

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

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TEHAMA INC.**

Applicant

**FIRST REPORT OF THE MONITOR
DATED JANUARY 26, 2023**

INTRODUCTION

1. On January 20, 2023, Tehama Inc. (the “**Applicant**” or “**Tehama**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36 (the “**CCAA**”) pursuant to the Order of Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 20, 2023 (the “**Initial Order**”). A copy of the Initial Order is attached as **Appendix “A”**.
2. Among other things, the Initial Order:
 - (a) granted a stay of proceedings until January 30, 2023;
 - (b) appointed Deloitte Restructuring Inc. as Monitor of the Applicant (in such capacity, (the “**Monitor**”));
 - (c) granted a charge (the “**Administration Charge**”) against the Applicant’s Property to a maximum amount of \$200,000 as security for the professional fees and disbursements incurred by counsel to the Applicant, the Monitor and the Monitor’s counsel;
 - (d) granted a charge (the “**Directors’ Charge**”) against the Applicant’s Property to a maximum of \$225,000 as security for the indemnity granted in favour of the Applicants’ directors and officers pursuant to the Initial Order against obligations

and liabilities that they may incur as directors or officers of the Applicant after the commencement of these CCAA Proceedings. The Director's Charge ranks second in priority behind the Administration Charge;

- (e) approved interim financing (the "**DIP Financing**") in the maximum principal amount of \$300,000 provided by 14667913 Canada Inc. (the "**DIP Lender**") pursuant to the terms of a DIP Term Sheet dated January 19, 2023 (the "**DIP Term Sheet**") and granted a charge (the "**DIP Charge**") against the Applicant's Property (as defined in the Initial Order) as security for the DIP Financing ranking third in priority behind the Administration Charge and Director's Charge.
3. Deloitte, in its capacity as proposed Monitor, filed the Pre-filing Report prior to its appointment as Monitor to provide information to this Court for its consideration in respect of the Applicants' CCAA application. A copy of the Pre-filing Report (with appendices) is attached as **Appendix "B"**.
 4. The Monitor files this First Report of the Monitor (this "**First Report**") in connection with the hearing scheduled by this Court for January 30, 2023 (the "**January 30 Hearing**"). At the January 30 Hearing, the Applicant seeks an Amended and Restated Initial Order, a copy of which is attached as **Appendix "C"** to this First Report (the "**Amended and Restated Initial Order**" or "**ARIO**").
 5. Capitalized terms not defined in this First Report are as defined in the Initial Order or the Pre- Filing Report.
 6. Unless otherwise stated monetary amounts contained herein are expressed in Canadian dollars.

PURPOSE

7. This First Report provides this Court with information about the following:
 - (a) the activities of the Monitor since its appointment by the Initial Order;
 - (b) an update on the DIP Financing advances made to the Applicant by the DIP Lender and the DIP loan arrangement between Tehama and the DIP Lender (the "**DIP**

Loan Term Sheet”);

- (c) the Applicant’s revised cash flow forecast, a copy of which is attached as **Appendix “D”** (the **“Revised Cash Flow Forecast”**); and
- (d) an overview of the significant changes in the Amended and Restated Initial Order.

TERMS OF REFERENCE

8. In preparing this First Report the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records, and financial information prepared by the Applicant and discussions with and information from the Applicant’s management (**“Management”**) (collectively, the **“Information”**). Except as described in this First Report in respect of the Revised Cash Flow Forecast:
 - (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (**“GAAS”**) pursuant to the CPA Canada Handbook (the **“CPA Handbook”**) and, accordingly, the Monitor express no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - (b) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
9. Future oriented financial information referred to in this First Report was prepared based on the Applicant’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.

ACTIVITIES OF THE MONITOR

10. Since its appointment pursuant to the Initial Order, the Monitor’s activities have included

following:

- (a) established a protocol for monitoring and monitored the Applicants' receipts and disbursements;
- (b) attended various meetings with management of the Applicant and its counsel with respect to the CCAA Proceedings and the Applicant's day-to-day operations;
- (c) assisted and advised the Applicant with the preparation of the Revised Cash Flow Forecast as further discussed in paragraphs 12 through 16 of this First Report;
- (d) arranged for notices to be sent on January 26, 2023 to all known creditors of the Applicant with claims exceeding \$1,000 and arranged for the publication of a notice of the CCAA Proceedings in the Globe and Mail (National Edition) in accordance with the Initial Order. Such advertisements will be published once per week for two weeks in accordance with the Initial Order;
- (e) corresponded and held discussions with a number of the Applicant's creditors;
- (f) reviewed materials regarding the Applicant's appointment of a new independent director to assist with this restructuring process;
- (g) established the Monitor's case website www.insolvencies.deloitte.ca/en-ca/Tehama; and
- (h) prepared this First Report.

DIP FINANCING

11. With the approval of the Monitor, the first advance under the DIP Financing, in the amount of \$98,000, was received by the Applicant on January 24, 2023.

REVISED CASH FLOW FORECAST

12. Attached as **Appendix "D"** is the Revised Cash Flow Forecast for the 13-week period January 20, 2023 to April 21, 2023 (the "**Revised Cash Flow Period**"), which has been shared with and agreed to by the DIP Lender. The Revised Cash Flow Forecast has been

prepared by management to update the Cash Forecast filed with this Court along with Tehama's CCAA application record for new information which has become available since that time.

13. The Monitor makes the following observations with respect to the Revised Cash Flow Forecast:

(a) total receipts are forecast to be approximately \$1.1 million for the Revised Cash Flow Period. Of this amount \$415,000 (39%) relate to an expected Harmonized Sales Tax refund, as well as a reimbursement from Canada Revenue Agency ("CRA") with respect to available Scientific Research and Experimental Development ("SRED"). Should these funds not be received, the DIP Financing may not provide sufficient funds for the Applicant to operate in the normal course (i.e., without significantly reducing disbursements);

(b) total operating disbursements are forecast to be approximately \$1.7 million for the Revised Cash Flow Period. Significant disbursements include employee costs and critical service providers to maintain current business operations. Tehama has also agreed to pay CIBC \$150,000 in costs and expenses, payable in monthly installments starting on February 1, 2023 as part of the Settlement Agreement dated January 19, 2023 between Tehama and CIBC;

(c) The Revised Cash Flow Forecast is forecasting a total DIP requirement of approximately \$500,000 to maintain operations through the proposed stay period to March 31, 2023.

14. The Monitor's review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to us by certain of the Management and employees of Tehama. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the cash flow statement. The Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the cash flow statement.

15. Based on the Monitor's review of the Updated Cash Flow Forecast for the Comeback Period, nothing has come to our attention that causes us to believe that, in all material respects:
 - (a) the hypothetical assumptions are not consistent with the purpose of the cash flow statement;
 - (b) as at the date of this First Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the cash flow statement, given the hypothetical assumptions; or
 - (c) the cash flow statement does not reflect the probable and hypothetical assumptions.
16. Since the Revised Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report or relied upon by the Monitor in preparing this First Report.

AMENDED AND RESTATED INITIAL ORDER

17. This section of the First Report highlights for the Court the significant changes between the Initial Order and the Amended and Restated Initial Order being sought by the Applicant.

Stay of Proceedings

18. The Initial Order provided for a Stay of Proceedings until January 30, 2023.
19. The Amended and Restated Initial Order contemplates extending the Stay of Proceedings to March 31, 2023 in order to structure a sales process should this Honorable Court approve the relief being sought at the January 30 Hearing.
20. Tehama has recently designated an independent director, Mr. Michael Aeillo, to assist with Tehama's restructuring efforts. The extended Stay of Proceedings would also

allow for Mr. Aeillo to acquaint himself more fully with Tehama and to participate in finalizing the proposed sales process.

Administration Charge

21. The Initial Order provided for an Administration Charge against the Applicant's Property to a maximum amount of \$200,000 as security for the professional fees and disbursements incurred by counsel to the Applicant, the Monitor and the Monitor's counsel.
22. The Administration Charge was limited to the amount required in the immediate lead-up to and the first days following the granting of the Initial Order.
23. The Amended and Restated Initial Order contemplates increasing the Administration Charge to a maximum amount of \$300,000 to secure the fees and disbursements of the professionals who continue to contribute to these CCAA proceedings and assist the Company with its restructuring efforts.
24. The Monitor has reviewed the proposed amended Administration Charge which will cover approximately 5 weeks of forecasted professional fees and is of the view that the increase is reasonable given the circumstances.

DIP Charge

25. The Initial Order granted a DIP Lender's Charge against the Applicant's Property to a maximum of \$300,000 to secure all amounts advanced under the DIP Facility.
26. The Amended and Restated Initial Order seeks to increase the DIP Lender's Charge to a maximum principal amount of \$500,000 to meet the funding requirements of the Company during the proposed extension of the Stay Period as outlined in the Revised Cash Flow Forecast.
27. The Monitor supports the Amended DIP Charge contemplated by the Amended and Restated Initial Order as this funding is necessary for Tehama to structure a sales process and continue with its restructuring.

Priority of Charges

28. In summary, the relative priority of the charges contemplated under the Amended and Restated Initial Order are as follows (the “**Charge Priority Ranking**”):

- (a) Administration Charge;
- (b) Director’s Charge; and
- (c) DIP Lender’s Charge.

29. The proposed Charge Priority Ranking is supported by the Monitor.

CONCLUSION AND RECOMMENDATIONS

30. In the Monitor’s opinion, Tehama is acting in good faith and with due diligence in an effort to further its restructuring efforts.

31. Based on the Revised Cash Flow, Tehama will have the liquidity required to maintain operations to the end of the proposed stay period of March 31, 2023.

32. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court approve the Amended and Restated Initial Order, including extending the Stay of Proceedings through March 31, 2023 being sought by the Applicant.

All of which is respectfully submitted this 26th day of January 2023.

DELOITTE RESTRUCTURING INC.
in its capacity as the Monitor
of the Applicant

Per:



Philip J Reynolds, LIT
Senior Vice President

APPENDIX “A”



Court File No. CV-23-00693280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
JUSTICE KIMMEL)
FRIDAY, THE 20th
DAY OF JANUARY, 2023

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 TEHAMA INC. (the "**Applicant**")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario, by judicial video conference via Zoom.

ON READING the affidavit of Rob White sworn January 20, 2023 and the Exhibits thereto (the "**White Affidavit**"), and the Pre-Filing Report of Deloitte Restructuring Inc. ("**Deloitte**") as the proposed monitor dated January 20, 2023, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for Deloitte, and such other counsel that were present, no one appearing for any other party although duly served as appears from the affidavit of service of Amanda Campbell sworn January 20, 2023 and on reading the consent of Deloitte to act as the monitor (in such capacity, the "**Monitor**"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, as described in the White Affidavit, or replace it with another substantially similar central cash management system (the “**Cash Management System**”), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the

Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor, amounts owing for goods or services actually provided to the Applicant prior to the date of this Order if, in the opinion of the Applicant and the Monitor, such third party is critical to the Business and ongoing operations of the Applicant; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant on or following the date of this Order.

7. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in the amounts set out in the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

11. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including January 30, 2023, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication, cloud and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with the normal payment practices of such Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as a director or officer of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$225,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 19 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 37 and 39 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge; and (ii) the Applicant directors and officers shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as defined herein) and its counsel, from time to time, of financial and other information as agreed to between the Applicant and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant, including, without limitation, the DIP Lender, with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the

Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly basis or pursuant to such other arrangements agreed to between the Applicant and such parties.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

DIP FINANCING

31. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from 14667913 Canada Inc. (the "**DIP Lender**") in

order to finance the Applicant's working capital requirements, the cost of these proceedings and other general corporate purposes and capital expenditures, provided that the principal borrowings under such credit facility shall not exceed \$300,000, plus accrued and unpaid interest, fees and reimbursable expenses, unless permitted by further Order of this Court.

32. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of January 19, 2023 (the "**Commitment Letter**"), filed and attached as Exhibit "J" to the White Affidavit.

33. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 37 and 39 hereof.

35. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven (7) days' notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant

- or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

36. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$200,000);

Second – Directors' Charge (to the maximum amount of \$225,000); and

Third – DIP Lender's Charge in the amount of \$300,000.

38. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the

Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

40. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

41. **THIS COURT ORDERS** that the Charges, the Commitment Letter and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (o) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which such Applicant is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

43. **THIS COURT ORDERS AND DECLARES** that if any of the provisions of this Order in connection with the Commitment Letter, the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court, on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender whether under this Order (as made prior to the Variation), under the Commitment Letter and the Definitive Documents, with respect to any advances made prior to the DIP Lender being given notice of the Variation and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made.

SERVICE AND NOTICE

44. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail* a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly

available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.insolvencies.deloitte.ca/en-ca/Tehama.

46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to the Applicant’ creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery, facsimile or other electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

47. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.


48. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

49. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

50. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

51. **THIS COURT ORDERS THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on January 30, 2023 at 12:30 p.m. (Eastern Standard Time) (the “**Comeback Date**”), and any such interested party shall give not less than two (2) business days’ notice to the service list in these proceedings and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 37 and 39 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard Time) on the date of this Order without the need for entry or filing.

 Digitally signed by
Jessica Kimmel
Date: 2023.01.20
14:22:01 -05'00'

Court File No. CV-23-00693280-00CL

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 TEHAMA INC

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

Proceedings commenced at Toronto, Ontario

INITIAL ORDER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert Kennedy (LSO # 474070)
Tel: 416-367-6756
Fax: 416-863-4592
robert.kennedy@dentons.com

Chase Irwin (LSO # 60743F)
Tel: 1-613-783-9642
chase.irwin@dentons.com

Mark A. Freake (LSO # 63656H)
Tel: 416-863-4456
mark.freake@dentons.com

Lawyers for the Applicant

APPENDIX “B”

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c.C-36 AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
TEHAMA INC.**

**REPORT OF THE PROPOSED MONITOR
January 20, 2023**

INTRODUCTION

1. Deloitte Restructuring Inc. (“**Deloitte**” or the “**Proposed Monitor**”) understands that Tehama Inc. (“**Tehama**” or the “**Applicant**”) will be bringing an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) to commence proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and to seek an order (the “**Proposed Initial Order**”), among other things, granting a stay of proceedings (the “**Stay Period**”).
2. This report (the “**Report**”) has been prepared by the Proposed Monitor prior to and in contemplation of its appointment as Monitor in Tehama’s CCAA proceeding to provide information to the Court for its consideration on the Applicant’s initial hearing seeking protection pursuant to the CCAA.

PURPOSE

3. The purpose of this Report is to provide information to the Court on:
 - i. Deloitte's qualifications to act as Monitor;
 - ii. Background information with respect to Tehama;
 - iii. An overview of Tehama's 13-week cash flow forecast (the "**Cash Flow Forecast**"), attached hereto as **Appendix "A"**;
 - iv. The relief being sought by the Applicant in the Proposed Initial Order; and
 - v. The Proposed Monitor's conclusions and recommendations.

TERMS OF REFERENCE AND DISCLAIMER

4. In preparing this Report and making the comments herein, the Proposed Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by Tehama, and discussions with management of the Applicant ("**Management**") (collectively, the "**Information**").
5. The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Generally Accepted Assurance Standards ("**Canadian GAAS**") pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under Canadian GAAS in respect of the Information.

6. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
7. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that, since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
8. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

DELOITTE'S QUALIFICATIONS TO ACT AS MONITOR

9. Deloitte is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act (Canada)*, R.S.C. 1985, c. C-3, as amended. Even though the Proposed Monitor fulfills the requirements of section 11.7(1) of the CCAA, it is subject to the requirement set out in section 11.7(2) of the CCAA to seek the permission to act as Monitor.
10. Deloitte LLP, an affiliate of Deloitte Restructuring Inc., acted as auditor of the Applicant for its fiscal years ended December 31, 2020 and December 31, 2021. The audit report for the December 31, 2021 fiscal year was rendered on March 30, 2022. Tehama began having its financial statements audited as a result of a requirement by CIBC for audited financial

statements. The audits were conducted by the Ottawa office of Deloitte LLP. Deloitte LLP also prepares corporate tax returns for Tehama on an annual basis.

11. Deloitte LLP has been replaced by another audit firm for the fiscal year ended December 31, 2022. As discussed in paragraphs 79 through 83 of the Affidavit of Rob White, Chief Financial Officer of Tehama sworn January 20, 2023 (the “**White Affidavit**”), the primary financial statement user, Canadian Imperial Bank of Commerce (the “**CIBC**”), has sold its secured debt to 14667913 Canada Inc., pursuant to an Assignment of Debt and Security Agreement (as described and defined in the White Affidavit), as well as related agreements of settlement, including a full and final release. As such they will no longer be relying on Deloitte LLP’s audited financial statements.

12. As Tehama’s liquidity concerns increased over the past few months, and as a result of its increasing concern over the deterioration of the CIBC relationship, Deloitte’s Toronto based restructuring group was retained to assist it in trying to navigate a solution to the CIBC matter and to help guide the Company in focussing on ways to effectively restructure its affairs. Following the freezing of the Company’s bank accounts, the focus immediately shifted to considering relief under the CCAA. At that stage, the Company had neither the time nor the resources to try to get a new advisor up to speed. In light of the fact that CIBC is no longer a creditor, and that the purchaser of that debt supports Deloitte continuing in this role, Deloitte has worked extensively with Tehama over the past two (2) weeks to provide assistance in preparing for its filing under the CCAA. This included assistance in the preparation of the Applicant’s CCAA Cash Flow Forecast (as hereinafter defined), as well as general support in preparing for CCAA proceedings.

13. In preparation for a role as CCAA Monitor in this matter, Deloitte has erected an ethical wall to separate the Monitor team in Toronto and Calgary from the former audit team in Ottawa (such professionals who practice with Deloitte's affiliate, Deloitte LLP). The ethical wall consists of procedures and processes that prohibit communications between teams relating to the prior audit engagements and the monitorship, separation and physical security requirements pertaining to physical files and information, as well as information technology restrictions on Deloitte's networks with respect to access to electronic files. The ethical wall has been erected by Deloitte's risk and ethical walls group, which independently monitors compliance by the various teams.
14. With the permission of the court, and with any restrictions it may impose under s. 11.7(2) of the CCAA, Deloitte has consented to act as Monitor, should the Court grant the Applicant's request for the Proposed Initial Order.
15. The Proposed Monitor has retained Goodmans LLP ("**Monitor's Counsel**") to act as its independent counsel in these CCAA proceedings.

BACKGROUND INFORMATION WITH RESPECT TO TEHAMA

16. This Report should be read in conjunction with the White Affidavit for additional background information with respect to Tehama, upon which the Proposed Monitor relies.
17. The Company is a private company incorporated under the *Canada Business Corporations Act*, with its head office located in Ottawa, Ontario. The Company provides a next generation desktop as a service ("**DaaS**") platform, which enables customers to utilize

cloud-based virtual offices, rooms, and desktops anywhere in the world, facilitating secure, virtual workspaces.

Historic Operating Performance, Financial Position and Causes of Insolvency

18. An account of the Company's historic operating performance and financial position (including details with respect to its assets and liabilities as at December 31, 2022) is provided in the White Affidavit.
19. The Company has experienced significant net losses since its inception. Although this is not atypical for businesses in the development phase in the sector in which the Company operates, it has resulted in a significant leveraging of the Company's balance sheet, and now a significant liquidity crisis. The Proposed Monitor is of the view that the Company is insolvent.

APPLICANT'S CASH FLOW FORECAST

20. The Applicant, with the assistance of the Proposed Monitor, has prepared the Cash Flow Forecast, which covers the period from January 20, 2023 to April 21, 2023 (the "**Cash Flow Period**") for the purposes of projecting the estimated results of the Applicant's planned operations and other activities during the Cash Flow Period. A copy of the Cash Flow Forecast is attached as **Appendix "A"** hereto.
21. The Cash Flow Forecast has been prepared by Management, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast (the "**Assumptions**"), and is presented on a weekly basis during the Cash Flow Period.

22. The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the monitor's findings. The Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice include a standard for monitors fulfilling their statutory responsibilities under the CCAA in respect of a monitor's report on a cash flow statement.
23. In accordance with the standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to the Information. Since the Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by Management for the Assumptions and the preparation and presentation of the Cash Flow Forecast.
24. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material aspects, that:
 - i. the Assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii. as at the date of this Report, the Assumptions are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the Assumptions; or
 - iii. the Cash Flow Forecast does not reflect the Assumptions.

25. Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no opinion as to whether the projections in the Cash Flow Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon in preparing this report. Neither does the Proposed Monitor express any opinion as to the performance of Tehama's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Forecast including, inter alia, the payment of wages, the payment of government remittances, and the payment of payroll deductions to be made by Tehama.
26. The Cash Flow Forecast has been prepared solely for the purpose described in the Notes to the Cash Flow Forecast, and readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.
27. As set out in the White Affidavit, the Company has secured a debtor in possession financing facility (the "DIP Term Sheet") from the same related party that acquired the former CIBC indebtedness. The facility commitment is \$500,000 and is necessary for the Company to satisfy its post-filing obligations as they come due in the coming weeks during the Cash Flow Period. Based on the Cash Flow Forecast, the Company has the necessary funding to pursue its restructuring for a twelve-week period should it receive the relief requested pursuant to its application for the Proposed Initial Order.

THE PROPOSED INITIAL ORDER

Stay of Proceedings

28. The Company requires a stay of proceedings and other protections provided by the CCAA in order to preserve corporate value, to prevent any enforcement by creditors and other stakeholders that could threaten its business, and to effect its restructuring plans. The Proposed Initial Order provides for an initial 10-day stay period.

DIP Financing

29. The Applicants have executed the DIP Term Sheet, which has been filed with its application materials. The DIP Term Sheet includes the following terms:

- i. Borrower: Tehama Inc.
- ii. Maximum borrowings: \$500,000;
- iii. Interest rate: 5% per annum;
- iv. Purpose: ordinary course working capital and restructuring costs in accordance with the Cash Flow Forecast;
- v. Security: a first priority charge on all of the Company's property, provided by the Proposed Initial Order, if granted, subject only to the Administration Charge and the Directors' Charge;
- vi. Maturity: the earliest of April 20, 2023, the closing of a sale in the contemplated SISF process, the termination of the CCAA proceedings or an event of default.

30. Importantly, the DIP Term Sheet does not contain any case controls of the type one might find in other DIP term sheets.
31. Since the Cash Flow Forecast suggests that total advances in the first 10 days of the CCAA proceedings would total approximately \$285,000, the Proposed Initial Order seeks to approve only up to \$300,000 of the authorized limit in the DIP Term Sheet, and to similarly limit the proposed DIP Lender's Charge to \$300,000. Should the Proposed Initial Order be issued, the Company intends to seek to increase both of those numbers to the full \$500,000 in any Amended and Restated Initial Order.
32. Based on the foregoing, the Proposed Monitor supports the DIP Financing.

Ability to make pre-filing payments

33. The Proposed Initial Order permits the Applicant to make pre-filing payments as necessary to critical suppliers. As detailed in the White Affidavit, there are a limited number of critical suppliers, however, the Company is dependent on them for its continued operation. The Monitor has reviewed the nature and extent of services provided by the Company's identified critical suppliers and agrees with the Company's assessment and their proposed treatment in a CCAA proceeding.

Proposed Charges

34. The Proposed Initial Order provides for certain priority charges, in order of priority, as follows:


- i. First – the Administration Charge against the Applicant’s Property to a maximum amount of \$200,000 as security for the professional fees and disbursements incurred by counsel to the Applicant, the Monitor and the Monitor’s counsel;
 - ii. Second – the Directors’ Charge against the Applicant’s Property to a maximum amount of \$225,000 as security for the indemnity granted in favour of the Applicant’s directors and officers pursuant to the Proposed Initial Order against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of these CCAA Proceedings. The calculation of this charge is based on the potential exposure of Tehama’s directors and officers with respect to wages, source deductions and commodity taxes that Tehama may be obligated for during the initial 10-day stay period contemplated by the Proposed Initial Order; and
 - iii. Third – the DIP Charge, which secures advances under the DIP Term Sheet, to a maximum of \$300,000.
35. The Monitor has reviewed the sizing of the charges and agrees with Company management’s assessment and calculation of same. The Monitor believes the charges are necessary for professionals, Directors, and DIP Lender to participate in the Company’s restructuring efforts.
36. The Monitor understands that, should the Proposed Initial Order be issued, the Company intends to seek to increase the Administration Charge to \$300,000, but that the amount of the Directors’ Charge would not change.

CONCLUSION

37. Based on the circumstances and analysis set out above, the Proposed Monitor is supportive of the Applicant's request for relief pursuant to the CCAA and the terms of the Proposed Initial Order.

All of which is respectfully submitted this 20th day of January 2023.

Deloitte Restructuring Inc.
in sole its capacity as Proposed Monitor
of Tehama Inc.



Philip J. Reynolds, LIT
Senior Vice-President

APPENDIX “A”

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Ended	Notes	27-Jan-23 Projected	3-Feb-23 Projected	10-Feb-23 Projected	17-Feb-23 Projected	24-Feb-23 Projected	3-Mar-23 Projected	10-Mar-23 Projected	17-Mar-23 Projected	24-Mar-23 Projected	31-Mar-23 Projected	7-Apr-23 Projected	14-Apr-23 Projected	21-Apr-23 Projected	Projected
Revenue															
Receivables	1	-	227,610	-	-	-	209,033	-	-	-	-	209,033	-	-	645,675
Other revenues	2	-	110,000	-	-	400,000	-	-	-	-	-	-	-	-	510,000
Total Revenue		-	337,610	-	-	400,000	209,033	-	-	-	-	209,033	-	-	1,155,675
Payments															
Salaries and wages	3	(113,846)	-	(115,694)	-	(113,846)	-	(115,694)	-	(113,846)	-	(115,694)	-	(113,846)	(802,467)
Rent	4	(110,000)	-	-	-	-	-	-	-	-	-	-	-	-	(110,000)
Insurance	5	-	-	(1,206)	-	-	-	(1,206)	-	-	-	(1,206)	-	-	(3,618)
Vendor payments	6	(250,000)	(160,970)	-	-	16,950	(160,970)	-	-	-	16,950	(160,970)	-	-	(699,011)
Other operating expenses	7	(19,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-	(57,000)
Total Payments		(492,846)	(160,970)	(116,900)	-	(115,896)	(160,970)	(116,900)	-	(132,846)	16,950	(277,871)	-	(113,846)	(1,672,097)
Net Cash Flow From Operations		(492,846)	176,640	(116,900)	-	284,104	48,062	(116,900)	-	(132,846)	16,950	(68,838)	-	(113,846)	(516,421)
Professional fees	8	(190,000)	-	-	-	(125,000)	-	-	-	(125,000)	-	-	-	(125,000)	(565,000)
DIP Advances	9	284,044	-	-	-	-	-	-	-	107,841	-	51,888	-	238,846	682,620
Net Cash Flow		(398,802)	176,640	(116,900)	-	159,104	48,062	(116,900)	-	(150,005)	16,950	(16,950)	-	-	(398,802)
Opening Cash balance (deficit)		398,802	-	176,640	59,739	59,739	218,843	266,905	150,005	150,005	-	16,950	-	-	398,802
Net Cash Flow		(398,802)	176,640	(116,900)	-	159,104	48,062	(116,900)	-	(150,005)	16,950	(16,950)	-	-	(398,802)
Closing Cash balance (deficit)		-	176,640	59,739	59,739	218,843	266,905	150,005	150,005	-	16,950	-	-	-	-
Cumulative DIP advances		284,044	284,044	284,044	284,044	284,044	284,044	284,044	284,044	391,885	391,885	443,774	443,774	682,620	

General Notes

Tehama Inc. ("Tehama"), headquartered in Ontario Canada with a satellite office in the United States, provides a next generation desktop as a service ("Daas") platform, which enables customers to utilize cloud-based virtual offices, rooms, and desktops anywhere in the world, facilitating secure, virtual workspaces. The Tehama 13-week cash flow (the "Tehama CF") was prepared by Management based on a potential CCAA filing date of January 19, 2023. The Tehama CF converts all USD transactions based on the Bank of Canada's January 2023 monthly average exchange rate of CAD\$1.34 = USD\$1.00.

Specific notes and assumptions:

- Receivable collections are based on a review of the current aged receivables and corresponding historical collection terms.
- Tehama has filed its claims with the Canada Revenue Agency ("CRA") for its commodity tax credits and available Scientific Research and Experimental Development ("SRED") tax credits and anticipates receiving a commodity tax refund of approximately \$110,000 the week ending February 3, 2023 and a SRED refund of approximately \$400,000 the week ending February 24, 2023.
- Tehama currently employs 24 key personnel (15 full-time and 9 part-time staff) to maintain the day-to-day operations of the company. Prior to the date of this report approximately 32 employees were laid off with recall dates ranging from February 2023 to August 2023, in accordance with the applicable labour laws. Tehama uses a third party payroll service provider, ADP.
- Tehama entered into a six year and 10-month lease, with a related party, for office premises commencing September 1, 2019 for approximately \$110,000 per month.
- Tehama holds one (1) insurance policy through Lloyd's Underwriters from commercial general liability, automobile liability, employer liability and errors & omissions and Cyber liability expiring in July 2023. All premiums are current and are paid monthly. Director and office liability coverage is held at the parent company level for all subsidiary companies.
- Vendor payments comprise of direct costs to maintain operations during the 13-week period ending April 21, 2023. Week 1 of the Tehama CF includes a vendor deposit in the amount of \$250,000 to secure the continuation of critical services.
- Operating expenses comprise of general office and administrative costs incurred to maintain day-to-day operations, including, but not limited to, office expenses, bank fees, payroll fees, and proposed credit card expenses.
- Professional fees have been forecast based on projected costs by professional services firms related to the restructuring. Actual expenses will be dependent on a number of unknown factors, including the timing of a restructuring plan to be put forward to the creditors and the number of Court applications which are
- The Tehama CF reflects a proposed DIP requirement totaling approximately \$683,000 (excluding costs and expenses) for the 13-week cash flow period ending April 21, 2023.

APPENDIX “C”

Court File No. CV-23-00693280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	MONDAY, THE 30 th
)	
JUSTICE KIMMEL)	DAY OF JANUARY, 2023

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 TEHAMA INC.

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario, by judicial video conference via Zoom.

ON READING the affidavit of Rob White sworn January 20, 2023 and the Exhibits thereto (the "**First White Affidavit**"), the affidavit of Rob White sworn January 26, 2023, and the Pre-Filing Report of Deloitte Restructuring Inc. ("**Deloitte**") as the proposed monitor dated January 20, 2023 (the "**Monitor**"), and the First Report of the Monitor dated January ___, 2023 (the "**First Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for Deloitte, and such other counsel that were present, no one appearing for any other party although duly served as appears from the affidavit of service of Amanda Campbell sworn January 26, 2023,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, as described in the First White Affidavit, or replace it with another substantially similar central cash management system (the “**Cash Management System**”), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or

legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor, amounts owing for goods or services actually provided to the Applicant prior to the date of this Order if, in the opinion of the Applicant and the Monitor, such third party is critical to the Business and ongoing operations of the Applicant; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and

- (b) payment for goods or services actually supplied to the Applicant on or following the date of this Order.

8. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in the amounts set out in the

applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any

applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including January 30, 2023, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the

foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication, cloud and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with the normal payment practices of such Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as a director or officer of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$225,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (ii) the Applicant directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as defined herein) and its counsel, from time to time, of financial and other information as agreed to between the Applicant and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations

thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant, including, without limitation, the DIP Lender, with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor’s appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly basis or pursuant to such other arrangements agreed to between the Applicant and such parties.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$300,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from 14667913 Canada Inc. (the "**DIP Lender**") in order to finance the Applicant's working capital requirements, the cost of these proceedings and other general corporate purposes and capital expenditures, provided that the principal borrowings under such credit facility shall not exceed \$500,000, plus accrued and unpaid interest, fees and reimbursable expenses, unless permitted by further Order of this Court.

33. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of January 19, 2023 (the "**Commitment Letter**"), filed and attached as Exhibit "J" to the First White Affidavit.

34. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 38 and 40 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon seven (7) days’ notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$300,000);

Second – Directors' Charge (to the maximum amount of \$225,000); and

Third – DIP Lender's Charge in the amount of \$500,000.

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

40. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

42. **THIS COURT ORDERS** that the Charges, the Commitment Letter and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (o) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such

applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which such Applicant is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant’s interest in such real property leases.

44. **THIS COURT ORDERS AND DECLARES** that if any of the provisions of this Order in connection with the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a “**Variation**”) whether by subsequent order of this Court, on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender whether under this Order (as made prior to the Variation), under the Commitment Letter and the Definitive Documents, with respect to any

advances made prior to the DIP Lender being given notice of the Variation and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made.

SERVICE AND NOTICE

45. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail* a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

46. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.insolvencies.deloitte.ca/en-ca/Tehama.

47. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery, facsimile or other electronic

transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

48. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

49. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

50. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

51. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard Time) on the date of this Order without the need for entry or filing.

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 TEHAMA INC.

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

Proceedings commenced at Toronto, Ontario

AMENDED AND RESTATED INITIAL ORDER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert Kennedy (LSO # 474070)
Tel: 416-367-6756
Fax: 416-863-4592
robert.kennedy@dentons.com

Chase Irwin (LSO # 60743F)
Tel: 1-613-783-9642
chase.irwin@dentons.com

Mark A. Freake (LSO # 63656H)
Tel: 416-863-4456
mark.freake@dentons.com

Lawyers for the Applicant

APPENDIX “D”

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Ended	Notes	27-Jan-23 Projected	3-Feb-23 Projected	10-Feb-23 Projected	17-Feb-23 Projected	24-Feb-23 Projected	3-Mar-23 Projected	10-Mar-23 Projected	17-Mar-23 Projected	24-Mar-23 Projected	31-Mar-23 Projected	7-Apr-23 Projected	14-Apr-23 Projected	21-Apr-23 Projected	Total Projected
Revenue															
Receivables	1	62,129	165,482	-	-	-	209,033	-	-	-	-	209,033	-	-	645,675
Other revenues	2	-	-	110,000	-	-	-	305,000	-	-	-	-	-	-	415,000
Total Revenue		62,129	165,482	110,000	-	-	209,033	305,000	-	-	-	209,033	-	-	1,060,675
Payments															
Salaries and wages	3	(104,389)	-	(104,389)	-	(104,389)	-	(104,389)	-	(104,389)	-	(104,389)	-	(104,389)	(730,721)
Rent	4	(110,000)	-	-	-	-	-	-	-	-	-	-	-	-	(110,000)
Insurance	5	-	-	(1,206)	-	-	-	(1,206)	-	-	-	(1,206)	-	-	(3,618)
Vendor payments	6	-	(160,970)	(250,000)	-	-	(160,970)	-	-	-	-	(160,970)	-	-	(732,911)
Other operating expenses	7	(6,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-	(44,000)
CIBC settlement payments	8	-	(12,500)	-	-	-	(12,500)	-	-	-	(12,500)	-	-	-	(37,500)
Total Payments		(220,389)	(173,470)	(355,595)	-	(123,389)	(173,470)	(105,595)	-	(123,389)	(12,500)	(266,565)	-	(104,389)	(1,658,751)
Net Cash Flow From Operations		(158,260)	(7,989)	(245,595)	-	(123,389)	35,562	199,405	-	(123,389)	(12,500)	(57,533)	-	(104,389)	(598,075)
Professional fees	9	(30,000)	(152,395)	(30,000)	-	(125,000)	-	-	-	(125,000)	-	-	-	(125,000)	(587,395)
DIP Advances	10	97,440	-	127,997	-	248,389	-	-	-	13,421	12,500	57,533	-	229,389	786,668
Net Cash Flow		(90,820)	(160,384)	(147,598)	-	-	35,562	199,405	-	(234,967)	-	-	-	-	(398,802)
Opening Cash balance (deficit)		398,802	307,982	147,598	-	-	-	35,562	234,967	234,967	-	-	-	-	398,802
Net Cash Flow		(90,820)	(160,384)	(147,598)	-	-	35,562	199,405	-	(234,967)	-	-	-	-	(398,802)
Closing Cash balance (deficit)		307,982	147,598	-	-	-	35,562	234,967	234,967	-	-	-	-	-	-
Cumulative DIP advances		97,440	97,440	225,437	225,437	473,826	473,826	473,826	473,826	487,247	499,747	557,280	557,280	786,668	

General Notes

Tehama Inc. ("Tehama"), headquartered in Ontario Canada with a satellite office in the United States, provides a next generation desktop as a service ("DaaS") platform, which enables customers to utilize cloud-based virtual offices, rooms, and desktops anywhere in the world, facilitating secure, virtual workspaces. The Tehama 13-week cash flow (the "Tehama CF") was prepared by Management based on a potential CCAA filing date of January 19, 2023. The Tehama CF converts all USD transactions based on the Bank of Canada's January 2023 monthly average exchange rate of CAD\$1.34 = USD\$1.00.

Specific notes and assumptions:

- Receivable collections are based on a review of the current aged receivables and corresponding historical collection terms.
- Tehama has filed its claims with the Canada Revenue Agency ("CRA") for its commodity tax credits and available Scientific Research and Experimental Development ("SRED") tax credits and anticipates receiving a commodity tax refund of approximately \$110,000 the week ending February 3, 2023 and a SRED refund of approximately \$305,000 the week ending March 10, 2023.
- Tehama currently employs 24 key personnel (15 full-time and 9 part-time staff) to maintain the day-to-day operations of the company. Prior to the date of this report approximately 32 employees were laid off with recall dates ranging from February 2023 to August 2023, in accordance with the applicable labour laws. Tehama uses a third party payroll service provider, ADP.
- Tehama entered into a six year and 10-month lease, with a related party, for office premises commencing September 1, 2019 for approximately \$110,000 per month.
- Tehama holds one (1) insurance policy through Lloyd's Underwriters from commercial general liability, automobile liability, employer liability and errors & omissions and Cyber liability expiring in July 2023. All premiums are current and are paid monthly. Director and office liability coverage is held at the parent company level for all subsidiary companies.
- Vendor payments comprise of direct costs to maintain operations during the 13-week period ending April 21, 2023. Week 1 of the Tehama CF includes a vendor deposit in the amount of \$250,000 to secure the continuation of critical services.
- Operating expenses comprise of general office and administrative costs incurred to maintain day-to-day operations, including, but not limited to, office expenses, bank fees, payroll fees, and proposed credit card expenses.
- Tehama executed a Settlement Agreement with CIBC dated January 19, 2023. As part of the CIBC Settlement, Tehama agreed to pay CIBC \$150,000 in costs and expenses, payable in 12 equal monthly installments starting on February 1, 2023.
- Professional fees have been forecast based on projected costs by professional services firms related to the restructuring. Actual expenses will be dependent on a number of unknown factors, including the timing of a restructuring plan to be put forward to the creditors and the number of Court applications which are required.
- The Tehama CF reflects a proposed DIP requirement totaling approximately \$683,000 (excluding costs and expenses) for the 13-week cash flow period ending April 21, 2023.