reasons, the increases to the Charges should be granted and their priority elevated ahead of all other Encumbrances.

C. The Applicants Should be Entitled to Make Critical Pre-Filing Payments

45. The proposed ARIO authorizes, but does not require, the Applicants to pay amounts up to the aggregate amount of $290,000 owing for goods or services supplied to the Applicants prior to the date of the Initial Order, if in the opinion of the Applicants, with the consent of the Monitor, such payments are required to ensure the ongoing supply of critical goods and

[39] First Report, paras 20-22.

services. Such payments will only be made if they are necessary to avoid the disruption of the business of the Applicants.

46. This Court has the jurisdiction to grant this relief by exercise of its general jurisdiction under section 11 of the CCAA.[40]

47. Courts have routinely granted orders allowing CCAA debtors to pay pre-filing amounts to critical suppliers with the consent of the monitor.[41] In doing so, CCAA courts have considered the following criteria: (a) whether the goods and services concerned are integral to the business; (b) the applicant's need for the uninterrupted supply of the goods or services; (c) the Monitor's support and willingness to work with the applicant to ensure that payments to suppliers in respect of pre-filing liabilities are appropriate; and (d) the effect on the applicant's ongoing operations and ability to restructure if it were unable to make pre-filing payments to its critical suppliers.[42]

48. The Applicants, in consultation with the Monitor, have identified several key suppliers whose continued support is critical to preserving enterprise value. Payment of pre-filing obligations to those critical suppliers may be necessary to ensure the continuity of supply of essential goods and services required to maintain operations during these CCAA proceedings.

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[40] CCAA, s 11.
[41] *Canacol Energy Ltd (Re)*, Initial Order (18 November 2025), Court of King's Bench of Alberta (Court File No. 2501-18462) at para 6(c) [**BoA, Tab 10**]; *Cinram International Inc (Re)*, 2012 ONSC 3767 at paras 23-24 [**BoA, Tab 11**]; *JTI-Macdonald Corp, Re*, 2019 ONSC 1625 at paras 24-25 [**BoA, Tab 12**].
[42] *McEwan Enterprises Inc, Re*, 2021 ONSC 6453 at paras 32-33 [**BoA, Tab 13**].

49. The Applicants will only be permitted to make such pre-filing payments if it has the approval of the Monitor and only up to the aggregate maximum amount of $290,000. The Applicants have sufficient liquidity during the proposed extension to the Stay to make payments up to this amount.

50. The requested relief is proportionate, targeted and essential to maintain the status quo throughout the duration of these CCAA proceedings and the Monitor supports the relief.[43]

D. Pre-Post Set-Off Should be Prohibited

51. The proposed ARIO includes a provision prohibiting any set-off between pre-filing and post-filing obligations, absent the consent of the Applicants and the Monitor, or further order of this Court.

52. Courts have restricted pre-filing against post-filing set-off in other cases, including the recent CCAA proceedings of *Ted Baker Canada Inc. et al* and *Pride Group Holdings Inc., et al*, where in each case the initial order expressly prohibited pre-filing against post-filing set-off absent the consent of the Monitor or leave of the Court.[44]

53. This is consistent with the Supreme Court of Canada's decision in *Montréal (City) v. Deloitte Restructuring Inc.*, where Chief Justice Wagner, writing for the majority, held that pre-filing against post-filing set-off will generally be subject to the stay of proceedings and should only be permitted in CCAA proceedings in rare circumstances.[45]

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[43] First Report, paras 27-29.
[44] *Ted Baker Canada Inc, et al, Re*, Initial Order (24 April 2024), Ontario Superior Court of Justice (Court File No. CV-24-00718993-00CL) at para 18 [**BoA, Tab 14**]; *Pride Group Holdings Inc., et al, Re*, 2024 ONSC 2026 at paras 51-52 [**BoA, Tab 15**].
[45] *Montréal (City) v Deloitte Restructuring Inc*, 2021 SCC 53 at para 4 [**BoA, Tab 16**].

54. This relief preserves the integrity of the Stay by preventing creditors from using set-off to recover pre-filing claims through post-filing obligations and avoids disruption to the Applicants' operations and cash flow.

55. This relief is also necessary to avoid practical and administrative challenges. Absent a clear prohibition, the Applicants would be required to monitor and reconcile pre- and post-filing obligations across counterparties, creating additional operational burden. The requested prohibition maintains the status quo and allows the Applicants to manage cash flow and operations efficiently.

56. As the requested relief is consistent with established insolvency principles as set forth by the Supreme Court of Canada, and in considering that the relief is necessary to maintain separation between pre-filing and post-filing obligations, the Monitor supports the granting of this relief.[46]

PART V - ORDER REQUESTED

57. 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 ARIO.

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[46] First Report, paras 30-32.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22nd day of April, 2026.

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.

B. Case Law

1. *Century Services Inc v Attorney General (Canada)*, 2010 SCC 60.
2. *Re Canada North Group Inc*, 2017 ABQB 508.
3. *Canwest Publishing Inc*, 2010 ONSC 222.
4. *Lydian International Limited (Re)*, 2019 ONSC 7473.
5. *Re Northstar Aerospace, Inc*, 2013 ONSC 1780.
6. *Re Jaguar Mining Inc*, 2014 ONSC 494.
7. *Re Canwest Global Communications Corp*, 2009 CarswellOnt 6184, CBR (5th) 72 (Ont Sup Ct J [Commercial List]).
8. *Canada v Canada North Group Inc*, 2021 SCC 30.
9. *Cinram International Inc (Re)*, 2012 ONSC 3767.
10. *JTI-Macdonald Corp, Re*, 2019 ONSC 1625.
11. *McEwan Enterprises Inc, Re*, 2021 ONSC 6453.
12. *Pride Group Holdings Inc., et al, Re*, 2024 ONSC 2026.

13. *Montréal (City) v Deloitte Restructuring Inc*, 2021 SCC 53.

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. *Ted Baker Canada Inc, et al, Re*, Initial Order (24 April 2024), Ontario Superior Court of Justice (Court File No. CV-24-00718993-00CL).

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. 2601-07007

ALBERTA
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