

C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT

Commercial Division

(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act, R.S.C.
1985, c. C-36

Nº: 500-11-

**IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF:**

**TAIGA MOTORS CORPORATION/CORPORATION
MOTEURS TAIGA**, a legal person having its elected
domicile at 2695 Dollard Avenue, in the city and
judicial district of Montréal, H8N 2J8

-and-

TAIGA MOTORS INC./MOTEURS TAIGA INC., a
legal person having a place of business at 2695
Dollard Avenue, in the city and judicial district of
Montréal, H8N 2J8

-and-

TAIGA MOTORS AMERICA INC., a legal person
having its registered office at 1209 Orange Street,
Wilmington, Delaware 19801, County of New Castle,
United States

-and-

CGGZ FINANCE CORP., a legal person having its
elected domicile at 2695 Dollard Avenue, in the city
and judicial district of Montréal, H8N 2J8

Debtors /
Applicants

-and-

DELOITTE RESTRUCTURING INC., a legal person
having a place of business at 500-1190 des
Canadiens-de-Montréal Avenue, in the city and
judicial district of Montreal, H3B 0G7

Proposed Monitor

**APPLICATION FOR THE ISSUANCE OF AN INITIAL ORDER, AN AMENDED AND
RESTATED INITIAL ORDER AND A SISP APPROVAL ORDER**

(Sections 4, 9, 10, 11, 11.02, 11.03, 11.51, 11.52, 11.7 and 23 of
the *Companies' Creditors Arrangement Act*)

**TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
COMMERCIAL DIVISION, IN AND FOR THE DISTRICT OF MONTRÉAL, THE
DEBTORS / APPLICANTS RESPECTFULLY SUBMIT AS FOLLOWS:**

I. INTRODUCTION

1. The Debtors/Applicants, Taiga Motors Corporation / Corporation Moteurs Taiga (**Taiga Corp**), Taiga Motors Inc. / Moteurs Taiga Inc. (**Taiga Inc.**), Taiga Motors America Inc. (**Taiga America**) and CGGZ Finance Corp. (**CGGZ**) (collectively, **Taiga**, or the **Debtors**) hereby seek relief under the *Companies Creditors Arrangement Act*, RSC 1985, c C-36 (the **CCAA**).
2. Taiga specializes in the conception, development, production and distribution of all-electric powersports vehicles, namely snowmobiles and personal watercrafts.
3. Faced with pressing liquidity constraints, Taiga is now insolvent and seeks creditor protection under the CCAA in order to, *inter alia*, pursue the ongoing SISP (as defined below), the whole for the benefit of the Debtors and their stakeholders.
4. More particularly, by the present *Application for the Issuance of an Initial Order, and Amended and Restated Initial Order and a SISP Approval Order* (the **Application**), the Debtors hereby seek the issuance of an initial order (the **Proposed Initial Order**) providing for, *inter alia*, the following relief:
 - a) Application of the CCAA. A declaration that the Debtors are “debtor companies” to which the CCAA applies, as contemplated by Subsection 3(1) of the CCAA;
 - b) Stay of Proceedings. A stay of all proceedings and remedies taken or that might be taken in respect of the Debtors and their respective directors and officers, or any of their property pursuant to, *inter alia*, Sections 11, 11.02 and 11.03 of the CCAA, for an initial period of ten days (as may be extended, the **Stay Period**);
 - c) Debtor-in-possession. The authorization for the Debtors to continue to conduct their business activities and operations in order to preserve their assets and to make payments related to the conduct of their business activities and operations;

- d) Interim Financing. The authorization to borrow from Export Development Canada (**EDC**), from time to time, an initial sum not exceeding \$1,000,000 (collectively, the **Interim Advances**), to be advanced by EDC in accordance with the terms and conditions of an Interim Financing Term Sheet entered into between the Debtors and EDC (the **DIP Term Sheet**), which Interim Advances are subject to, *inter alia*, the issuance by this Court of the Proposed Initial Order establishing in favour of EDC a super-priority charge priming all rights, claims and security interests against the Debtors and their property (save exception), in order to secure the repayment of the Interim Advances (the **DIP Charge**). The Interim Advances set out above are essential to finance the ongoing operations of the Debtors during the Initial Stay Period (as such term is defined below);
- e) Proposed Monitor. The appointment of Deloitte Restructuring Inc. (**Deloitte** or the **Proposed Monitor**) as the monitor of the Debtors in these proceedings;
- f) KERP. The approval of a Key Employee Retention Plan (**KERP**) for certain key employees and executives, which are essential to the implementation of the Proposed Restructuring;
- g) CCAA Charges. The granting of an Administration Charge, a D&O Charge, an Interim Lender Charge and a KERP Charge (as such terms are defined below) in amounts sufficient to cover the potential exposure of the beneficiaries of such charges for the initial Stay Period, and following the ranking set out in the Proposed Initial Order;
- h) Administrative Consolidation. The administrative consolidation of the present CCAA proceedings with respect to the Debtors;
- i) Centre of Main Interest. A declaration that Quebec is the “centre of main interest” of the Debtors and, accordingly, authorizing the Debtors or the Monitor to apply, as they may consider necessary or desirable, to any other court, tribunal, regulatory, administrative or other body, wherever located, for orders to recognize and/or assist in carrying out the terms of the Initial Order and any subsequent Orders rendered by this Court in the context of the CCAA Proceedings, including, without limitation, orders under Chapter 15 of the *United States Bankruptcy Code* 11 U.S.C. §§ 101-1532 (the **U.S. Bankruptcy Code**); and
- j) Sealing Order. A sealing order with regard to certain exhibits filed in support of this Application;

the whole in accordance with the Proposed Initial Order, communicated herewith as **Exhibit R-1**.

A copy of the redline document comparing the Proposed Initial Order to the model CCAA initial order is communicated herewith as **Exhibit R-2**.

Furthermore, the Debtors also intend to seek the issuance of a separate order approving the pursuit of the ongoing Sale and Investment Solicitation Process (the **SISP**) that the Proposed Monitor, with the support of the Debtors, commenced prior to filing this Application, the whole in accordance with the Proposed SISP Approval Order communicated herewith as **Exhibit R-3**.

5. Then, at the comeback hearing, the Debtors intend to seek the issuance of an Amended and Restated Initial Order (the **Proposed ARIO**), providing for, *inter alia*, the following additional relief:
 - a) Stay of Proceedings. The extension of the Stay Period until October 4, 2024;
 - b) Interim Financing. An increase in the amount of the Interim Advances which the Debtors may borrow from EDC under the DIP Term Sheet, up to an aggregate amount of \$4,400,000;
 - c) CCAA Charges. The increase of the quantum of the Administration Charge as well as of the Interim Lender Charge, and the decrease of the D&O Charge previously granted in the Initial Order in amounts sufficient to cover the potential exposure of the beneficiaries of such charges during the Stay Period;

the whole in accordance with the Proposed ARIO communicated herewith as **Exhibit R-4**.

A copy of the redline documents comparing the Proposed ARIO to the model CCAA Initial Order, as well as to the Proposed Initial Order are respectively communicated herewith as **Exhibits R-5 and R-6**.

6. In support of this Application and the relief sought herein, the Proposed Monitor has prepared a report entitled *First Report to the Court submitted by Deloitte Restructuring inc.* (the **Report**), a copy of which is communicated as **Exhibit R-7** (with Appendices A and B **under seal**).
7. It is respectfully submitted that issuing the sought orders is necessary and appropriate in the circumstances of this case and is in the best interests of the Debtors and their stakeholders.

II. **COMPANY OVERVIEW**

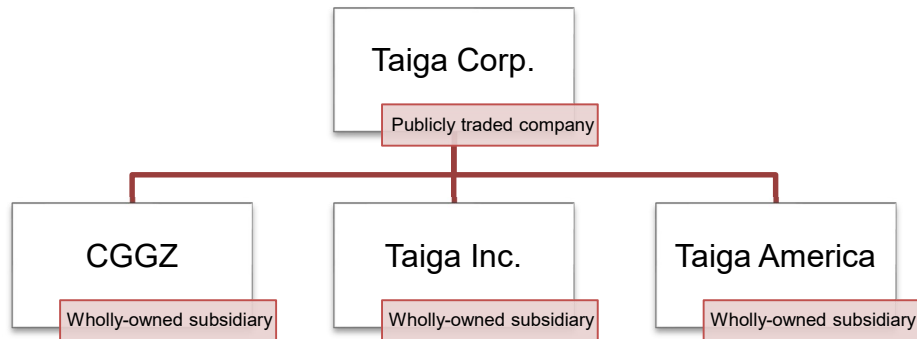
A. Taiga's Business

8. Taiga's business is focused on the production, research and development (**R&D**), design, marketing, and distribution of the world's first mass-production ready, all-electric powersports vehicles.

9. To date, Taiga has developed and introduced to market one model of all-electric snowmobile (Nomad™), as well as two models of all-electric personal watercrafts (Orca™ and Orca Carbon).
10. Taiga's Montréal headquarters are comprised of two leased production and R&D facilities totalling more than 184,452 square feet:
 - a) the first facility consists of 51,044 square feet of dedicated space for research, developing, testing and other engineering activities; and
 - b) the second facility is composed of 133,408 square feet of space that serves as offices as well as a production plant.

B. Corporate Structure

11. The corporate structure of the Debtors is as follows:



i) Taiga Corp.

12. Taiga Corp is a publicly traded corporation incorporated under the *Business Corporations Act* (British Columbia), SBC 2002, c. 57, whose elected domicile and chief place of business is located in Montréal, Québec, the whole as appears from an extract of the Québec Enterprise Register for Taiga Corp., **Exhibit R-8**.
13. Taiga Corp is the ultimate owner of the issued and outstanding shares of Taiga Inc., Taiga America, as well as of CGGZ.
14. The issued and outstanding share capital of Taiga Corp. consists of 31,825,712 common shares, and no shares of any other class or series are issued or outstanding. Taiga also has warrants outstanding that are exercisable to acquire an aggregate of 1,794,354 underlying common shares.
15. The common shares of Taiga Corp. are listed on the Toronto Stock Exchange (**TSX**) and trade under the symbol "TAIG", while the warrants are also listed on TSX and trade under the symbol "TAIG.WT".

ii) Taiga Inc.

16. Taiga Inc., a wholly-owned subsidiary of Taiga Corp., is a corporation merged under the *Business Corporations Act* (Québec), CQLR, c S-31.1, whose domicile and chief place of business is located in Montréal, Québec, the whole as appears from an extract of the Québec Enterprise Register for Taiga Inc., **Exhibit R-9**.
17. Taiga Inc. is the principal operating company of the Taiga group of companies.

iii) Taiga America

18. In July 2021, Taiga Corp. incorporated Taiga Motors America Inc., a new wholly-owned subsidiary based in the United States.
19. Taiga America's operations include the sale and distribution of Taiga's products.

iv) CGGZ

20. CGGZ, a wholly-owned subsidiary of Taiga Corp., is a corporation incorporated under the *Business Corporations Act* (Ontario), LRO, c B.16, whose elected domicile is located in Montréal, Québec, the whole as appears from an extract of the Québec Enterprise Register for CGGZ, **Exhibit R-10**.
21. CGGZ does not have any operations, activities or employees.

C. Employees

22. Taiga has an aggregate of approximately 222 non-unionized employees, one employed by Taiga America and the rest employed by Taiga Inc. Of those 222 employees, 90 employees have been temporarily laid-off.
23. As part of the Proposed Restructuring, Taiga Inc. will temporarily lay off a substantial portion of its workforce during the implementation of the restructuring process and the pursuit of the SISP.
24. Moreover, after consulting with the Proposed Monitor, the Debtors have implemented a retention program for certain key employees and executives (the **KERP**) with a view of securing their essential contribution during the SISP and, if necessary, until completion of any transaction that may result therefrom.
25. Pursuant to the KERP contemplated, an incentive will be calculated and paid to the retained key employees on a biweekly basis.
26. As of the date hereof, the Debtors are current in their payroll obligations, including accrued and unpaid wages, and the Debtors intend to continue to fulfill their payroll obligations as a going concern with respect to the current employees. In addition, there are no pension plans in place.

27. As appears from the cash flow projections communicated as Appendix A to the Proposed Monitor's Report (Appendix A, under seal, Exhibit R-7) (hereinafter the **Projections**), it is expected that key employees retained by the Debtors for services to be rendered after the issuance of the Initial Order would be paid in the normal course of business.

III. **ASSETS AND INDEBTEDNESS**

A. Assets

28. According to Taiga Corp.'s publicly filed unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2024, and 2023, Taiga's principal assets were, as at March 31, 2024, the following (*all values hereinafter are stated for indication purposes only*):

- a) Inventory valued at approximately \$32.4 million;
- b) Property, plant and equipment valued at approximately \$20.2 million;
- c) Intangibles assets valued at \$10.4 million;
- d) Right-of-use assets valued at \$8.6 million; and
- e) Other assets totaling \$6.4 million composed of cash and cash equivalents, financial assets, prepaid expenses and receivables;

the whole as appears from **Exhibit R-11**.

B. Indebtedness

i) Overview

29. As described in greater detail below, as at March 31, 2024, excluding contingent liabilities, the Debtors had outstanding liabilities, on a consolidated basis, of approximately \$93.2 million (Exhibit R-11).

ii) The Financing Structure

a. Export Development Canada

30. Taiga signed a \$15 million Secured Term Loan Agreement (the **Term Loan**) with Export Development Canada (**EDC**) dated as of September 26, 2023, in order to provide Taiga with additional liquidity and flexibility in managing its working capital, which Term Loan matures on February 10, 2028, the whole as appears from a copy of the Term Loan, as **Exhibit R-12**.
31. On March 11, 2024, Taiga announced that EDC had agreed to upsize the existing senior secured credit facility available to Taiga by providing up to approximately

\$5.25 million of additional funding for working capital and general corporate purposes through an amended and restated loan agreement, such as supporting its omnichannel retail and dealer network growth. Taiga immediately drew down \$3.75 million under the upsized facility.

b. Economic Development Agency of Canada for the Regions of Quebec

32. In November 2022, Taiga entered into a repayable contribution agreement with The Economic Development Agency of Canada for the Regions of Quebec (**EDAC**) for \$10 million (the **Contribution Agreement**), in order to finance equipment and support production ramp-up.
33. As of December 31, 2023, Taiga had drawn \$4 million of the \$10 million made available under the Contribution Agreement. The remaining amount of \$6 million was specifically tied to the construction of the Shawinigan facility and was not disbursed given Taiga has not been in a position to commence the construction of the Shawinigan facility.

c. Convertible Debenture Holders

34. On March 17, 2023, Taiga entered into definitive subscription agreements (the **Subscription Agreements**) for a private placement of \$40.15 million aggregate principal amount of 10% secured convertible debentures due March 31, 2028 (the **Debentures**) (collectively, the **Private Placement**). The entirety of the Private Placement was subscribed for by two institutional investors: Northern Private Capital (together with its affiliates and funds managed by it, **NPC**) and Investissement Québec (**IQ**, together with NPC, the **Investors**) having respectively subscribed for \$25.15 million and \$15 million of the Debentures. The Debentures were issued on March 24, 2023.
35. In addition, on April 27, 2023, the Investors partially exercised the option that was granted to them to subscribe for additional Debentures on the same terms as the original Debentures (other than the amount of the first interest payment), NPC and IQ each having subscribed respectively for \$3.325 million and \$3.3 million of the additional Debentures, bringing the total gross amount to \$46,775,000.

iii) Secured Liabilities

36. As of March 31, 2024, the \$63.6 million in outstanding secured liabilities of the Debtors could be summarized as follows (creditors identified in the following chart are hereinafter collectively defined as **Secured Lenders**) (Exhibit R-11):

Taiga Inc.	
EDC	\$18.7 million
EDAC (DEC)	\$2.2 million

NPC and IQ (Convertible Bond)	\$42.7 million
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37. A summary report of the registrations in the *Register of Personal and Movable Real Rights (RPMRR)* relating to the abovementioned secured debt is communicated herewith for additional information as **Exhibit R-13**.

38. Independent review of the validity and enforceability of certain security interests listed in the table above has yet to be concluded by the Proposed Monitor's counsel.

iv) Tax and Statutory Liabilities

39. As of the date hereof, the Debtors are current in their source deductions and other GST/QST payable obligations.

40. As appears from the Projections, source deductions and other GST/QST obligations in connection with services rendered/products supplied after the issuance of the Initial Order shall be paid in the normal course of business (Appendix A, under seal, Exhibit R-7).

v) Employee-related Liabilities

41. As of the date hereof, the amount of accrued vacation for the Debtors' employees is approximately \$85,000 in the aggregate.

vi) Trade Liabilities

42. As of each of March 31, 2024, the Debtors' indebtedness to its suppliers and other unsecured creditors amounted to approximately \$16.3 million (Exhibit R-11).

IV. FINANCIAL DIFFICULTIES

43. According to Taiga Corp.'s audited consolidated financial statements for the financial years ended December 31, 2023, and 2022, Taiga has incurred material losses for two consecutive years. In 2023, the net loss and comprehensive loss was at \$72,498,001, compared to a net loss and comprehensive loss of \$59,515,928 in 2022, the whole as appears from **Exhibit R-14**.

44. In the first quarter of 2024 and as set out in Taiga Corp.'s unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2024, and 2023, Taiga incurred a net loss and comprehensive loss of \$14,381,883, compared to a net loss and comprehensive loss of \$12,987,026 during the first quarter of 2023 (Exhibit R-11).

45. Given the significant capital needed to develop and grow its business, Taiga has incurred significant losses since its inception in 2015, and, in fact, Taiga has never reached profitability. Absent any investment in its business, it expects to continue

to incur operating and net losses and to use significant cash in its operations for the foreseeable future.

46. Today, Taiga requires a significant injection of capital in order to continue operating its business.
47. Taiga's financial difficulties are attributable to a number of factors, including its inability to raise additional capital, combined with the current economic context and the particularly mild winter in 2023, which materially adversely impacted Taiga's sales revenues.
48. Taiga is now at a crossroads: to sustain its growth and carve out a place for itself in the highly competitive powersports market, it needs a large influx of cash in order to develop and produce its vehicles, ramp-up capacity at its Montréal assembly facility, build and ramp-up capacity at its planned mass-production assembly facility in Shawinigan, develop dealer network, and build brand recognition.
49. At the present time and despite having deployed significant efforts to seek any form of additional funding, Taiga has not been able to secure any such additional third-party funding or financing.

V. RESTRUCTURING OBJECTIVES

50. As a result of the aforementioned challenges, the Debtors are now facing a severe liquidity crisis at their current utilization of cash in operating activities and will quickly run out of cash if the *status quo* is maintained.
51. The Debtors' management has therefore focused their efforts and intend to continue focusing their efforts on, *inter alia*, the following measures:
 - a) implementing an operational restructuring of its business and cost-cutting measures;
 - b) maximizing and completing sales of inventory; and
 - c) implementing and conducting the SISP in accordance with the Amended SISP Procedures (as defined hereinafter);

(collectively, the **Proposed Restructuring**).

52. These efforts are intended to maximize the value of the Debtors' assets for the benefit of their creditors, and, if possible, preserve the Debtors' business as a going concern through new owners and/or investors. It is submitted that a change in ownership and/or new investors may allow an acquirer to remedy to the cash flow pressure as well as to Taiga's capital needs and continue Taiga's operations as a going concern.

A. Operational Restructuring and Cost-cutting Measures

53. As noted above, Taiga's operations are cash-flow negative such that the only means of sustaining its operations in the short term is through additional debt or the monetization of its property.
54. In such circumstances and given Taiga's insolvency and the commencement of these CCAA proceedings, it is urgently necessary to implement certain cost-cutting measures.
55. As reflected in the Proposed Monitor's Report, the Proposed Restructuring contemplates the following operational adjustments and cost-cutting measures, while the Proposed Restructuring is being implemented:
- a) Taiga will reduce its workforce to the minimum in order to manage operations and complete the SISP, as contemplated in the Proposed Restructuring;
 - b) Taiga will suspend the manufacturing of any new products during the SISP for the time being while the Proposed Restructuring is being implemented.
56. Moreover, the Debtors hope to be able to generate additional liquidities from the sale of watercraft and snowmobiles that are subject to current purchase agreements, and which Taiga Inc. is currently holding in its inventory, the whole as appears from the Projections (Appendix A, under seal, Exhibit R-7).

B. The SISP

57. In the weeks prior to the filing of this Application and in an effort to find an enduring solution to Taiga's financial underperformance, the Proposed Monitor, in collaboration with the Debtors, undertook a SISP soliciting investment, refinancing or sale offers for some or all of Taiga's business or assets, the whole in accordance with the process letter filed herewith as **Exhibit R-15A** (the **SISP Procedures**).
58. Subject to this Court's approval, the Debtors intend to pursue the SISP that is currently being carried out by the Proposed Monitor contemplates a two-phase bidding process according to the following timeline (subject to any extensions and modifications that may be made pursuant to the Amended SISP Procedures, and with the prior written approval of EDC):

Event	Date
<u>Phase 1</u>	
1. Distribution of solicitation letter to a reviewed list of interested parties	By no later than July 15, 2024

2. Establishment of a virtual data room (VDR) for all parties having executed a non-disclosure agreement	Completed (since May 23, 2024, the Proposed Monitor has established a VDR for all parties having executed an NDA)
3. Phase 1 Bid Deadline (submission of non-binding letters of intent (LOI))	New deadline contemplated in the context of the CCAA filing is August 9, 2024, at 5:00 p.m. (prevailing Eastern Time)
4. Identification of Qualified Phase 1 LOI(s)	New deadline contemplated in the context of the CCAA filing is August 16, 2024, at 5:00 p.m. (prevailing Eastern Time)
<u>Phase 2</u>	
5. Phase 2 Bid Deadline (submission of definitive offers)	By no later than September 16, 2024, at 5:00 p.m. (prevailing Eastern Time)
6. Selection of Successful Bid(s)	By no later than September 23, 2024, at 5:00 p.m. (prevailing Eastern Time)
7. Approval Hearing	By no later than October 3, 2024, at 5:00 p.m. (prevailing Eastern Time)
8. Closing	By no later than October 8, 2024, at

	5:00 p.m. (prevailing Eastern Time)
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59. As appears from the above, the Proposed Monitor and the Debtors proposed to extend some of the SISP deadlines that were initially contemplated in the SISP Procedures in the manner indicated above in order to allow the Proposed Monitor, in consultation with the Debtors, to fully canvass the market and pursue the solicitation of offers in the context of the present CCAA proceedings, the whole as appears from the amended SISP Procedures (the **Amended SISP Procedures**), **Exhibit R-15B**.
60. The SISP will be pursued in consultation with EDC, which, in accordance with the DIP Term Sheet, shall be entitled to receive any relevant information and documentation in relation to the SISP (including copies of any non-binding or binding offers submitted), and any decision to be taken in the context of the SISP, including, without limitation: (i) the pursuit of the SISP onto Phase 2, (ii) the holding of an auction as part of Phase 2 of the SISP and (iii) the selection of one or more successful bid(s) shall be subject to EDC's prior approval.
61. As part of the DIP Term Sheet, the Debtors have confirmed to EDC their agreement that upon the occurrence of an "*Event of Default*" under the DIP Term Sheet which is continuing, including the failure by the Debtors to receive a Qualified Phase 1 LOI that is satisfactory to EDC, EDC shall have the right to suspend any further advance under the DIP Term Sheet and declare all amounts owing thereunder to be immediately due and payable, and exercise any and all of its rights as secured creditor of the Debtors.
62. As such, the Proposed Monitor, with the assistance of the Debtors, intends to continue to diligently advance the process with the objective of receiving Phase 1 non-biding letter of intents by August 9, 2024, as reflected by the above extended SISP deadlines, as well as the Amended SISP Procedures.
63. This approach serves to ensure that the timeline and modalities for the SISP are established based on the most up-to-date information and that the process is effectively tailored towards maximizing the value of the property and/or Taiga's business while preserving their core ongoing operations.
64. It is respectfully submitted that authorizing the Proposed Restructuring, for which the implementation of the SISP led by the Proposed Monitor is the cornerstone, is necessary and appropriate in order to achieve the rehabilitation of Taiga's business for the ultimate benefit of its stakeholders.
65. Moreover, the Proposed Monitor is of the view that the SISP being conducted and the Amended SISP Procedures is reasonable and appropriate in the circumstances, the whole as appears from the First Report (Exhibit R-7).

VI. APPLICATION OF THE CCAA AND RELIEF SOUGHT

A. Application of the CCAA

- VII.** As described above in subsection III.B of this Application, and as is more fully described in the Proposed Monitor's First Report (Exhibit R-7):
- a) The Debtors are faced with a liquidity crisis and are insolvent; and
 - b) The aggregate amount of their outstanding indebtedness is far greater than the CCAA \$5,000,000 threshold.
- VIII.** As such, the Debtors meet the criteria set out at Subsection 3(1) of the CCAA and are debtor companies to which the CCAA applies.

B. Appointment of the Monitor

- IX.** Deloitte has been retained by the Debtors to act as Monitor in these CCAA Proceedings, should the Court grant the present Application and issue an Initial Order.
- X.** Deloitte is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions on who may be appointed monitor as set out in Subsection 11.7(2) of the CCAA.
- XI.** Indeed, at no time during the preceding two years has Deloitte been:
- a) a director, officer or employee of the Debtors;
 - b) related to the Debtors or to any former director or officer of the Debtors; or
 - c) the Debtors' auditor, accountant or legal counsel, or a partner or employee of the auditor, account or legal counsel of the Debtors.
- XII.** Moreover, Deloitte has agreed to act as Monitor in these CCAA proceedings and is in an ideal position to supervise the implementation of the Proposed Restructuring by Taiga given its familiarity with the assets and operations of the Debtors.
- XIII.** Therefore, the Debtors respectfully submit that Deloitte is qualified to act as Monitor and that it is appropriate in the circumstances to grant the Proposed Monitor the powers required to supervise in an appropriate manner Taiga's affairs and the implementation of the SISP, the whole during the initial stay period sought pursuant to the Proposed Initial Order (as extended, the Stay Period), in accordance with the Proposed Initial Order.

C. Stay of Proceedings

73. Notwithstanding the significant efforts of management, the Debtors are currently insolvent, with limited and depleting cash resources to pay liabilities as they become due.
74. The Debtors are deeply concerned that unless a stay of proceedings is granted pursuant to the terms of the CCAA, certain suppliers, creditors and other stakeholders may attempt to take steps to try to improve their positions in comparison to other similarly situated stakeholders.
75. This would not only jeopardize and potentially deplete the value of the Debtors' estates to the detriment of all stakeholders, but it could also jeopardize the completion of the SISP.
76. The CCAA stay will preserve the *status quo* and permit the Debtors to continue operating, while completing and implementing any transaction resulting from the SISP for the ultimate benefit of their stakeholders.
77. The Debtors request that all proceedings against them as well as against their directors and officers and their property be stayed for an initial period of ten (10) days in order to preserve the status quo during the initial Stay Period.
78. At the comeback hearing, the Debtors will request a further extension of the Stay Period until October 4, 2024, to allow for the completion of the SISP.
79. Based on the Projections and subject to the approval of the Interim Financing, the Debtors expect to have sufficient funding and liquidity to cover anticipated post-filing costs and expenses during the Stay Period (Appendix A, under seal, Exhibit R-7).

D. Interim Financing

80. The Debtors respectfully submit that temporary financing will be required, and is essential, to complete these CCAA proceedings and the contemplated SISP considering the current liquidity constraints of the Debtors.
81. In order to implement the contemplated restructuring, EDC, as the Debtors' main secured creditor, has advised the Debtors that it is prepared to make Interim Advances, in conformity with the term sheet (the **Term Sheet**) communicated hereof as **Exhibit R-16**.

82. The key terms provided for under the Term Sheet can be summarized as follows:

Key Terms	Term Sheet
Availability following the issuance of the Initial Order	Up to \$1,000,000
Availability following the issuance of the Amended and Restated Initial Order	Up to \$4,400,000
Fees	First commitment fee equal to 2.4% of the Pre-Phase 1 Milestone Facility Amount (\$2,100,000) payable on the date of the initial DIP Advance and deducted from the initial DIP Advance.
	Second commitment fee equal to 2.4% of the Post-Phase 1 Milestone Facility Amount (\$2,300,000) payable on the date of the first DIP Advance that takes place after August 16, 2024, and deducted from such DIP Advance.
Interest rate	Prime plus 7%
Standby fee	None
Priority Charge	All property

83. In this context, it is respectfully submitted that it is appropriate for this Court to authorize the Interim Advances as contemplated under the Term Sheet (Exhibit R-16).

E. CCAA Charges

i) Administration Charge

84. The Proposed Monitor, its counsel, counsel for the Debtors and Debtors and counsel and financial advisor to EDC are essential to the restructuring efforts contemplated in these CCAA proceedings.
85. They have each advised that they are prepared to provide or continue to provide professional services to the Debtors only if they are protected by a charge over the assets of the Debtors, in accordance with the Proposed Initial Order.

86. It is contemplated that the Debtors will be invoiced and pay fees and expenses of the beneficiaries of the Administration Charge on a weekly basis.
87. It is respectfully submitted that an Administration Charge in the initial aggregate amount of \$475,000 is reasonable to cover the work that was done in the context of the preparation of the present proceedings and the work required until the comeback hearing.
88. At the comeback hearing, the Debtors will request an increase in the Administration Charge to the aggregate amount of \$900,000 to secure the professional fees and disbursements to be incurred in connection with the Proposed Restructuring.
89. The amount of the Administration Charge has been determined not on the basis of the total fees payable to these professionals during the proceedings but on an assessment of what could be an amount outstanding to these professionals at any given time in the proceedings.
90. The Debtors believe that the amount of the Administration Charge is fair and reasonable in the circumstances.

ii) D&O Charge

91. The continued active implication of the directors and officers of the Debtors is essential to the restructuring efforts of the Debtors.
92. The Debtors' primary and excess directors' and officers' liability insurance policies for the directors and officers of its subsidiaries (together, the **D&O Insurance**) expires on July 21, 2024. Moreover, the D&O Insurance contains limits and exclusions that could potentially affect the total amount of insurance available to the directors and officers of the Debtors.
93. In such circumstances, the directors and officers of the Debtors have expressed concern with respect to potential personal liability if they continue in their current capacities through the CCAA Proceedings.
94. The Debtors therefore propose that a charge to guarantee the Debtors' indemnification obligations towards their directors and officers be granted over the assets of the Debtors, in accordance with the Proposed Orders, in the amount of \$510,000 with the priority set out in the Proposed Initial Order (Exhibit R-1) to the extent such claims are not covered by the D&O Insurance, in order to provide a reasonable level of protection to the directors and officers. As appears from the Proposed Initial Order, EDC has agreed to allow the D&O Charge to rank senior to the Interim Lender Charge, but only and strictly insofar as to indemnify the directors and officers of the Debtors for employee claims relating to the payment of unpaid employee salaries and vacations accruing as and from the date of the issuance of the Initial Order, as applicable. Any other claim as against the directors

and officers of the Debtors, in such capacity, and secured by the D&O Charge, shall be subordinated to the Interim Lender Charge.

95. At the comeback hearing, the Debtors will request a reduction in the D&O Charge to a total amount of \$250,000 as a result of the restructuring, and the temporary lay off of approximately 115 employees.
96. The Debtors submit that the establishment of the D&O Charge is necessary, and that the amount of the D&O Charge is fair and reasonable in the circumstances.

iii) Interim Lender Charge

97. To secure the Interim Advances, EDC has required that they be secured by a super-priority charge over the Debtors' property up to an initial amount of \$1,200,000 for the Initial Stay Period, and then to an amount of \$5,280,000 following such Initial Stay Period (the **Interim Lender Charge**).

iv) KERP Charge

98. In order to facilitate the Proposed Restructuring of the Debtors, and to maximize the business' value as a going-concern, the Debtors have developed, in collaboration with the Proposed Monitor, a Key Employee Retention Plan (**KERP**), in order to ensure that key employees are retained through the restructuring process, the whole as appears from Appendix B, under seal, of the Proposed Monitor's First Report (Exhibit R-7).
99. The proposed KERP Charge would secure the obligations towards the beneficiaries of the KERP in the amount of \$40,000.
100. The Debtors respectfully submit that the amount of the KERP Charge is fair and reasonable in the circumstances and insist on the importance of the KERP in order to ensure the continuity of operations and efficient implementation of the Proposed Restructuring.
101. The Administration Charge, the D&O Charge, the Interim Lender Charge and the KERP Charge each encumber the assets that are specifically identified in the Proposed Orders and shall rank in accordance with the terms of the Proposed Orders.

F. Administrative Consolidation

102. Considering that the Debtors operate their business as a corporate group, it is appropriate and necessary to order the consolidation of these CCAA Proceedings, for administrative purposes only.

G. Trading Halt and Potential Delisting of Common Shares

103. Taiga Corp. is a publicly traded company, and on the morning of the initial hearing on this Application, before the opening of the markets, Taiga Corp. will ask the Canadian Investment Regulatory Organization (CIRO) to issue a trading halt.
104. If an Initial Order is rendered by the Court, Taiga Corp. will issue thereafter a press release announcing that it has obtained creditor protection under the CCAA.
105. Upon Taiga Corp. announcing that it is obtained an initial order under the CCAA, the TSX is expected to suspend trading of the common shares until a review is undertaken by the TSX regarding the suitability of Taiga Corp. being listed on the TSX, which would likely lead to a delisting of Taiga Corp.'s common shares.

H. Declaration that the province of Québec is the Debtors' centre of main interest

106. The Debtors seek a declaration that the province of Québec is their "centre of main interest" in accordance with Subsection 45(2) of the CCAA given that:
 - a) Taiga's chief place of business is in Montreal;
 - b) almost all of Taiga's employees are working for Taiga Inc.;
 - c) all decisions are made mainly in Canada by senior management of Taiga located in Canada; and
 - d) Taiga's most important assets are located in Canada.
107. This recognition could be required if the Debtors eventually decide to seek recognition of these CCAA Proceedings by the United States Bankruptcy Court under Chapter 15 of the U.S. Bankruptcy Code.
108. In order to ensure that the Debtors are appropriately protected in all relevant jurisdictions, the Debtors will seek an authorization that Deloitte or Taiga, as foreign representative, may apply as they may consider necessary or desirable, to any other court, tribunal, regulatory, administrative or other body, wherever located, for orders to recognize and/or assist in carrying out the terms of the Initial Order and any subsequent Orders rendered by this Court in the context of the CCAA Proceedings including, without limitation, orders under Chapter 15 of the U.S. Bankruptcy Code.
109. As of the present date and in order to minimize costs, the Debtors do not anticipate seeking such a recognition. However, the recognition could potentially become required since, among other things, the Debtors have business relationships in the United States.

I. Sealing of Confidential Documents

110. Certain appendices of the First Report filed in support of this Application contain commercially sensitive information related to the affairs of the Debtors and the remuneration of its employees.
111. It is respectfully submitted that the confidentiality of such information should be preserved and that it should be ordered that Appendices A and B to the Proposed Monitor's Report (Exhibit R-7) be kept confidential and filed under seal until further order of this Court.

J. Execution Notwithstanding Appeal

112. Given the urgency and severity of the circumstances confronting the Debtors, it is essential that execution of the order sought herein be granted notwithstanding appeal.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

GRANT the present *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and a SISP Approval Order* (the **Application**);

ISSUE an order substantially in the form of the draft Initial Order communicated in support of the Application as Exhibit R-1;

ISSUE an order substantially in the form of the draft SISP Approval Order communicated in support of the Application as Exhibit R-3;

ISSUE an order substantially in the form of the draft Amended and Restated Initial Order communicated in support of the Application as Exhibit R-4;

THE WHOLE WITHOUT COSTS, save and except in the event of contestation.

Montréal, July 10, 2024

Norton Rose Fulbright Canada LLP

NORTON ROSE FULBRIGHT CANADA LLP

Mtre. Guillaume Michaud

Mtre Charlotte Dion

Attorneys for the Applicants / Debtors

1 Place Ville Marie, Suite 2500

Montreal (Québec) H3B 1R1

Telephone: 514.773.4163 / 514.847.4650

Fax: 514.286.5474

email: guillaume.michaud@nortonrosefulbright.com
charlotte.dion@nortonrosefulbright.com

Notification: [Notifications-
mtl@nortonrosefulbright.com](mailto:Notifications-mtl@nortonrosefulbright.com)

Our reference: 1001245685

SWORN DECLARATION

I, the undersigned, **SAMUEL BRUNEAU**, domiciled for the purpose hereof at 2695 Dollard Avenue, in the city and judicial district of Montréal, H8N 2J8, solemnly declare the following:

1. I am the Chief Executive Officer and a duly authorized representative of the Debtors / Applicants for the purposes hereof.
2. I have taken cognizance of the attached *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and a SISP Approval Order* (the "**Application**").
3. All the facts alleged in the Application of which I have personal knowledge are true.
4. Where the facts alleged in the Application have been obtained from others, I believe them to be true.

AND I HAVE SIGNED:

DocuSigned by:
Samuel Bruneau

4034AF06D4CF2457
SAMUEL BRUNEAU

SOLEMNLY DECLARED before me by technological means, this July 9, 2024. The Affiant is in the city of Montréal and the Commissioner of Oaths is in the city of Québec.

DocuSigned by:

Jessica Busque

2EA14BD1495E474...



Jessica Busque # 204 593
Commissioner for Oaths for the
Province of Québec

NOTICE OF PRESENTATION

TO: SERVICE LIST

1. PRESENTATION OF THE PROCEEDING

TAKE NOTICE that the attached *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and a SISP Approval Order* will be presented for adjudication before Martin F. Sheehan, J.S.C. sitting in the Commercial Division of the Superior Court of Québec, at the Courthouse of Montreal located at 1 Notre-Dame Street East, Montreal, Province of Quebec, H2Y 1B6, on **July 10, 2024 at 9:15 a.m., in Room 16.04.**

2. HOW TO JOIN THE VIRTUAL CALLING OF THE ROLL IN PRACTICE DIVISION

The coordinates to join the virtual calling of the roll in room **16:04** are as follows:

16.04	<p><u>Rejoindre la réunion Microsoft Teams</u> +1 581-319-2194 Canada, Québec (Numéro payant) (833) 450-1741 Canada (Numéro gratuit) ID de conférence : 516 211 860# Numéros locaux Réinitialiser le code confidentiel En savoir plus sur Teams Options de réunion Rejoindre à l'aide d'un dispositif de vidéoconférence teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1149478699 Autres instructions relatives à la numérotation VTC</p>
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Montréal, July 10, 2024



NORTON ROSE FULBRIGHT CANADA LLP

Mtre. Guillaume Michaud

Mtre Charlotte Dion

Attorneys for the Applicants / Debtors

1 Place Ville Marie, Suite 2500

Montreal (Québec) H3B 1R1

Telephone: 514.773.4163 / 514.847.4650

Fax: 514.286.5474

email:

guillaume.michaud@nortonrosefulbright.com

charlotte.dion@nortonrosefulbright.com

Notification:

Notifications-

mtl@nortonrosefulbright.com

Our reference: 1001245685

NO.: 500-11-

**SUPERIOR COURT
Commercial Division**
(Sitting as a court designated pursuant to the *Companies'
Creditors Arrangement Act*, R.S.C., c. C-36, as amended)
DISTRICT OF MONTREAL

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

**TAIGA MOTORS CORPORATION
/CORPORATION MOTEURS TAIGA**

TAIGA MOTORS INC./MOTEURS TAIGA INC.

TAIGA MOTORS AMERICA INC.

CGGZ FINANCE CORP.

Debtors / Applicants

-and-

DELOITTE RESTRUCTURING INC.

Monitor

**APPLICATION FOR THE ISSUANCE OF AN
INITIAL ORDER, AN AMENDED AND
RESTATED INITIAL ORDER AND A SISP
APPROVAL ORDER**

ORIGINAL

BO-0042

1001245685

**Me Guillaume Michaud & Me Charlotte Dion
NORTON ROSE FULBRIGHT CANADA LLP**

BARRISTERS & SOLICITORS
1 Place Ville Marie, Suite 2500
Montréal, Quebec H3B 1R1
Telephone: 514.847.4747
Fax: 514.286.5474

guillaume.michaud@nortonrosefulbright.com
charlotte.dion@nortonrosefulbright.com