

Court File No: CV-25-00735482-00CL

**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**

THE VANCOR GROUP INC.

Applicant

and

**2744364 ONTARIO LIMITED o/a TRUE NORTH CANNABIS CO, 2668905 ONTARIO
INC. o/a BAMBOO BLAZE, AND 2767888 ONTARIO INC.**

Respondents (Debtors)

**NON-CONFIDENTIAL PRE-FILING
REPORT OF THE PROPOSED MONITOR**

DATED JANUARY 23, 2025

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PRE-FILING REPORT OF THE PROPOSED MONITOR

DATED JANUARY 23, 2025

INTRODUCTION

1. Deloitte Restructuring Inc. (“**Deloitte**” or the “**Proposed Monitor**”) understands that the Vancor Group Inc. (“**Vancor**” or the “**Applicant**”) intends to bring an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and seek an initial order (the “**Proposed Initial Order**”) granting certain relief including, among other things:

- a. declaring that 2744364 Ontario Limited (o/a True North Cannabis Co.) (“**TNCC**”), 2668905 Ontario Limited (o/a Bamboo Blaze) (“**Bamboo Blaze**”), and 2767888 Ontario Inc. (“**888**”) (together, the “**Debtors**”) are debtor companies to which the

CCAA applies and staying proceedings against them for a period of not more than 10 days (the “**Stay of Proceedings**”);

- b. appointing Deloitte as Monitor of the Debtors (the “**Monitor**”);
- c. appointing Mr. Shawn Dym as chief restructuring officer of the Debtors (the “**Proposed CRO**”) and sealing portions of the letter engaging him for commercial confidentiality purposes (the “**CRO Engagement**”);
- d. approving an interim debtor-in-possession credit facility (the “**DIP Facility**”) between Vancor, as lender (in such capacity, the “**DIP Lender**”) and the Debtors, as borrowers, in the amount of \$2,000,000;
- e. granting a charge on the Debtors’ assets in an amount of \$350,000 (the “**Administration Charge**”) for the benefit of the Proposed Monitor, its counsel, counsel to the Debtors, the CRO, and counsel to Vancor (the “**Professionals**”);
- f. granting a charge on the Debtors’ assets for the benefit of the DIP Lender in the amount of \$900,000, which is contemplated to be increased to \$2,000,000 at a subsequent hearing within 10 days of the Proposed Initial Order (the “**Comeback Hearing**”) (the “**DIP Lender’s Charge**” and together with the Administration Charge, the “**Charges**”);
- g. authorizing the Debtors to pay certain pre-filing liabilities with consent of the Monitor;
- h. authorizing the Debtors to pay pre- and post-filing principal and interest to the Debtors’ eight secured creditors; and
- i. certain other ancillary relief related to the CCAA Proceedings.

2. The Proposed Monitor files this report (the “**Pre-Filing Report**”), to provide information to this Court for its consideration in respect of Vancor’s CCAA application. Deloitte has consented to act as Monitor in these CCAA Proceedings should this Court grant the Proposed Initial Order.
3. Capitalized terms not defined in this Pre-filing Report are as defined in the Affidavit of Corry Van Iersel (“**Mr. Van Iersel**”) sworn on January 23, 2025 (the “**Van Iersel Affidavit**”) in support of the application filed by Vancor in connection with these CCAA Proceedings and in support of the Proposed Initial Order.

PURPOSE

4. The purpose of this Pre-Filing Report is to provide the Court with information in respect of:
 - a. Deloitte’s qualifications to act as Monitor;
 - b. the Debtors’ 15-week cash flow forecast through May 4, 2025 (the “**Cash Flow Forecast**”) and the reasonableness thereof in accordance with section 23(1) of the CCAA;
 - c. The Debtors’ need for the DIP Facility;
 - d. the Proposed Monitor’s comments on the proposed Charges, in addition to the other relief being sought by Vancor.
5. Background information leading to the need for these CCAA Proceedings is set out in the Van Iersel Affidavit.

TERMS OF REFERENCE

6. In preparing this Pre-Filing Report and making the comments herein, the Proposed Monitor

has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Debtors, discussions with and information from Vancor's and Debtors' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Pre-Filing Report:

- a. 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 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 Proposed Monitor expresses 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 Pre-Filing 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.
7. Future oriented financial information referred to in this Pre-Filing Report was prepared based on the 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. The Proposed Monitor has prepared this Pre-Filing Report in connection with the proposed CCAA Proceedings and should not be relied on for any other purpose.

9. Unless otherwise stated, all dollar amounts contained in this Pre-Filing Report are expressed in Canadian dollars.

DELOITTE’S QUALIFICATIONS TO ACT AS MONITOR

10. Deloitte is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. Deloitte has provided its consent to act as Monitor, a copy of which is attached hereto as Appendix “A”. The Proposed Monitor has retained Blaney McMurtry LLP to act as its independent legal counsel in the CCAA Proceedings.
11. Deloitte has been acting as financial advisor to the Debtors and is familiar with their business and operations, certain of its personnel, the key issues and the key stakeholders in these proposed CCAA Proceedings. Deloitte was engaged by the Debtors in this capacity on December 20, 2024, for the purposes of assisting the Debtors in reviewing all available options and in preparing the Cash Flow Forecast in order to commence these CCAA Proceedings. During that time, Deloitte developed an understanding of the financial and operational challenges of the Debtors, which knowledge will assist Deloitte in fulfilling its duties as Monitor, if the Court exercises its discretion to appoint Deloitte in such role.
12. Deloitte has not provided accounting or auditing services to Vancor or the Debtors. Fees payable to Deloitte pursuant to its financial advisory role are based on hours worked multiplied by normal hourly rates. Deloitte is not entitled to any success based or other contingency-based fee.

Resources Available Should Deloitte be Appointed Monitor

13. Should Deloitte be appointed Monitor by the Court, the following resources will be available on a website (the “**Monitor’s Website**”), which address will be

<https://www.insolvencies.deloitte.ca/tncc>:

- a. a telephone hotline will be available to contact the Monitor. The number is 416 643 3382; and
- b. an email inbox, at truenorthcc@deloitte.ca, will be available for stakeholders to make written inquiries of Deloitte, should the Court appoint the Proposed Monitor as Monitor.

THE DEBTORS’ CASH FLOW FORECAST

14. The Debtors have prepared the Cash Flow Forecast, with the assistance of the Proposed Monitor, and it is attached hereto as Appendix “**B**” along with certain of the documents required by section 10(2)(b) of the CCAA. The Cash Flow Forecast is presented weekly and projects the Debtors’ cash flows for the 15-week period to May 4, 2025. A summary of the Cash Flow Forecast is included in the table below:

True North Cannabis Co. (TNCC), Bamboo Blaze and 2767888 Ontario Inc. Projected Statement of Receipts and Disbursements For the Period January 20, 2025 to May 4, 2025 CAD \$000	
	Total
Receipts	
Cash sales	19,934
Collection (Services)	950
DIP Financing	1,500
Total Receipts	22,385
Disbursements	
Inventory and Raw Materials	(13,840)
Payroll Costs	(2,605)
Rent & Facilities	(1,082)
General Expenses	(1,460)
HST	(858)
Debt Service	(1,442)
Total Operating Expenses	(21,287)
Professional fees	(1,892)
Total Disbursements	(23,180)
Net Cash Flow	(795)
Opening Cash	893
Ending Cash (deficit)	98

15. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 9, the Proposed Monitor hereby reports as follows:

- a. the Cash Flow Forecast has been prepared by Management of the Debtors for the purpose of forecasting their liquidity through the forecast period using the probable assumptions and the hypothetical assumptions set out in the notes thereto;
- b. the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management and employees of the Debtors. Since hypothetical 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 has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast;

c. based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:

i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;

ii. as at the date of this Pre-Filing Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or

iii. the Cash Flow Forecast does not reflect the probable and hypothetical assumptions;

d. 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 assurance as to whether 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 Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and

e. the Cash Flow Forecast has been prepared solely for the purpose described in Note

1 on the face of the Cash Flow Forecast and readers are cautioned that it may not be appropriate for other purposes.

16. As set out in the Cash Flow Forecast, the Debtors project that they will have sufficient liquidity to fund their operations during the Stay of Proceedings granted by the Proposed Initial Order, until such time as they schedule the Comeback Hearing to seek approval of a debtor-in-possession credit facility, provided that the interim DIP Facility is approved by the Court.
17. Prior to the Comeback Hearing, the Debtors are forecasting only those disbursements that are necessary in the circumstances to fund normal course operations. The Debtors are not forecasting any cash receipts or disbursements out of the ordinary course.
18. Beyond the Comeback Hearing, the Cash Flow Forecast contemplates maintaining the *status quo* with payments being forecast to be made to the Debtors' secured creditors and to Vancor in respect of its outstanding shareholder loans. The Monitor notes that, as set out in the Van Iersel Affidavit, beginning in early 2024, the Debtors were regularly servicing Vancor's loans with monthly interest payments prior to the commencement of these CCAA Proceedings.

DEBTORS' NEED FOR A DIP FACILITY

19. As set out in the Van Iersel Affidavit, Vancor is currently seeking the Court's approval of the DIP Facility. A summary of the terms of the DIP Facility is set out below:

Item	Details
Lender	The Vancor Group Inc.
Borrowers	2744364 Ontario Limited o/a True North Cannabis Company, 2767888 Ontario Inc., and 2668905 Ontario Inc. o/a Bamboo Blaze, on a joint and several basis
Amount	\$2,000,000, including an initial advance in the principal amount of \$700,000

Item	Details
Use	The purpose of the DIP Facility is to fund: (a) working capital needs of the Debtors; (b) professional fees and expenses incurred by the Debtors and the Monitor in respect of the CCAA Proceedings; (c) debt service obligations of the Debtors; and (d) Recoverable Expenses (as defined in the DIP Facility) incurred by the DIP Lender in connection with the DIP Facility and the CCAA Proceedings
Maturity date	The earliest of the following dates: (a) May 30, 2025; (b) the closing of a sale or investment transaction; (c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings; (d) the termination of the CCAA Proceedings; and (e) the occurrence of an Event of Default (as defined in the DIP Facility) subject to a 5-day cure period
Interest rate and fees	12% per annum, calculated daily, and paid on the maturity date Commitment fee of \$40,000, representing 2% of the aggregate availability under the DIP Facility (the “ Commitment Fee ”)
Security	DIP Lender’s Charge
Funding conditions	The DIP Facility is subject to the following condition, <i>inter alia</i> : (a) the issuance of the Initial Order, including the granting of the DIP Lender’s Charge; (b) the Initial Order shall not have been vacated, stayed or appealed; (c) the DIP Lender shall have approved the Cash Flow Forecast, and the Debtors shall be in material compliance with it; (d) the Debtors are complying with all laws, regulations and Orders of the Court in the CCAA Proceedings; and (e) no Event of Default (as defined in the DIP Facility) shall have occurred

20. The Proposed Monitor supports this request for the following reasons:

- a. as set out in the Cash Flow Forecast, the Debtors are forecast to run out of cash in the week ended February 2, 2025. In large part the cash deficit is caused by the professional fees needing to be paid, and payments to the secured creditors. The liquidity provided by the DIP Facility allows the Debtors to meet those obligations in this process. Absent Court approval of the interim draw on the DIP Facility, they will not be able to fund operations and the costs of the CCAA Proceeding beyond

that time if all forecast payments are made. This includes payroll and other significant disbursements as contemplated in the Cash Flow Forecast;

- b. the initial advance under the DIP Facility addresses the Debtors' anticipated cash needs during the interim period leading to the Comeback Hearing. The Proposed Monitor has been advised that an increase in the quantum of the DIP Facility will be sought at the Comeback Hearing;
- c. the interest rate of 12% per annum, plus the quantum of the Commitment Fee to be paid pursuant to the DIP Facility, are reasonable rates/fees for debtor-in-possession ("DIP") financing in the circumstances. In order to assess the foregoing, the Monitor reviewed recent and relatively similar (i.e., quantum, type of lender) DIP loans on the Insolvency Insider DIP tracker for the latter half of calendar 2024. Based on this review, the Monitor noted interest rates as low as 7.2% and as high as 17.5% with a significant proportion of such rates being between 10% and 15% for DIP loans with principal values ranging from \$400,000 to \$65,000,000. Commitment fees in the sample ranged between 0% to 3.0%. The proposed interest rate and Commitment Fee in the DIP Facility is, therefore, consistent with interest rates and fees of comparable DIP loans. A summary of the DIP loans reviewed are attached in Appendix "C";
- d. the Proposed Monitor was advised that the Debtors spoke with multiple potential interim lenders, and the DIP Facility was ultimately the only available interim financing that could be identified;
- e. the quantum of the DIP Facility and the DIP Lender's Charge is appropriate given the Debtors' forecast liquidity needs; and

- f. the DIP Facility is the result of negotiations between the DIP Lender, the Debtors and their respective counsel, with the assistance and input from the Proposed Monitor.

21. It is contemplated that the DIP Lender's Charge will be subordinate to:

- a. twenty-six mortgages held by Firm Capital Mortgage Fund Inc. ("**Firm Capital**"), a secured creditor of the Debtors;
- b. the Administration Charge; and
- c. the security interests held by the Debtors' Secured Creditors (as defined in the Van Iersel Affidavit), other than Firm Capital.

22. For the reasons set out above, the Proposed Monitor recommends that the Court approve the DIP Facility and the related DIP Lender's Charge.

PROPOSED ADMINISTRATION CHARGE

23. Vancor is currently seeking the Court's approval of the proposed Administration Charge for the benefit of the Professionals. The proposed Administration Charge, in the amount of \$350,000, represents security for payment of the Professionals' fees and disbursements incurred both before (in respect of preparing for this filing) and after the commencement of these CCAA Proceedings until the Comeback Hearing.

24. Vancor has advised the Proposed Monitor that it will request an increase to the amount of the Administration Charge at the Comeback Hearing. The Proposed Monitor has reviewed and considered the underlying assumptions that Vancor has based the quantum of the proposed Administration Charge, the complexities of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge and is of the view that the proposed

scope and quantum of the Administration Charge is appropriate and reasonable in the circumstances.

25. In particular, the Proposed Monitor believes the Administration Charge is reasonable and appropriate in the circumstances, having considered, among other things:

- a. the work completed to date in preparation for the CCAA Proceedings by the Professionals involved has been material and no payments have been issued to date;
- b. the quantum of the proposed Administration Charge is comparable to other insolvency proceedings, and has been determined in consultation with the Proposed Monitor, taking into account the expected future professional costs and cadence of payment of invoices; and
- c. the quantum of the proposed Administration Charge is limited to an amount necessary to ensure that the beneficiaries of the Administration Charge have adequate protection to the date of the Comeback Motion.

26. Accordingly, the Proposed Monitor respectfully recommends that Vancor's request for the Administration Charge be granted by the Court.

NEED FOR A CRO

27. As outlined in the Van Iersel Affidavit, Vancor is of the belief that the appointment of a Chief Restructuring Officer is necessary in order to bring stability and independent perspective to the Debtors operations. Shawn Dym is being proposed as Chief Restructuring Officer.

28. The Proposed CRO has an extensive network and significant experience in the cannabis industry, and has previously acted as a court-appointed Chief Restructuring Officer in the context of a CCAA proceeding. The Proposed Monitor believes that Mr. Dym is well

positioned to assist the Company, in consultation with the Proposed Monitor, throughout the CCAA Proceedings.

29. The powers and obligations of the Proposed CRO are as set out in an engagement letter between the Debtors and the Proposed CRO dated January 23, 2025 (the “**CRO Engagement**”), a redacted copy of which (with fee information redacted) is attached hereto as Appendix “**D**”, and an unredacted copy of which is attached hereto as Confidential Appendix “**A**”.

30. The Proposed Monitor has reviewed the CRO Engagement and is supportive of the appointment of the Proposed CRO given the lack of involvement by other shareholders (including due to court-ordered prohibitions as detailed in the Van Iersel Affidavit) and the recusal of Mr. Van Iersel during these CCAA Proceedings.

31. Vancor is requesting that the CRO Engagement be sealed to protect the commercial sensitivity of the fees being charged by the Proposed CRO. The Proposed Monitor agrees that the Proposed CRO’s compensation under the CRO Engagement is commercially sensitive and personal information and supports Vancor’s request for a sealing order with respect to Confidential Appendix “**A**”. In the Proposed Monitor’s view, the redactions are sufficiently limited, and restricted to only the Proposed CRO’s financial compensation, that the requested sealing order is appropriate in the circumstances.

PAYMENT OF PRE-FILING LIABILITIES

32. As set out in the Van Iersel Affidavit, Vancor is seeking the Court’s approval to pay, with the consent of the Monitor, pre-filing amounts owing to the Ontario Cannabis Store (“**OCS**”).

33. As the sole supplier of cannabis inventory in Ontario, any interruption in supply from the OCS

would have a material detrimental impact on the Debtors' business. While every effort will be made by the Debtors and the Proposed Monitor to ensure that the stay of proceedings is respected, the Proposed Monitor is of the view that, given the importance of continued supply to, and uninterrupted operation of the Debtors' business, it is important to have the necessary flexibility to make such critical payments to the OCS and recommends that the Court grant Vancor's requested relief in this regard.

DEBT SERVICING PAYMENTS

34. As detailed in the Proposed Initial Order, Vancor is currently seeking the Court's authority to permit the Debtors to make payments to all eight of its pre-filing Secured Creditors (as defined in the Van Iersel Affidavit).
35. The Proposed Monitor is of the view that, by making the payments to Secured Creditors as contemplated in the Van Iersel Affidavit and the Cash Flow Forecast, the Debtors are more likely to obtain the support of these parties, thereby enhancing the probability that the Debtors will be able to achieve a successful restructuring.

RECOMMENDATIONS

36. For the reasons set out above the Proposed Monitor respectfully recommends that the Court
grant the proposed Initial Order.

All of which is respectfully submitted this 23rd day of January, 2025.

DELOITTE RESTRUCTURING INC.

Solely in its capacity as Proposed Monitor of
the Debtors, and not in its personal or corporate capacity

Per:



Todd Ambachtsheer, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix “A”
Consent to Act

**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

B E T W E E N:

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Applicant

- and -

2744364 ONTARIO LIMITED (O/A TRUE NORTH CANNABIS CO.),
2668905 ONTARIO INC. (O/A BAMBOO BLAZE), AND 2767888 ONTARIO INC.

Respondents (Debtors)

CONSENT TO ACT AS MONITOR

DELOITTE RESTRUCTURING INC. hereby consents to act as Court-appointed monitor over 2744364 Ontario Limited (o/a True North Cannabis Co.), 2668905 Ontario Limited (o/a Bamboo Blaze), and 2767888 Ontario Inc. in this proceeding, should an Initial Order be granted by the Court.

Dated this 23rd of January 2025.

DELOITTE RESTRUCTURING INC.

Per:



Name: Todd Ambachtsheer

I have authority to bind the corporation

THE VANCOUR GROUP INC.
Applicant

and

2744364 ONTARIO LIMITED, *ET AL*
Respondents (Debtors)

Court File No. CV-25-00735482-00CL

Email address of recipients: See the Service List

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at Toronto

CONSENT TO ACT AS MONITOR

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Appendix “B”
Cash Flow Forecast

**True North Cannabis Co. (TNCC), Bamboo Blaze and
2767888 Ontario Inc.**

**Projected Statement of Receipts and Disbursements
For the Period January 20, 2025 to May 4, 2025
CAD \$000**

	Forecast 26-Jan-25	Forecast 2-Feb-25	Forecast 9-Feb-25	Forecast 16-Feb-25	Forecast 23-Feb-25	Forecast 2-Mar-25	Forecast 9-Mar-25	Forecast 16-Mar-25	Forecast 23-Mar-25	Forecast 30-Mar-25
Receipts										
Cash sales	1,138	1,354	1,324	1,324	1,324	1,533	1,275	1,275	1,275	1,491
Collection (Services)	4	108	154	75	15	14	128	99	4	22
DIP Financing	-	700	-	-	-	300	-	300	-	-
Total Receipts	1,142	2,162	1,479	1,399	1,339	1,848	1,403	1,674	1,279	1,513
Disbursements										
Inventory and Raw Materials	(908)	(935)	(935)	(935)	(935)	(935)	(1,135)	(1,135)	(1,135)	(13)
Payroll Costs	-	(387)	-	(354)	-	(395)	-	(354)	-	(357)
Rent & Facilities	-	(242)	-	-	-	(299)	-	-	-	(77)
General Expenses	(113)	(293)	(31)	(88)	(15)	(267)	(15)	(48)	(7)	(68)
HST	(183)	(257)	-	-	-	(177)	-	-	-	-
Debt Service	(190)	(105)	-	(213)	-	(105)	-	(213)	-	(105)
Total Operating Expenses	(1,393)	(2,219)	(966)	(1,590)	(950)	(2,178)	(1,150)	(1,750)	(1,142)	(620)
Professional fees	(260)	(243)	(251)	(25)	(18)	(91)	(107)	(107)	(107)	(129)
Total Disbursements	(1,653)	(2,462)	(1,217)	(1,615)	(967)	(2,270)	(1,256)	(1,856)	(1,248)	(749)
Net Cash Flow	(511)	(300)	262	(216)	372	(422)	146	(182)	30	764
Opening Cash	893	381	82	344	128	500	78	224	42	72
Ending Cash (deficit)	381	82	344	128	500	78	224	42	72	836

**True North Cannabis Co. (TNCC), Bamboo Blaze and
2767888 Ontario Inc.**

**Projected Statement of Receipts and Disbursements
For the Period January 20, 2025 to May 4, 2025
CAD \$000**

	Forecast 6-Apr-25	Forecast 13-Apr-25	Forecast 20-Apr-25	Forecast 27-Apr-25	Forecast 4-May-25	Total
Receipts						
Cash sales	1,278	1,280	1,280	1,496	1,289	19,934
Collection (Services)	87	124	15	14	86	950
DIP Financing	-	-	-	-	200	1,500
Total Receipts	1,365	1,404	1,295	1,510	1,574	22,385
Disbursements						
Inventory and Raw Materials	(1,063)	(945)	(945)	(945)	(945)	(13,840)
Payroll Costs	(14)	(354)	-	(354)	(37)	(2,605)
Rent & Facilities	(222)	-	-	(21)	(222)	(1,082)
General Expenses	(196)	(16)	(35)	(68)	(200)	(1,460)
HST	(109)	-	-	-	(131)	(858)
Debt Service	-	-	(213)	(105)	(192)	(1,442)
Total Operating Expenses	(1,604)	(1,315)	(1,193)	(1,493)	(1,726)	(21,287)
Professional fees	(107)	(107)	(107)	(129)	(107)	(1,892)
Total Disbursements	(1,710)	(1,421)	(1,300)	(1,622)	(1,832)	(23,180)
Net Cash Flow	(345)	(18)	(5)	(112)	(258)	(795)
Opening Cash	836	491	473	468	356	893
Ending Cash (deficit)	491	473	468	356	98	98

**Appendix “C”
DIP Summary**

Debtor	Filing Date	Lender	CAD/USD	DIP	Interest Rate as defined	Current Interest rate	Commitment Fee		Standby Fees	Other Fees	
				Amount (millions)			\$	%	%	\$	%
Chesswood Group Ltd. et al.	29-Oct-24	RBC and other pre-filing lenders	USD	\$ 65.00	Prime + 400 bps	12.00%	\$ 420,000	0.6%	0.0%	\$ 30,000	
Mizrahi Development Group (1451 Wellington) Inc.	15-Oct-24	TCC Mortgage Holdings Inc.	CAD	\$ 25.00	10.0%	10.00%	\$ 375,000	1.5%	0.0%		
Tokyo Smoke	28-Aug-24	TS Investments Corp.	CAD	\$ 8.00	13.0%	13.00%	\$ 80,000	1.0%	0.0%		
BC Tree Fruits Cooperative, BC Tree Fruits Industries, Growers Supply Company Limited	13-Aug-24	CIBC	CAD	\$ 4.05	10.0%	9.95%	\$ -	0.0%	0.0%		
Freedom Cannabis Inc.	8-Aug-24	JL Legacy Ltd.	CAD	\$ 3.00	15.0%	15.00%	\$ 60,000	2.0%	0.0%		
Galaxie Brands Corporation	6-Aug-24	The Vancor Group Inc.	CAD	\$ 1.65	14.0%	14.00%	\$ 33,000	2.0%	0.0%		
VBI Vaccines Inc. et al.	30-Jul-24	K2 HealthVentures LLC	CAD	\$ 2.50	17.5%	17.50%	\$ 50,000	2.0%	0.0%		
Delta 9 Cannabis Inc. et al.	15-Jul-24	FIKA Herbal Goods	CAD	\$ 16.00	TD Prime + 3%	8.45%	\$ -	0.0%	0.0%		
Taiga Motors Corporation et al.	10-Jul-24	EDC	CAD	\$ 4.40	Prime + 7	12.45%	\$ 105,600	2.4%	0.0%		
Atlas Global Brands Inc. et al.	20-Jun-24	Shalcor Management Inc.	CAD	\$ 7.00	13.0%	13.00%	\$ 210,000	3.0%	0.0%		
Karwood Estates Inc. and Gregg Construction Limited	5-Jun-24	Pillar Capital Corp.	CAD	\$ 2.35	13.5%	13.50%	\$ -	0.0%	0.0%	\$ 5,000	3.0%
Altek Industrial Supply Ltd. et al.	24-May-24	CIBC	CAD	\$ 2.00	10.0%	9.95%	\$ -	0.0%	0.0%		
Eastern Meat Solutions Inc. et al.	17-May-24	BMO	CAD	\$ 3.35	12.0%	12.00%	\$ 67,000	2.0%	2.0%		
IntelGenx Technologies Corp. and IntelGenx Corp.	17-May-24	atai Life Sciences AG	CAD	\$ 8.00	NBC Prime 7.2%	5.45%	\$ -	0.0%	0.0%		
Cannmart Labs Inc.	2-May-24	Lifeist Wellness Inc.	CAD	\$ 0.40	10.0%	10.00%	\$ 8,000	2.0%	0.0%		
Ted Baker Canada Inc. et al.	24-Apr-24	CIBC	USD	\$ 28.00	9.95% for CAD Advances and 11.75%	9.95% (CAD) & 11.75% (USD)	\$ 300,000	1.1%	0.0%		
Heritage Cannabis Holding Corp.	2-Apr-24	BJK Holdings Ltd.	CAD	\$ 1.50	12.5%	12.50%	\$ 45,000	3.0%	0.0%		

**Appendix “D”
Redacted CRO
Engagement**

January 23, 2025

Private and Confidential

2744364 Ontario Limited o/a True North Cannabis Company

960 King Street East
Cambridge, ON. N3H 3P3

2767888 Ontario Inc.

Unit 5, 697 Coronation Boulevard
Cambridge, ON. N1R 3G5

2668905 Ontario Inc. o/a Bamboo Blaze

Unit 5, 697 Coronation Boulevard
Cambridge, ON. N1R 3G5

Attention: Heithem Dahrouj

Re: Engagement Letter – Chief Restructuring Officer of 2744364 Ontario Limited o/a True North Cannabis Company, 2767888 Ontario Inc., and 2668905 Ontario Inc.

This letter agreement (this “**Agreement**”) confirms and sets forth the terms and conditions of the engagement of the undersigned by 2744364 Ontario Limited o/a True North Cannabis Company, 2767888 Ontario Inc., and 2668905 Ontario Inc. (collectively, the “**Companies**”), to act as Chief Restructuring Officer (“**CRO**”) of the Companies in connection with the proceedings commenced in respect of the Companies under the *Companies’ Creditors Arrangement Act*, R.S.C., 1986, c. C-36 (the “**CCAA Proceedings**”).

1. **Scope of Engagement.** On the terms and subject to the conditions of this Agreement, the Companies hereby engage Shawn Dym to act as CRO of the Companies, such appointment to be approved and authorized by order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The services provided by the CRO shall be limited for the initial 10-day period following the Initial Order, and then shall be expanded, as follows:

- (a) Upon the issuance of the Initial Order, the CRO shall perform such supervisory and reporting services as the CRO, in consultation with Deloitte Restructuring Inc., as proposed monitor of the Companies in the CCAA Proceedings (in such capacity, the “**Monitor**”), deems advisable, including receiving and reviewing information from the Companies and the Monitor and other professionals involved in the CCAA Proceedings regarding the business and affairs of the Companies;
- (b) Upon the issuance by the Court of an Amended and Restated Initial Order (the “**ARIO**”) in the CCAA Proceedings, the services provided by the CRO shall be expanded to include the following, which shall be performed in consultation with the Monitor:

- i. assisting the Companies in managing and providing information to, and serving as a contact with, the Companies' stakeholders;
- ii. retaining such further advisors and executing such further retainer agreements, directions, documents or instruments as may be deemed necessary or advisable by the CRO, after consultation with the Monitor, in connection with the Companies' restructuring;
- iii. taking any and all actions and steps to manage, operate and carry on the business of the Companies, including actions or steps that the CRO considers necessary or desirable to proceed with a restructuring of the Companies' business and including, without limitation:
 - A. terminating the employment of, or temporarily laying off employees of the Companies;
 - B. settling, extending or compromising any indebtedness owing to or by the Companies;
 - C. purchasing or leasing machinery, equipment, inventories, supplies, premises or other assets to continue the Companies' business, or any part or parts thereof;
 - D. initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Companies, their business and/or property, and to settle or compromise any such proceeding;
 - E. applying for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Companies;
 - F. taking any and all corporate governance actions for the Companies; and
 - G. providing instruction and direction to the advisors of the Companies;
- i. receiving, collecting and exercising control over all monies and accounts held by or owing to the Companies, and exercising all remedies of the Companies in collecting monies owed or hereafter owing to the Companies to enforce any security held by the Companies;
- ii. executing, assigning, issuing and endorsing agreements and documents of whatever nature in respect of any of the Companies' property and/or operations for any purpose pursuant to this Agreement or the ARIO;

- iii. soliciting, negotiating and executing such forbearance agreements, amendments, extensions, or other agreements with Firm Capital Mortgage Fund Inc. and the other secured creditors of the Companies as the CRO deems appropriate;
- iv. assisting with any sale and investment solicitation process conducted by the Monitor in connection with the CCAA Proceedings;
- v. exercising any rights or powers granted by the ARIO or taking any steps required to be taken by the Companies under the ARIO or any order of the Court in connection with the CCAA Proceedings;
- vi. assisting the Companies in dealing with the administration of financing, dealing with any insolvency related claims, and other applicable matters within the CCAA Proceedings;
- vii. overseeing and participating in the Companies' management and executive team; and
- viii. performing such other duties or services or taking such other steps as are reasonably incidental to the exercise of the foregoing activities, or are directed by the Monitor, subject to the terms of the Initial Order or the ARIO, as applicable.

For certainty, the CRO shall be empowered and authorized to execute documents, instruments and agreements for and on behalf of the Companies, and any such documents, instruments and agreements executed by the CRO shall be binding on the Companies in all respects.

2. **Term.** This Agreement shall commence upon the issuance of the Initial Order, and may be terminated: (a) by the CRO, at the sole discretion of the CRO, upon no less than 30 days written notice to the Companies; and (b) by the Companies, with the written consent of the Monitor, (i) on no less than 30 days written notice to the CRO, provided that such notice cannot be given until the 60th day following the issuance of the ARIO, or (ii) if the Company emerges from the CCAA Proceedings. Upon termination of the Agreement, the Companies shall promptly remit any fees and expenses due to the CRO for services as set out in Section 3 provided up to and including the effective date of termination (including fees and expenses that were accrued prior to, but invoiced subsequent to, the effective date of termination). The provisions of this Agreement that expressly state that they are to continue in effect after the termination of this Agreement, or which by their nature would survive the termination of this Agreement shall survive and continue to bind the parties.

3. **Compensation.** In exchange for providing the services set out in this Agreement, the CRO shall be entitled to receive monthly compensation [REDACTED] plus applicable taxes and out-of-pocket expenses reasonably incurred in connection with the provision of such services. Out-of-pocket expenses shall include, but not be limited to, fees, disbursements and other charges associated with the CRO's reasonable travel and lodging expenses, reasonable legal services provided to the CRO (if any), and other necessary expenses. The foregoing consideration shall be funded by the interim financing facility established by The Vancor Group Inc. in the CCAA Proceedings and shall be paid in accordance with the cash flow projections prepared by the Companies with the assistance of the Monitor. The first and last payments shall be pro-rated, as required, depending on the date of execution of this Agreement and the date of termination in accordance with Section 2.

4. **Contractor Relationship.** During the performance of this Agreement, the CRO shall be an independent contractor and not an agent or employee of the Companies. The CRO's engagement shall be on a non-exclusive basis.

5. **Covenants.** The Companies shall use commercially reasonable efforts to:

- (a) provide the CRO with access to management and other representatives of the Companies;
- (b) provide the CRO with access to all facilities of the Companies; and
- (c) furnish all books and records, data, material and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Companies that the CRO may reasonably request in connection with its services as CRO.

6. **Information Access and Forward-Looking Statement.** The CRO shall rely, without further independent verification, on the accuracy and completeness of all publicly available information and information that is furnished to the CRO by or on behalf of the Companies, or otherwise reviewed by the CRO in connection with the services performed for the Companies. The Companies acknowledge and agree that the CRO shall not be responsible for the accuracy, completeness, or inaccuracies or omissions contained therein. The CRO shall be under no obligation to update or correct the data submitted to the CRO, or to review any other areas unless specifically requested to do so. The Companies acknowledge that the services to be rendered by the CRO may include the review and preparation of projections and other forward-looking statements. Numerous factors may affect the actual results of the Companies' operations, which may materially and adversely differ from those projections. Accordingly, the CRO shall not be responsible for any discrepancies between the projected and actual results, nor for any adverse effects that may arise from such differences.

7. **Confidentiality.** The CRO agrees to maintain the confidentiality of all non-public, proprietary, or confidential information disclosed by or on behalf of the Companies, using such information solely for performing duties under this Agreement, and not disclosing it to any third party without the Companies' prior written consent, except as required by law. This obligation excludes information that is or becomes publicly available through no fault of the CRO, was known to the CRO prior to disclosure, or is disclosed with the Companies' approval.

8. **Limitation of Duties.** The CRO does not, and shall not be obligated to, make any representation or guarantee, including that: (a) an appropriate restructuring proposal or strategic alternative can be formulated for the Companies; (b) any restructuring proposal or strategic alternative will be more successful than all other possible restructuring proposals or strategic alternatives; (c) a restructuring is the best course of action for the Companies; or (d) any proposed restructuring plan or strategic alternative will be accepted by any of the Companies' creditors or other stakeholders, or approved by the Court. Further, the CRO shall not assume any responsibility for the Company's decision to pursue, or not pursue any business strategy, or to effect, or not to effect any transaction.

9. **No Audit.** The Companies acknowledge and agree that the CRO is not being requested to perform an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the Ontario Securities Commission, the Securities Exchange Commission, or other provincial, state or national professional or regulatory body.

10. **No Third-Party Beneficiary.** The Companies acknowledge that all advice (written or oral) provided by the CRO to the Companies in connection with this Agreement is intended solely for the benefit and use of the Companies in considering the matters to which this Agreement relates. The Companies may choose to reproduce, disseminate, quote or refer to such information as they wish, in their sole and absolute discretion, provided that in no event may such information be attributed to the CRO.

11. **Indemnification / Limitation of Liability.** The CRO shall not incur liability for any acts or omissions in its capacity as CRO related to the performance or non-performance of the services described herein, provided that such actions or omissions are not carried out in a manner that is grossly negligent and/or the result of willful misconduct.

The Companies shall indemnify and hold harmless the CRO for any and all costs, claims, charges, expenses and liabilities of any nature whatsoever incurred in Mr. Dym's capacity as CRO or that may arise as a result of any matter directly or indirectly relating to or pertaining to this Agreement (the "**CRO Liabilities**") to the same extent as the most favorable indemnification they extend to their officers or directors, whether under the Companies' bylaws, articles, by contract or otherwise, and no reduction or termination in any of the benefits provided under any such indemnities shall affect the benefits provided herein. The provisions of this section are in the nature of contractual obligations and no change in applicable law or the Companies' charter, bylaws or other organizational documents or policies shall affect the rights of the CRO hereunder. The CRO Liabilities set forth herein shall have the protection provided by the Administration Charge in the Initial Order and the ARIO.

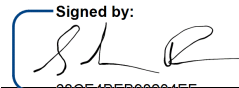
In the context of the CCAA Proceedings, the Companies shall support, as part of any sale approval order, a full and final release of the CRO from all potentially affected parties, which release shall be consistent with the terms of other releases sought for professionals in respect of the insolvency proceedings.

12. **Miscellaneous.** This Agreement:

- (a) shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein without giving effect to such Province's rules concerning conflicts of laws that might provide for any other choice of law;
- (b) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, whether oral or written;
- (c) may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and a signed copy of this Agreement delivered by email, or other electronic means, shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The parties agree that electronic signatures shall be accepted and shall have the same force and effect as original signatures; and
- (d) may not be amended or modified except in writing executed by each of the parties hereto.

If the foregoing is acceptable to you, kindly sign below to acknowledge your agreement with its terms.

Yours truly,

Signed by:

03CF48EB98204EF
SHAWN DYM

Accepted on the date first written above by:

**2744364 ONTARIO LIMITED o/a TRUE
NORTH CANNABIS COMPANY**

Per: _____
Name: Heithem Dahrouj
Title: Vice President, Finance

2767888 ONTARIO INC.

Per: _____
Name: Heithem Dahrouj
Title: Vice President, Finance

**2668905 ONTARIO INC. o/a BAMBOO
BLAZE**

Per: _____
Name: Heithem Dahrouj
Title: Vice President, Finance

**Confidential Appendix “D”
Unredacted CRO
Engagement**

THE VANCOR GROUP INC.
Applicant

and

2744364 ONTARIO LIMITED, *ET AL*

Court File No: CV-25-00735482-00CL

Respondents (Debtors)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at **TORONTO**

PRE-FILING REPORT OF THE PROPOSED MONITOR

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Restructuring Inc.