

**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:

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)

**MOTION RECORD OF THE APPLICANT
(Returnable February 3, 2024)**

January 30, 2025

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TO: SERVICE LIST

**ONTARIO
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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INC.

Respondents (Debtors)

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(as of January 30, 2025)

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726494 ONTARIO INC. 110 Broadway Street Tillsonburg, ON N1H 8L8	Courier	
THOMAS SCHMIDT 31 Ontario Street, Units 2 & 3 Grand Bend, ON N0M 1T0	Courier	
TORBILL HOLDINGS LTD. 43 Main Street Brighton, ON K0K 1H0	Courier	
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SECURED CREDITORS		
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818876 ONTARIO LTD. 69-1235 Radom St Pickering, Ontario, L1W 1J3	Courier	Lender to 2767888 Ontario Inc.

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

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

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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B E T W E E N:

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TAB	DOCUMENT
1.	Notice of Motion, returnable February 3, 2025
2.	Affidavit of Corry Van Iersel, sworn January 30, 2025
3.	Affidavit of Corry Van Iersel, sworn January 23, 2025 (without exhibits)
4.	Draft Amended and Restated Initial Order
5.	Redline of Draft Amended and Restated Initial Order against Model Order
6.	Redline of Draft Amended and Restated Initial Order against Initial Order dated January 24, 2025

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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**NOTICE OF MOTION
(Returnable February 3, 2025)
(Amended and Restated Initial Order)**

The Vancor Group Inc. (“**Vancor**”) will make a motion to a judge presiding over the Ontario Superior Court of Justice (Commercial List) (“**Court**”) on Monday, February 3, 2025 at 10:00 a.m. (Toronto time), or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard by video conference. Zoom details will be provided by the Court and available on Case Center.

THE MOTION IS FOR:

- (a) An amended and restated Initial Order (“**ARIO**”) substantially in the form attached as **Tab “4”** to the within motion record, among other things:

- (i) If necessary, abridging the time for service of the notice of motion and motion record and dispensing with service on any person other than those served;
 - (ii) extending the Stay Period up to and including May 2, 2025;
 - (iii) approving an increase to the Administration Charge, to the maximum amount of \$600,000 (from \$350,000);
 - (iv) approving the Debtors borrowing under the DIP Term Sheet up to a maximum principal amount \$2,000,000 (from \$900,000); and
 - (v) approving an increase to the DIP Lender's Charge to the maximum principal amount of \$2,000,000 (plus interest, fees, and expenses).
- (b) Such further and other Relief as to this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE¹:

Background

1. This is a creditor initiated CCAA reorganization proceeding of a vertically integrated retail cannabis business conducting retail operations under the brand name "True North Cannabis Co."
2. The applicant Vancor is the largest creditor of the Debtors, having invested over \$23,000,000 in principal through Shareholder Loans.

¹ All capitalized terms not otherwise defined herein have the meaning given to them in: (a) the initial order of the Honourable Mr. Justice Penny dated January 24, 2025 ("**Initial Order**") under the Companies' Creditors Arrangement

3. Each Debtor's role in the business is as follows:
 - (a) TNCC operates 48 retail cannabis dispensaries in Ontario, as well as an online storefront for direct-to-consumer cannabis sales in Ontario;
 - (b) Bamboo Blaze is a supplier of (a) personal protective equipment (such as masks, medical gowns, and gloves) to cannabis producers, and (b) cannabis accessories (such as cannabis grinders, rolling papers, and bongs) to cannabis retailers (including TNCC); and
 - (c) 888 is a real-estate holding company that owns 41 properties. 888 is TNCC's landlord under for the majority of TNCC's commercial leases.
4. On the application of Vancor, the Debtors obtained protection under the CCAA pursuant to the terms of an Initial Order made by the Honourable Mr. Justice Penny on January 24, 2025.
5. The facts underlying the Debtors financial circumstances and need for CCAA protection are set out in the First Van Iersel Affidavit.
6. The Initial Order, among other things:
 - (a) declared that the Debtors are companies to which the CCAA applies;
 - (b) appointed Deloitte as Monitor;

Act, R.S.C. 1985, c. C-36, as amended ("CCAA"); and (b) the affidavit of Corry Van Iersel affirmed January 23, 2025 in support of the Initial Order ("**First Van Iersel Affidavit**").

- (c) granted an Initial Stay of Proceedings in favor of the Debtors, and their respective directors and officers, until and including February 3, 2025;
- (d) approved the Debtors ability to borrow up to a principal amount of \$900,000 under a DIP Term Sheet from Vancor (in that capacity, referred to herein as the DIP Lender) to finance, among other things, the Debtors working capital requirements and post-filing expenses;
- (e) granted the Administration Charge and the DIP Lender's Charge (collectively referred to herein as the Charges);
- (f) approved the appointment of Shawn Dym as Chief Restructuring Officer of the Debtors pursuant to the CRO Engagement; and
- (g) sealed, until the earlier of (i) the termination of this CCAA proceeding or (ii) further order of the court, the unredacted copy of the CRO Engagement.

ARIO Relief Requested

Extension of the Stay Period

- 7. The Initial Order granted an initial Stay Period up to and including February 3, 2025.
- 8. Vancor seeks an extension of the Stay Period up to and including May 2, 2025.
- 9. Following the grant of the Initial Order, the Debtors have acted in good faith and with due diligence: The Debtors have, among other things, (a) continued to operate in the ordinary course, (b) engaged with the CRO and the Monitor, (c) communicated with employees and

other key stakeholders regarding this CCAA proceeding, and (d) assisted in the preparation of the within motion materials.

10. If the ARIO is granted, Vancor understands that the Debtors, with the assistance of the CRO and the Monitor, will move promptly to prepare and seek court approval of a sale and investment solicitation process.
11. The requested extension will afford sufficient time and stability to develop and implement a SISP designed to maximize the value of the Debtors' business for their stakeholders.
12. It is just and convenient and in the best interest of the Debtors and their stakeholders that the Stay Period be extended up to and including May 2, 2025.

Increase to DIP Facility and DIP Lender's Charge

13. Pursuant to the Initial Order, the Court approved the Debtors' borrowing of \$900,000 under the DIP Term Sheet, which was the amount of interim financing reasonably necessary to "keep the lights on" during the Initial Stay Period. A corresponding DIP Lender's Charge was granted.
14. Vancor, the Debtor's current DIP Lender, is prepared to make an additional \$1,100,000 in interim financing available to the Debtors on the terms set out in the DIP Term Sheet approved by the court on January 24, 2025.
15. The Cash Flow Forecast appended to the Pre-Filing Report indicates that the Debtors will require additional short-term capital to remain current with their post-filing obligations.

16. Vancor therefore seeks approval for the Debtors to borrow up to the maximum principal amount of \$2,000,000 available under the DIP Term Sheet.
17. If the ARIO is granted, the proceeds from the DIP Facility will be allocated towards the Debtors' expenses other than debt service. The Debtors' debt service obligations (including servicing the Vancor Shareholder Loans on an interest-only basis) will be paid in accordance with past practice using proceeds from operating receipts, all in accordance with the Cash Flow Forecast initially filed.
18. Additional draws under the DIP Facility, which are required by the Debtors during the proposed extended Stay Period, are conditional on a corresponding increase to the DIP Lenders' Charge being granted.
19. Should the ARIO not be granted, including the approval of increased borrowing under the DIP Term Sheet, the Debtors and their stakeholders stand to suffer material prejudice up to and including a cessation of operations.
20. The DIP Lender's Charge will continue to rank subordinate to the Administration Charge and to the security interests of all Secured Creditors.

Increase to Administration Charge

21. The Initial Order approved an Administration Charge in the amount of \$350,000. The Administration Charge was required to secure the expertise, knowledge, and continued participation of the Professionals Group, whose services will be in furtherance of a successful restructuring.

22. The Administration Charge was limited to what was reasonably necessary during the Initial Stay Period.
23. Vancor now seeks to increase the Administration Charge to \$600,000.
24. The increased quantum of the Administration Charge is based on the estimated fees of the Professionals Group from the date of the Comeback Hearing through to the end of the proposed extended Stay Period.
25. The requested increase to the Administration Charge will secure payment for the work to be performed by the Professionals Group during the proposed extended Stay Period.
26. The Administration Charge will rank in priority to the DIP Lender's Charge and the security interests of all Secured Creditors except Firm Capital. The Administration Charge will not have priority over any security interests that the Debtors have given Firm Capital in respect of the Property.
27. The amount of the Administration Charge is fair and reasonable in the circumstances.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) The Pre-Filing Report of the Monitor, filed;
- (b) The First Report of the Monitor, to be filed;
- (c) The First Van Iersel Affidavit, filed;
- (d) The second affidavit of Corry Van Iersel, sworn January 30, 2025; and

- (e) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

January 30, 2025

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TO: SERVICE LIST

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2744364 ONTARIO LIMITED, et al.
Respondents (Debtors)

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at
Toronto

**NOTICE OF MOTION
(RETURNABLE FEBRUARY 3, 2025)**

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TAB 2

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
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INC.

Respondents (Debtors)

**AFFIDAVIT OF CORRY VAN IERSEL
(Sworn January 30, 2025)**

January 30, 2025

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V. FORM OF ORDER AND CONCLUSION.....9

AFFIDAVIT OF CORRY VAN IERSEL
(Sworn January 30, 2025)

I, Corry Van Iersel, of the City of Cambridge in the Regional Municipality of Waterloo, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

I. OVERVIEW

1. This affidavit is sworn in support of a motion by the applicant, The Vancor Group Inc. (“**Vancor**”), for an amended and restated Initial Order (“**ARIO**”) under the CCAA.¹ I am the President and sole shareholder of Vancor. I am also an officer and director of each of the Debtors and hold direct or indirect equity interests in each of the Debtors. As such, I have personal knowledge of the matters hereinafter deposed. If I have obtained information from others, I state the source of the information and believe it to be true.

2. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

II. RELIEF REQUESTED

3. The proposed ARIO included at Tab “4” of Vancor’s motion record, among other things:
- (a) Abridges the time for service of the notice of motion and motion record and dispenses with service on any person other than those served;
 - (b) extends the Stay Period up to and including May 2, 2025;

¹ All capitalized terms not otherwise defined herein have the meaning given to them in: (a) the initial order of the Honourable Mr. Justice Penny dated January 24, 2025 (“**Initial Order**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (“**CCAA**”); and (b) the affidavit of Corry Van Iersel affirmed January 23, 2025 in support of the Initial Order (“**First Van Iersel Affidavit**”).

- (c) approves an increase to the Administration Charge, to the maximum amount of \$600,000 (from \$350,000);
- (d) approves the Debtors borrowing under the DIP Term Sheet up to a maximum principal amount \$2,000,000 (from \$900,000); and
- (e) approves a corresponding increase to the DIP Lender's Charge to the maximum principal amount of \$2,000,000 (plus interest, fees, and expenses).

III. INTRODUCTION AND BACKGROUND

4. This is a creditor initiated CCAA reorganization proceeding of a vertically integrated retail cannabis business conducting retail operations under the brand name "True North Cannabis Co.".

5. The applicant Vancor is the largest creditor of the Debtors, having invested over \$23,000,000 in principal through Shareholder Loans.

6. Each Debtor's role in the business is as follows:

- (a) TNCC operates 48 retail cannabis dispensaries in Ontario, as well as an online storefront for direct-to-consumer cannabis sales and deliveries in Ontario;
- (b) Bamboo Blaze is a supplier of (a) personal protective equipment (such as masks, medical gowns, and gloves) to cannabis producers, and (b) cannabis accessories (such as cannabis grinders, rolling papers, and bongs) to cannabis retailers (including TNCC); and
- (c) 888 is a real-estate holding company that owns 41 properties. 888 is TNCC's landlord under for the majority of TNCC's commercial leases.

7. The facts underlying the Debtors financial circumstances and need for CCAA protection are set out in the First Van Iersel Affidavit.

8. On the application of Vancor, the Debtors obtained protection under the CCAA pursuant to the terms of an Initial Order made by the Honourable Mr. Justice Penny on January 24, 2025.

9. The Initial Order, among other things:

- (a) Declared that the Debtors are companies to which the CCAA applies;
- (b) appointed Deloitte as Monitor;
- (c) granted an Initial Stay of Proceedings in favor of the Debtors, and their respective directors and officers, until and including February 3, 2025;
- (d) approved the Debtors ability to borrow up to a principal amount of \$900,000 under a DIP Term Sheet from Vancor (in that capacity, referred to herein as the DIP Lender) to finance, among other things, the Debtors working capital requirements and post-filing expenses;
- (e) granted the Administration Charge and the DIP Lender's Charge (collectively referred to herein as the Charges);
- (f) approved the appointment of Shawn Dym as Chief Restructuring Officer of the Debtors pursuant to the CRO Engagement; and
- (g) sealed, until the earlier of (i) the termination of this CCAA proceeding or (ii) further order of the court, the unredacted copy of the CRO Engagement.

IV. THE ARIO

Extension of the Stay of Proceedings

10. The current Stay Period granted under the Initial Order expires on February 3, 2025.

11. The Debtors require a stay of proceedings to maintain the *status quo* and to provide the Debtors with the breathing space required to prepare, seek Court approval of, and implement a sale and investment solicitation process in consultation with the CRO and the Monitor.

12. The Applicants seek an extension of the Stay Period up to May 2, 2025, which timing will accommodate the anticipated timeline and completion of a SISP, for which court approval will be sought.

13. Vancor is satisfied that the Debtors have been acting in good faith and with due diligence through the Initial Stay Period and will continue to do so during the proposed extended Stay Period.

14. I understand that the Monitor's report, to be filed in support of this motion, will provide additional commentary and reporting on the activities of the Debtor entities since the date of the Initial Order.

15. During the Initial Stay Period, Vancor has had discussions with Firm Capital and Garas Holdings regarding aspects of their respective security packages, some of which issues were raised during the course of the initial court hearing. As of the date of this affidavit, such discussions are ongoing with the objective of resolving all issues of concern to both lenders.

16. The Cash Flow Forecast filed indicates that if the DIP-related relief sought herein is approved, the Debtors will have sufficient liquidity to continue to operate in a business as usual fashion throughout the proposed extended Stay Period.

Increase to the DIP Facility and DIP Lender's Charge

17. Pursuant to the Initial Order, the court approved the Debtors' borrowing of \$900,000 under the DIP Term Sheet, which was the amount of interim financing reasonably necessary to "keep the lights on" during the Initial Stay Period. A corresponding DIP Lender's Charge was granted.

18. Vancor, the Debtors' current DIP Lender, is prepared to make an additional \$1,100,000 in interim financing available to the Debtors on the terms set out in the DIP Term Sheet approved by the court on January 24, 2025.

19. The Cash Flow Forecast indicates that the Debtors will require additional short-term capital to remain current with their post-filing obligations.

20. Vancor therefore seeks approval for the Debtors to borrow up to the maximum principal amount of \$2,000,000 available under the DIP Term Sheet.

21. I understand from discussions with the Monitor that, if the ARIO is granted, the proceeds from the DIP Facility will be allocated towards the Debtors' expenses other than debt service. The Debtors' debt service obligations (including payment of the Vancor Shareholder Loans on an interest only basis) will be paid in accordance with past practice, using proceeds from operating receipts. Payments will be made in accordance with the Cash Flow Forecast, filed.

22. I am advised by Heithem Dahrouj, VP Finance for the Debtors, that prior to the Initial Order, the Debtors' practice – over the past year – was to service secured debt in accordance with contractual obligations. During the same period, Vancor's Shareholder Loans were consistently serviced on an interest-only basis.

23. Additional draws under the DIP Facility, which are required by the Debtors during the proposed extended Stay Period, are conditional on a corresponding increase to the DIP Lender's Charge being granted.

Increase to the Administration Charge

24. The court approved an Administration Charge in the amount of \$350,000. The Administration Charge was required to secure the expertise, knowledge, and participation of the Professionals Group, whose contributions are necessary to advance a successful restructuring.

25. By the terms of the Initial Order, the Administration Charge was limited to only what was reasonably necessary to secure costs during the Initial Stay Period.

26. Vancor now seeks to increase the Administration Charge to \$600,000.

27. The increased quantum of the Administration Charge is based on the estimated fees of the Professionals Group from the date of the Comeback Hearing through to the end of the proposed extended Stay Period.

28. The requested increase to the Administration Charge will secure payment for the work to be performed by the Professionals Group during the proposed extended Stay Period.

29. Each of the Professionals Group entities has distinct roles in the Debtors' restructuring. The Administration Charge continues to be required to secure the expertise, knowledge, and participation of the Professionals Group necessary to complete a successful restructuring. I am advised by my contacts in the Professionals Group that they require the reasonable protections of the proposed increased Administration Charge to secure their continued involvement in this process.

Priority of the Charges

30. The proposed ARIO does not alter the ranking of the Charges between them, which will be as follows if the ARIO is granted:

- (a) First – Administration Charge (\$600,000); and
- (b) Second – DIP Lender’s Charge (to the maximum amount of \$2,000,000 plus interest, fees, and expenses).

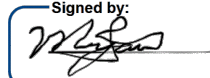
31. Under the ARIO, the Administration Charge is a general super-priority Charge on the Debtors’ Property. However, the Administration Charge will not have priority over any security interests that the Debtors have given Firm Capital in respect of the Property.

32. Under the ARIO, the DIP Lender’s Charge is a general super-priority Charge on the Debtors’ Property, ranking behind the Administration Charge. However, the DIP Lender’s Charge will not have priority over any security interests that the Debtors have given Firm Capital in respect of the Property; nor will it have priority over the security interests held by all other Secured Creditors in respect of the Property.

V. FORM OF ORDER AND CONCLUSION

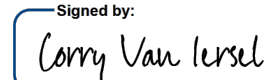
33. I swear this affidavit in support of the ARIO in the form contained at Tab “4” of the motion record, and for no other purpose.

AFFIRMED before me at the City of Toronto, in the Province of Ontario, with the deponent in the City of Cambridge in the Regional Municipality of Waterloo, this 30th day of January, 2025 in accordance with O. Reg. 431/20 Administering Oath or Declaration Remotely

Signed by:

6EDCCDB31BD748E...

Commissioner for Taking Affidavits

MRYAM SARKIS

Signed by:

11E7CF7231384C2...

CORRY VAN IERSEL

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

THE VANCOUR GROUP INC.
Applicant

and

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at Toronto

AFFIDAVIT OF CORRY VAN IERSEL
(Sworn January 30, 2025)

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Lawyers for the Applicant, The Vancor Group Inc.

TAB 3

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

B E T W E E N:

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)

**AFFIDAVIT OF CORRY VAN IERSEL
(Sworn January 23, 2025)**

January 23, 2025

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AFFIDAVIT OF CORRY VAN IERSEL
(Sworn January 23, 2025)

I, **Corry Van Iersel**, of the City of Cambridge in the Regional Municipality of Waterloo, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

I. OVERVIEW

1. This is a creditor-initiated application for an initial order (“**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (“**CCAA**”).

2. The applicant creditor is The Vancor Group Inc. (“**Vancor**”), of which I am the President and sole shareholder. I am also an officer and director of each of the proposed Debtors (defined below) and hold direct and direct equity interests in each of the Debtors. As such, I have personal knowledge of the matters hereinafter deposed. If I have obtained information from others, I state the source of the information and believe it to be true.

3. This affidavit is sworn in support of Vancor’s application for an Initial Order that, among other things:

- (a) abridges and validates the time for service of the notice of application and the application record and dispenses with further service thereof;
- (b) declares 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, “**Debtors**”) are debtor companies to which the CCAA applies;
- (c) appoints Deloitte Restructuring Inc. (“**Deloitte**” or the “**Monitor**”) as Monitor of the business and financial affairs of the Debtors;

- (d) appoints Shawn Dym as the Chief Restructuring Officer (“**CRO**”) of the Debtors and approves an engagement letter between the proposed CRO and the Debtors (“**CRO Engagement**”);
- (e) seals an unredacted copy of the CRO Engagement;
- (f) stays, for an initial period of not more than 10 days (“**Initial Stay Period**”), all proceedings and remedies taken or that might be taken in respect of the Debtors and their respective directors, employees, and representatives (“**Stay of Proceedings**”);
- (g) approves an interim financing term sheet dated January 23, 2025 (“**DIP Term Sheet**”) between Vancor, as lender (in that capacity, “**DIP Lender**”), and the Debtors, as borrowers, under which the DIP Lender has agreed to advance to the Debtors the maximum aggregate principal amount of \$2,000,000, plus interest, fees, and costs (“**DIP Facility**”) of which an initial amount of \$900,000, plus interest, fees and costs (“**Initial DIP Advance**”) will be advanced during the Initial Stay Period;
- (h) grants the following priority charges (“**Charges**”) against the Debtors’ assets, undertakings, and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof (“**Property**”), which Charges shall have the priority given to them in the Initial Order;
- (i) an “**Administration Charge**” in the maximum amount of \$350,000 as security for the payment of the fees and disbursements of the Monitor and its counsel, the CRO, counsel to the Debtors, and counsel to Vancor; and

- (ii) a “**DIP Lender’s Charge**” in the maximum principal amount of \$900,000 (plus interest, fees, and costs);
 - (i) authorizes the Debtors to pay pre-filing amounts owed to the Ontario Cannabis Store, with the consent of the proposed Monitor and in accordance with the Cash Flow Forecast (defined herein);
 - (a) authorizes the Debtors to pay pre-and-post filing amounts payable to the Debtors’ eight secured creditors (defined below), in accordance with the Cash Flow Forecast;
 - (b) authorizes the Debtors to continue to use their existing Cash Management System (defined below); and
 - (c) orders a comeback hearing on a date to be scheduled (“**Comeback Hearing**”).
4. The proposed Initial Order includes only the relief necessary for Vancor to maintain *status quo* during the Initial Stay Period.
5. If the proposed Initial Order is granted, at the Comeback Hearing, Vancor intends to seek approval of an amended and restated Initial Order (“**ARIO**”), substantially in the form of the Ontario Superior Court of Justice (Commercial List) model CCAA initial order. The ARIO would, among other things:
- (a) extend of the Stay of Proceedings;
 - (b) grant a charge against the Property, as security for the Debtors’ obligations to indemnify their directors and officers from the obligations and liabilities they may incur as directors and officers of the Debtors after the commencement of the within CCAA proceeding, except for gross negligence or wilful misconduct;

- (c) increase the permitted borrowing under the DIP Facility to the maximum principal amount of \$2,000,000 (plus interest, costs, and expenses); and
- (d) increase the quantum of the Administration Charge and the DIP Lender's Charge.

6. All monetary amounts referred to in this affidavit are in Canadian dollars, unless otherwise noted.

II. OVERVIEW AND URGENT NEED FOR RELIEF

7. Vancor is by far the largest creditor of the proposed Debtors, having provided debt financing in excess of \$23 million in principal over four years on an unsecured basis.

8. Vancor's involvement with the Debtors began in late 2020, when Vancor began advancing funds to support the development and expansion of the Debtors' business. Monies invested by Vancor have been used to, among other things, (a) meet the Debtors' ordinary course operating obligations, such as employee salaries and inventory purchases; and (b) purchase equipment and support all manners of capital expenditures critical to the development of the Debtors' business.

9. As detailed below, a proceeding under the CCAA is necessary and urgently required for three main reasons: (a) the Debtors are facing the maturity of significant secured debt on May 1, 2025, which obligations they cannot currently refinance and are unable to repay; (b) Vancor's debt is currently due and payable with no available means of repayment, despite Vancor's accommodations, including the provision of an opportunity to secure financing through an out-of-court process; and (c) projected cash flows demonstrate that the Debtors cannot meet early ordinary course commitments such as significant payroll obligations.

10. A court-supervised restructuring process, with the oversight and guidance of an independent Monitor and CRO, provides the highest probability of achieving a going-concern and value-maximizing investment or sale transaction for the benefit of all stakeholders, including (a) the repayment or refinancing of monies owed to creditors; and (b) the preservation of jobs for the Debtors' 285 employees, services to the Debtors' customers, and supply relationships with the Debtors' vendors.

11. A proceeding under the CCAA is not only strategically essential, but immediately required. The secured loans imminently coming due are collateralized by mortgages over 27 of the Debtors' 41 real properties, which are integral to the long-term viability of the Debtors' business, meaning their loss would severely disrupt operational continuity and value generation.

12. The proposed DIP Term Sheet, which financing is only available in a CCAA proceeding, will allow the Debtors to address their immediate liquidity needs, including payroll obligations due at the end of January, and otherwise support the restructuring and sustain operations through the projected Cash Flow Period (defined below).

13. The authorities and protections of a CCAA proceeding will afford the Debtors time and opportunity to explore refinancing options and engage with stakeholders in a controlled environment. This addresses the risk of disorderly enforcement actions, preserves value for stakeholders, and positions the Debtors for long-term success.

14. In the early course of these proceedings, Vancor intends to return for a motion seeking court approval of a sale and investment solicitation process ("SISP") regarding a financial or strategic investment in, or purchase of, the Debtors' business.

III. THE APPLICANT: VANCOR

15. The Applicant, Vancor, is a corporation incorporated pursuant to the laws of the Province of Ontario. I am the sole director and shareholder of Vancor. Attached as **Exhibit “A”** is a corporate profile report for Vancor dated January 16, 2025.

16. Vancor is in the business of (a) owning real property assets, and (b) lending money and making investments in the real estate industry.

IV. OVERVIEW OF THE DEBTORS

A. TNCC

17. TNCC is a corporation incorporated pursuant to the laws of the province of Ontario, with its registered head office located at 960 King Street East, Unit 7, Cambridge, Ontario.

18. TNCC owns and operates 48 retail cannabis dispensaries in Ontario, as well as an online storefront (“**Online Storefront**”). The Online Storefront supports direct-to-consumer cannabis sales and deliveries in Ontario, whereby customers can order products for pickup at a TNCC dispensary. Attached as **Exhibit “B”** is a corporate profile report for TNCC dated January 16, 2025.

B. Bamboo Blaze

19. Bamboo Blaze is a corporation incorporated pursuant to the laws of Ontario, with its registered head office located at 697 Coronation Boulevard, Unit 5, Cambridge, Ontario.

20. Bamboo Blaze is a supplier of, (a) personal protective equipment (such as masks, medical gowns, and gloves) to cannabis producers, and (b) cannabis accessories (such as cannabis grinders,

rolling papers, and bongs) to cannabis retailers (including TNCC). Attached as **Exhibit “C”** is a corporate profile report for Bamboo Blaze dated January 16, 2025.

C. 888

21. 888 is a corporation incorporated pursuant to the laws of the province of Ontario, with its registered head office located at 697 Coronation Boulevard, Suite 5, Cambridge, Ontario.

22. 888 is a real estate holding company and landlord of TNCC pursuant to commercial lease agreements. 888 owns 41 properties, 40 of which are occupied by TNCC's retail dispensaries.¹ Attached as **Exhibit “D”** is a corporate profile report for 888 dated January 16, 2025.

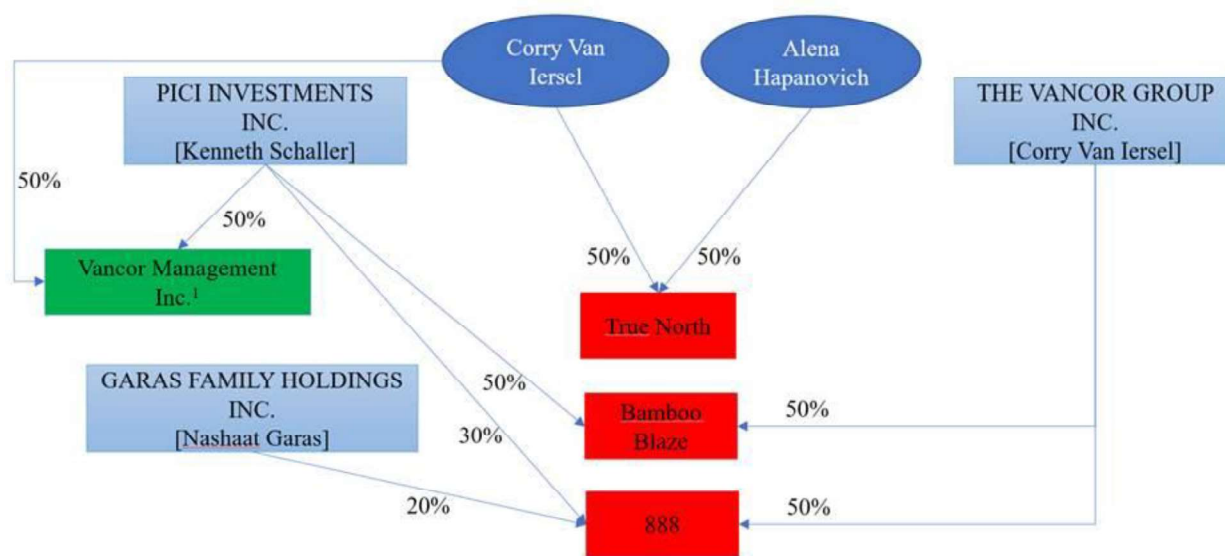
23. A table summarizing 888 real property interests is attached hereto as **Exhibit “E”**. 888 is current on all of its property tax obligations.

D. The Debtors’ ownership, directors, and officers

24. The Debtors are three of six businesses currently owned or controlled by (i) me and/or Vancor, and (ii) PICI Investments Incorporated (“**PICI**”) or Alena Hapanovich (“**Hapanovich**”), the common-law spouse of PICI’s principal, Kenneth Schaller (“**Schaller**”). Copies of unanimous shareholders agreements regarding each of the Debtors are attached hereto as **Exhibits “F”, “G”** and “**H**”.

25. A corporate chart reflecting the ownership interests in the Debtors follows:

¹ A non-Debtor entity, Vancor Management Inc., operates as 888’s property manager.



“True North” means 2744364 Ontario Limited (o/a True North Cannabis Co.)

“Bamboo Blaze” means 2668905 Ontario Inc. (o/a Bamboo Blaze)

“888” means 2767888 Ontario Inc.

¹ Vancor Management Inc. is the property manager for 888 and is not an owner of any of True North, Bamboo Blaze, or 888.

26. The Debtors’ directors and officers are me, and Schaller² or Hapanovich, as set out below:

Debtor	Directors	Officers
TNCC	Van Iersel Hapanovich	Van Iersel – President/Treasurer Hapanovich – Vice President/Secretary
Bamboo Blaze	Schaller Van Iersel	Schaller – President Van Iersel – Secretary/Treasurer
888	Schaller Van Iersel	Schaller – President Van Iersel – Secretary/Treasurer

² As described herein, although nominally having the roles set out below, Schaller and Hapanovich have fully withdrawn from the businesses and are barred by court order from having anything to do with the businesses.

E. Cannabis licences

27. As a cannabis retailer, TNCC is regulated by the *Cannabis Act* (Canada) and applicable provincial and municipal cannabis legislation. In Ontario, cannabis retail activities are governed by specific provincial regulations that require retailers to be licensed before any cannabis is sold. The licensing process is overseen by the Alcohol and Gaming Commission of Ontario (“AGCO”), which assesses the suitability of store locations (e.g., their proximity to schools) and the adequacy of security measures to prevent unauthorized access to cannabis.

28. Operating a cannabis retail store in Ontario requires two forms of corporate-level approval from the AGCO: a “Cannabis Retail Operator License” is necessary to own a cannabis retailer; and every operating brick-and-mortar location must hold a “Cannabis Retail Store Authorization”. The Cannabis Retail Operator License ensures that cannabis retail operations are owned by appropriate parties. The Cannabis Retail Store Authorization ensures that the AGCO’s physical business requirements are met, for example, that cannabis is not visible from outside the store and that cannabis products are securely stored and accessible only by staff.

29. TNCC has one Cannabis Retail Operator License and 48 Cannabis Retail Store Authorizations.

30. Cannabis Retail Store authorizations are given for a two-year term. The renewal fee for each license is \$3500. During the expected pendency of this CCAA proceeding, 15 of TNCC’s Cannabis Retail Store Authorizations will be due for renewal and the Cash Flow Forecast contemplates that they will be paid in the ordinary course (supported by requested interim financing).

31. In addition, individual cannabis retail store managers must hold a Retail Manager License. TNCC's retail store managers have such licenses.

F. Leases

32. TNCC operates out of leased premises. Forty of its 48 stores are located on real property that it leases from 888 ("**888 Leases**"). Each lease is essentially identical, except for the location and start date. TNCC's other eight retail locations are leased from arm's length landlords ("**Arm's Length Leases**"). TNCC does not sublease any of its leased premises. A copy of a table summarizing TNCC's lease obligations is attached hereto as **Exhibit "I"**.

33. TNCC pays all of its lease obligations on a monthly basis, on the first day of each month. Payments under the 888 Leases are made to 888's property manager – Vancor Management Inc. – who then remits payment to 888. Payments under the Arm's Length Leases are made directly by TNCC to the applicable landlord.

34. 888 is not a tenant under any commercial lease.

35. Bamboo Blaze is not a landlord nor a tenant under any commercial lease.

G. Employees

36. As of the date of this affidavit, the Debtors, exclusively through TNCC, employ 285 people ("**Employees**"). Six TNCC Employees also perform tasks for 888 and Bamboo Blaze on an *ad hoc* basis. 106 Employees are employed on a full-time basis and hold managerial and retail staff roles; 179 Employees are employed on a part-time basis and the part-time Employees consist entirely of retail staff.

37. Employees are paid bi-weekly in arrears. TNCC is current on its payroll at this time. If the DIP Facility is approved by the court at the Comeback Hearing, TNCC will use advances thereunder to, among other things, meet payroll in the ordinary course.

38. No Employees are unionized or otherwise party to a collective agreement in connection with their employment with TNCC.

39. TNCC does not sponsor, administer, or otherwise have any registered or unregistered pension plans. TNCC provides a full benefits package to Employees that covers, among other things, medical assistance and extended health services, dental care, accidental death and dismemberment insurance, life insurance, and critical illness insurance. The scope of coverage varies depending on the employee.

H. Suppliers

TNCC retail

40. In Ontario, cannabis retailers must – by law – purchase all of their cannabis inventory from the Ontario Cannabis Store (“OCS”). TNCC purchases nearly \$1,000,000 of inventory from the OCS per week. As such, TNCC’s relationship with the OCS is critical to its business. Any interruption in supply from the OCS would have a material adverse impact on TNCC’s business.

41. TNCC also retails cannabis accessories, which it purchases from Bamboo Blaze and third party suppliers.

TNCC infrastructure

42. In addition to cannabis and cannabis accessories, TNCC relies on several other services, including, without limitation: point-of-sale; inventory protection and security (including alarm

monitoring, close circuit television monitoring, access key card management, lock and store key managers, and online security software and services providers); website hosting and online payment processing; insurance; utilities, and delivery routing.

Bamboo Blaze

43. Bamboo Blaze has limited active supplier relationships at this time. The business is adequately stocked and there is no immediate need for new inventory after sale to TNCC. Bamboo Blaze maintains an ongoing relationship with a supplier of vaporizer cartridges, which it sells to licensed cannabis producers (not TNCC).

888

44. 888 has no third-party supplier relationships. As indicated, 888 relies upon a related party company – Vancor Management Inc. – for property management services.

I. Cash Management System

45. In the ordinary course of business, the Debtors use a centralized banking and cash management system (as described in this section, “**Cash Management System**”) to, among other things, collect funds and pay expenses associated with their operations.

46. The Debtors’ have four bank accounts as described below.

- (a) TNCC: One deposit chequing account with TD Bank and one operating chequing account with TD Bank. All of TNCC’s receipts are paid into the deposit account and all of TNCC’s disbursements are made out of the operating account.

(b) 888: One chequing account with TD Bank that is used for receipts and disbursements.

(c) Bamboo Blaze: One chequing account with TD Bank that is used for receipts and disbursements.

47. TNCC's credit and debt card transactions at retail locations are processed by Merrco, a payment services provider focused on the cannabis industry, while cash handling and transfers are preformed by Employees making branch deposits at TD.

48. TNCC does not accept online payments for its products. The Online Storefront allows customers to place orders for pickup at a TNCC retail location. Payment is made at the pickup location.

49. TNCC uses Dext Automated Accounting to permit Employees to submit expenses for approval. Employees upload their expense receipts to Dext, which are then reviewed by the senior bookkeeper.

50. The Debtors have no corporate credit cards.

51. Historically, the Debtors would make intercompany transfers to address immediate liquidity needs. If the proposed Initial Order is granted, intercompany transfers will only be made with prior approval of the Monitor, with the exception of TNCC's rent payments under the 888 Leases – as described above.

52. The Debtors' accounting department reviews and reconciles the bank accounts on a monthly basis. The Debtors accounting department also reviews cash receipts and disbursements on a weekly basis, including forecasting weekly cash flow and comparing the forecast to actuals.

53. The Debtors propose to continue to use the Cash Management System in the normal course throughout the CCAA proceeding.

V. FINANCIAL CIRCUMSTANCES AND CASH FLOW FORECAST

54. The Debtors have historically maintained limited financial statements. They have balance sheets that are updated on a quarterly basis. Copies of the most recent balance sheets, as at December 31, 2024 (“**Balance Sheets**”) are attached hereto as **Exhibit “J”**, “**K**”, and “**L**”, respectively. The Balance Sheets were prepared by the Debtors’ VP of Finance, Heithem Dahrouj.

A. Assets

TNCC

55. As at November 30, 2024, TNCC had total assets of approximately \$15,817,988 consisting of approximately \$7,451,493 of current assets and approximately \$8,616,495 of non-current assets.

56. Current assets were comprised primarily of cash; inventory; accounts receivable; and prepaid expenses.

57. Non-current assets were comprised primarily of property, plant and equipment.

Bamboo Blaze

58. As at January 19, 2025, Bamboo Blaze had total assets of approximately \$2,727,373 consisting entirely of current assets, comprised entirely of accounts receivable and inventory.

888

59. As at December 31, 2024, 888 had total assets of approximately \$19,208,824, consisting of approximately \$121,787.97 of current assets and approximately \$19,087,036 of non-current assets.

60. Current assets were comprised entirely of accounts receivable.

61. Non-current assets were comprised entirely of property, plant and equipment.

B. Liabilities

TNCC

62. As at November 30, 2024, TNCC had liabilities totalling approximately \$25,301,507, consisting of approximately \$4,713,742 of current liabilities and \$20,587,765 of non-current liabilities.

63. Current liabilities were comprised primarily of accounts payable, accrued liabilities, and intercompany loans.

64. Non-current liabilities were comprised primarily of Shareholder Loans (as defined herein).

Bamboo Blaze

65. As at January 19, 2025, Bamboo Blaze had liabilities totalling approximately \$3,610,055, consisting of current liabilities of approximately \$342,662 and non-current liabilities of approximately \$3,267,432.

66. Current liabilities were comprised entirely of accounts payable.

67. Non-current liabilities were comprised primarily of Shareholder Loans.

888

68. As at December 31, 2024, 888 had liabilities totalling approximately \$20,853,679, consisting current liabilities of approximately \$1,303,049 and non-current liabilities of approximately \$19,550,629.

69. Current liabilities were comprised entirely of accounts payable.

70. Non-current liabilities were comprised primarily of the Firm Capital Loan and Shareholder Loans.

C. Cash Flow Forecast

71. The Debtors' finance team, with the assistance of the Monitor, has prepared a projected 15-week cash flow forecast ("**Cash Flow Forecast**") for the week ending May 4, 2025 ("**Cash Flow Period**"). The Cash Flow Forecast is premised on the Initial Order being granted and the DIP Term Sheet being approved thereunder.

72. The Cash Flow Forecast is a reasonable projection of the Debtors' cash flow. I understand that a copy of the Cash Flow Forecast will be attached to Deloitte's pre-filing report to the court ("**Pre-Filing Report**"), and will be accompanied by the mandatory representations in accordance with the CCAA.

73. The Cash Flow Forecast estimates that the Debtors will require up to \$1,500,000 in interim financing over the upcoming 15 weeks. Up to approximately \$1,000,000 of interim financing is forecasted to be required over the Initial Stay Period.

VI. CREDITORS

A. Secured Creditors

74. The Debtors' secured creditors ("**Secured Creditors**") consist of a range of institutional and private lenders. Relevant particulars of the secured debt are summarized in the table attached hereto as **Exhibit "M"**.

75. Copies of the Ontario Personal Property Registration System search results for each of the Debtors, as at January 20, 2025 are attached hereto as **Exhibits "N", "O" and "P"**.

76. Copies of current parcel registers for each of the properties owned by 888 have been obtained and reviewed by Vancor's counsel and are available to the court and creditors upon request.

Firm Capital

77. 888 has 26 outstanding mortgages ("**Firm Capital Mortgages**") with Firm Capital Mortgage Fund Inc. ("**Firm Capital**"), securing a March 2022 credit facility in the aggregate amount of \$10 million ("**Firm Capital Loan**"). Approximately \$7.5 million is currently owing by 888 under the Firm Capital Loan. No further advances are permitted and the debtor has no ability to seek further draws (based on debt service requirements). The Firm Capital Loan is due May 1, 2025.

78. In addition to the Firm Capital Mortgages, the Firm Capital Loan is secured through a general assignment of rents given by 888 and is cross-collateralized through, (i) a general security agreement given by TNCC; and (ii) personal guarantees from Vancor and myself, and PICI and Schaller.

Bank of Montreal

79. 888 has one outstanding mortgage (“**BMO Mortgage**”) with the Bank of Montreal securing a \$1,347,500 principal loan (“**BMO Loan**”), which is payable upon demand. Approximately \$1,186,288 is currently outstanding under the BMO Loan. In addition to the BMO Mortgage, the BMO Loan is further secured by a general security agreement and assignment of rents given by 888.

Garas Holdings and related persons

80. 888 has three outstanding mortgages (“**Garas Mortgages**”) with all of Nashaat Garas, Garas Family Holdings Inc. (“**Garas Holdings**”), and Manal Garas Pharmacy Professional Corporation— securing a \$2,500,000 loan (“**Garas Loan**”). The Garas Loan matured on November 5, 2022 and has not been repaid (due to circumstances described below). Approximately \$2,500,000 remains outstanding under the Garas Loan.

M. Higgins & Associates Limited

81. 888 has an outstanding mortgage (“**Higgins Mortgage**”) to M. Higgins & Associates Limited, securing a \$360,000 loan (“**Higgins Loan**”) to 888. The Higgins Loan matures on April 1, 2026. Approximately \$360,000 remains outstanding under the Higgins Loan.

Metal Tree Inc.

82. 888 has an outstanding mortgage (“**Metal Tree Mortgage**”) to Metal Tree Inc., securing a \$723,750 loan (“**Metal Tree Loan**”) to 888. The Metal Tree Loan matures on August 1, 2025. Approximately \$723,750 remains outstanding under the Metal Tree Loan. The Metal Tree Loan is personally guaranteed by Schaller and me.

Seavale Incorporated

83. 888 has an outstanding mortgage (“**Seavale Mortgage**”) to Seavale Incorporated (“**Seavale**”) – securing a \$452,989 loan (“**Seavale Loan**”) to 888. The Seavale Loan matures on February 1, 2026. Approximately \$452,989 is currently outstanding under the Seavale Loan. The Seavale Loan is secured by the Seavale Mortgage.

Venizelos Anastasiadis

84. 888 has an outstanding mortgage (“**VA Mortgage**”), in the amount of \$450,000, to Venizelos Anastasiadis, securing a vendor-take back loan (“**VA Loan**”) made in connection with the acquisition of TNCC by myself and Hapanovich. The VA Loan matured on February 1, 2023.

818876 Ontario Ltd.

85. 888 has an outstanding mortgage (“**818 Mortgage**”) to 818876 Ontario Ltd., securing a \$374,500 loan (“**818876 Loan**”) to 888. The 818 Loan matures on March 31, 2026. Approximately \$374,500 remains outstanding under the 818 Loan.

B. Unsecured Creditors

86. The majority of the Debtors’ unsecured liabilities are Shareholder Loans owing to Vancor, as further described below.

87. In addition, as indicated in the 888 Balance Sheet, approximately \$1.5 million is owed by 888 to PICI pursuant to a shareholder loan.

88. The Debtors do not have material trade payables outside of TNCC’s obligations to the OCS, which obligations are significant but also current.

Vancor and its Shareholder Loans

89. Vancor is my personal holding company.

90. Since 2020, Vancor has financed the Debtors' operational and capital expenses through shareholder loans ("**Shareholder Loans**"), totalling approximately \$23 million (in principal) as of November 2024. These loans were funded through two primary sources: intercompany loans from Van Iersel Properties, a real estate holding company owned by me, which Van Iersel Properties financed via, among other sources, (i) a secured line of credit and/or real estate asset sales; and (ii) loans from Rebecca MacDonald, my common-law spouse.

91. As at January 16, 2025, the Shareholder Loans were outstanding in the following approximate principal amounts:

- (a) TNCC: \$18,187,770.02;
- (b) 888: \$4,991,143; and
- (c) Bamboo Blaze: \$2,855,299.

92. At the time the majority of the Shareholder Loans were advanced, the personal relationships between the Debtors' shareholders/management were strong. Given the closely held nature of the businesses, and the owners' trust in one another, promissory notes were not initially prepared and monies were advanced on an informal basis, without written loan documentation.

93. The Shareholder Loans were recorded as liabilities on the books and records of the Debtors and concomitantly treated as loans made by Vancor in its financial statements and tax filings.

94. At the time the Shareholder Loans were advanced, it was mutually understood and agreed that Vancor would be repaid as soon as commercially reasonable, or following demand by Vancor. This agreement was also based on the parties' longstanding trust in one another, as well confidence (at the time) in a shared vision for the companies' growth and success.

95. Schaller, Hapanovich, and I discussed and agreed that the loans would bear interest at 10% per annum. This is the rate that has been paid. At times, in an effort to accommodate the Debtors' urgent liquidity needs, Vancor has allowed interest to accrue. This was the case between August 2020 and December 2023 at which point accrued interest obligations totalled \$5,396,965. More recently, beginning in early 2024, the loans have been consistently serviced with monthly interest paid and accrued interest obligations reduced to \$4,036,151.

96. Vancor has lost confidence in the viability of the Debtors' business.

97. Ongoing shareholder disputes have reached a critical point, eroding trust completely between the Debtors' shareholders and their principals. This environment of mistrust is underscored by a barrage of accusations and counter-accusations surfacing in Litigation (defined and described below), which has in turn exacerbated tensions. Strategic business decisions, notably regarding the impending maturity of the Firm Capital Mortgages, can no longer be made.

98. Further, I need to monetize and realize upon – or at the very least protect – my debt investment in the Debtors in order to obtain the liquidity necessary to fund multi-million dollar personal obligations coming due in 2025.

99. Vancor, therefore, gave notice to the Debtors in November 2024 that it required repayment of the Shareholder Loans.

100. On December 18, 2024, Vancor and the Debtors, with the assistance of independent legal counsel, negotiated and executed a forbearance agreement (“**Forbearance Agreement**”) under which Vancor agreed to forbear from demanding the repayment of its Shareholder Loans while the Debtors continued to pursue investment and financing solutions sufficient to effect repayment of their respective Shareholder Loans (“**Repayment Transaction**”). Among other things, the Forbearance Agreement memorialized the principal amounts then outstanding under the Shareholder Loans, as well as interest. A copy of the Forbearance Agreement is attached hereto as **Exhibit “Q”**.

101. Due to my role as principal of Vancor and my management and ownership interests in the Debtors, I recused myself from making any decision on behalf of the Debtors in respect of the Forbearance Agreement and the matters addressed therein.

102. Following the execution of the Forbearance Agreement, the Debtors, through their VP of Finance (Heithem Dahrouj), independent of me, explored potential Repayment Transactions. I am advised by Heithem Dahrouj that he contacted at least six potential lenders and investors (both Schedule “A” banks and alternative lenders), as well as smaller private sources of capital. All parties contacted declined interest and willingness to pursue a Repayment Transaction, or other investment given the particular challenges facing the Debtors (as described herein) and the industry more generally.

103. The forbearance period expired on January 15, 2025, with no reasonable prospect of a Repayment Transaction having been identified.

C. HST and payroll remittance obligations

104. The Debtors accrue HST and payroll deduction liabilities in the normal course of operations. Payroll deductions are made bi-weekly, at the same time as Employees are paid. The Debtors' remit HST and payroll deductions on a monthly basis and are current on such obligations.

D. Contingent claims

105. The Debtors are subject to three active litigation claims. Two are disputes as amongst the Debtors' shareholders. The third is a wrongful dismissal claim brought – in Small Claims Court – by a former TNCC employee seeking \$67,500 in damages. A table summarizing the results of Ontario-wide litigation searches against the Debtors, and the status of each of the various proceedings, is attached hereto as **Exhibit "R"**.

VII. CHALLENGES FACED BY THE DEBTORS

A. TNCC and Bamboo Blaze cannot be properly managed

106. The ultimate beneficial owners and directors and executive management of TNCC and Bamboo Blaze are me and/or Schaller or Hapanovich.

107. Schaller and I were business partners for over 10 years. In addition to our interests in the Debtors, we also co-own a number of other businesses together. For the better part of those 10 years we had a close and collaborative business relationship founded on mutual trust and respect.

108. On or about March 2024, the relationship between me and Schaller began to fracture when I declined to loan him \$100,000 to prevent a property owned by Schaller from being lost to a power of sale proceeding.

109. Since the spring of 2024, the breakdown of our relationship has caused significant turmoil for our jointly owned businesses. On March 26, 2024, Schaller sent me a voice message, later deleted by Schaller after I had listened to it, stating, “I don’t care if we are broke, I don’t care if we don’t make payroll, I’m going to sabotage everything” – threatening to render Vancor’s investments in the Debtors (and our other jointly-held businesses) worthless. Around this time, Schaller and Hapanovich demanded that Hapanovich’s salary from TNCC be doubled, warning that failure to comply would result in Hapanovich shutting down TNCC's bank accounts, preventing payroll processing.

110. In April 2024, Vancor and others issued a statement of claim (“**Oppression Litigation**”) against the Debtors, and other related persons and entities including Schaller and Hapanovich.

111. The Debtors are but three of ten defendants (“**Defendants**”) in the Oppression Litigation.

112. Importantly, the Oppression Litigation resulted in an April 26, 2024 order (“**Control Order**”) of Justice Gibson, made with the consent of the Defendants. The Control Order prohibits Schaller and Hapanovich from having any involvement in the Defendants’ operations or related businesses. It also grants me exclusive authority over the Defendants’ finances and banking – with the requirement to act reasonably and in the best interests of the companies – except for Garas Holdings, whose rights under the 888 unanimous shareholders agreement (“**888 USA**”) were preserved. A copy of the Control Order is attached hereto as **Exhibit “S”**. Copies of the pleadings in the Oppression Litigation are attached hereto as **Exhibits “T”, “U” and “V”**.

113. More recently, the Oppression Litigation, and the resultant Control Order, has been overtaken by the developing insolvency of certain of the Defendants, including the Debtors.

114. In August 2024, two of the Oppression Litigation defendants (non-Debtors) became subject to an initial order under the CCAA on the application of Vancor. (These entities emerged from CCAA protection in November 2024.)

115. In September 2024, Schaller and Hapanovich left Canada and moved to Thailand. They no longer have any involvement with the Debtors or the other businesses which they own with me.

116. Apart from the Control Order, the Oppression Litigation did not progress beyond a pleadings stage. The proceedings are essentially dormant. No hearing dates are scheduled. With the Control Order having been obtained and Schaller having moved to Thailand and otherwise withdrawn from having any active role in the companies, the Oppression Litigation has not been a priority for the parties.

B. 888 cannot be properly managed

117. As described above, Schaller, Garas Holdings, and I are the ultimate beneficial owners of 888. Schaller and I are the directors and executive management of 888.

118. Garas Holdings acquired its interest in 888 in November 2021, at which point it purchased 20% of PICI's then 50% interest in 888 for \$3,393,000.

119. In or about October 2023, Nashaat Garas ("**Nash**"), principal of Garas Holdings, approached Schaller and I regarding the shareholder loans we had made to 888. Nash alleged that he had not known about the 888 shareholder loans and, as such, overpaid for his shares.

120. Nash subsequently declined to accept interest or principal payments on account of the Garas Loan. He did so notwithstanding that 888 was in a position to make payment and attempted to honour all of its mortgage obligations.

121. Furthermore, since November 2023, Garas Holdings has refused (purportedly pursuant to Garas Holdings' rights under the 888 USA) to permit 888 to sell and monetize properties owned by 888 in order to rationalize its real estate portfolio and generate much-needed liquidity for the business. Garas Holdings' actions in this regard are detrimental to the operation of 888's business and are preventing 888 from generating the funds necessary to service and repay debt, including the Garas Loan, which matured in 2022, and the Firm Capital Loan – which is maturing imminently.

122. By August 2024, with the dispute between Nash, Schaller, and I still unresolved, Garas Holdings commenced a court application (“**888 Litigation**” and, together with the Oppression Litigation, “**Litigation**”) against Vancor, Schaller, PICI, 888, and me.

123. The 888 Litigation is focused on the circumstances under which Garas Holdings obtained its 20% equity interest in 888. In the 888 Litigation, Garas Holdings seeks, among other things, the repurchase by PICI of its investment in 888 or damages from all of the respondents. A copy of Garas Holdings' notice of application is attached hereto as **Exhibit “W”**. The 888 Litigation respondents have not yet served their responding materials.

124. The 888 Litigation is in the process of being briefed and is scheduled to proceed to a hearing on March 19, 2025. A copy of the most recent timetable order in the case is attached hereto as **Exhibit “X”**.

VIII. CCAA PROCEEDINGS AND RELIEF SOUGHT

A. Urgent need for relief under the CCAA

125. The Debtors are balance sheet insolvent and face an imminent liquidity crisis.

126. Given the upcoming Firm Capital maturity wall, the Debtors urgently need to take rational and expeditious steps to repay, refinance, or extend the Firm Capital Loan. However, for the reasons described herein, absent the proposed CCAA proceeding, the Firm Capital Loan cannot be dealt with in a timely manner.

127. As a result of the Firm Capital maturity wall and the demand under the VA Loan, 27 of TNCC's 48 retail storefront leases are at risk. Preserving the vertical integration structure of TNCC's lease holdings, through 888, will be essential to the turnaround of TNCC's business. In the highly regulated and hypercompetitive Canadian cannabis industry, fair and predictable real estate costs provide important cost advantages to cannabis retailers.

128. The Debtors also lack sufficient resources to repay, refinance or otherwise address the VA Loan, the Garas Loan, and the Shareholder Loans.

129. In the circumstances outlined herein, Vancor cannot reasonably be expected to further accommodate the Debtors and see its position eroded. Vancor is not prepared to continue to financially support the Debtors and requires the repayment of its loans.

130. With no feasible refinancing options available, the Debtors' operational and financial stability is dependant on access to the protections and restructuring provisions of the CCAA.

131. Delay in initiating a CCAA proceeding will jeopardize the Debtors' relationships with employees, customers, and suppliers and further erode the value of the Debtors' business for stakeholders.

132. A proceeding with the protections of the CCAA, including an independent Monitor and CRO, will provide the fastest and most efficient means of stabilizing the Debtors' businesses, including addressing the Litigation (if necessary), and obtaining repayment financing, which in

turn will maintain their going concern value and preserve jobs for 285 employees and customer and supplier relationships.

133. The Litigation affords no prospect of effectively addressing the now existential threats posed by the urgent requirement to make strategic business decisions, including preventing imminent secured creditor enforcement action, and managing the repayment of Firm Capital Loan, the Garas Loan, the VA Loan, and the Shareholder Loans.

134. Given the Debtors' insolvent and increasingly precarious financial position, Vancor, in consultation with its advisors and the Monitor, believes that the best path forward to an optimal outcome is the solicitation of a sale of or investment in the Debtors' business in the context of a court-approved and professionally run SISP.

B. Appointment of Monitor

135. The Monitor is a "trustee" within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has consented, subject to Court approval, to act as the Debtors' CCAA monitor.

136. The Monitor is not subject to any of the restrictions on who may be appointed as a monitor under the CCAA, as set out in section 11.7(2) of the CCAA.

137. The Monitor has reviewed, and assisted in the preparation of, the Debtors' cash flow forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

138. I understand that a copy of Deloitte's consent to act as Monitor will be attached to the Pre-Filing Report.

C. Chief Restructuring Officer

139. Vancor seeks the appointment of Shawn Dym as the CRO of the Debtors pursuant to the terms and conditions set out in the CRO Engagement.

140. Mr. Dym holds a Masters of Business Administration from Harvard Business School and has over ten years of experience in the cannabis sector. Mr. Dym is security cleared by Health Canada. Mr. Dym is currently an active owner and director of Decibel Cannabis Co, Inc., and is an advisor to Green Acre Capital, a private equity firm focused exclusively on the cannabis industry.

141. I believe Mr. Dym has the requisite knowledge and expertise on the regulatory landscape of the cannabis industry and is well suited to assist the Company, in consultation with the Monitor, throughout the proposed CCAA restructuring.

142. I understand that a redacted copy of the CRO Engagement will be attached to the Pre-Filing Report; and an unredacted copy will be filed with the court in a confidential appendix to the Pre-Filing Report. Redactions are only made regarding the compensation payable to Mr. Dym – which is comprised entirely of a monthly fee.

143. The CRO Engagement provides that for the Initial Stay Period, the CRO's role is proposed to be limited to review and reporting functions. Following the issuance of an ARIO, the CRO Engagement contemplates an expansion of the CRO's role to management-related functions, including the authority to negotiate with Firm Capital (and other secured creditors) on behalf of the Debtors.

144. The CRO will provide the Debtors with the stable and independent management necessary to preserve the Debtors' going concern value.

145. Due to the current management disputes within the Debtors, described above, I believe that the appointment of a CRO is reasonable and necessary.

146. The proposed CRO has consented to act in these proceedings.

147. I understand that the Monitor also believes that the appointment of a CRO is reasonable and necessary and supports the engagement of Mr. Dym as CRO, pursuant to the terms of the CRO Engagement.

D. Stay of Proceedings

148. The Debtors require the Stay of Proceedings to maintain the *status quo* and to provide the Debtors the breathing space they require to undertake the SISP under the direction and supervision of the Monitor. A proceeding with the protections of the CCAA will provide the fastest, most efficient, and least-stigmatic means of stabilizing the business, which in turn will maintain its going concern value and preserve jobs for the Debtors' 285 employees

149. The proposed Initial Order contemplates an Initial Stay Period of 10 days, up to and including February 3, 2025, in accordance with the CCAA.

150. The Cash Flow Forecast illustrates that the Debtors will have sufficient cash to operate through the proposed Initial Stay Period.

151. The Monitor supports Vancor's request for an Initial Stay Period.

E. Administration Charge

152. The Applicant seeks a super-priority charge ("**Administration Charge**") on the Debtors' Property (as defined in the draft Initial Order), up to a maximum amount of \$350,000, to secure

the fees and disbursements of the Monitor and its counsel, the proposed CRO, the Debtors' counsel, and Vancor's counsel, incurred both before and after the commencement of the CCAA proceedings.

153. Vancor's counsel and Deloitte and its counsel have been extensively involved in planning and preparing this initial application under the CCAA. It is contemplated that each of the aforementioned parties, as well as the CRO, (i) will have extensive involvement during the proposed CCAA proceedings; (ii) will continue to contribute to the restructuring of the Debtors; and (iii) will ensure that there is no unnecessary duplication of roles among the parties.

154. I understand that the Monitor has reviewed the proposed quantum of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances given the pre-filing services preformed by Vancor's counsel and the Monitor and its counsel, and the work required to be completed by these professionals and the CRO during the Initial Stay Period.

155. The Administration Charge is proposed to rank (i) subordinate to the security interests held by Firm Capital and (ii) in priority to all other security interests given by the Debtors and the DIP Lender's Charge.

156. At the Comeback Hearing, Vancor intends to increase the Administration Charge.

F. Approval of the DIP Term Sheet and DIP Lender's Charge

157. To fund the operations and restructuring costs of the Debtors during the CCAA proceeding, the Debtors have obtained an interim financing commitment from the DIP Lender subject to the terms and conditions set out in the DIP Term Sheet. An executed copy of the DIP Term Sheet is attached as **Exhibit "Y"**.

158. I am advised by Heithem Dahrouj, the Debtors' VP Finance, that prior to executing the DIP Term Sheet, the Debtors discussed financing terms with three potential alternative interim lenders, however in the circumstances described herein, none of the potential financiers were ultimately willing to lend into the situation.

159. The reasonableness of the business and economic terms of the proposed interim financing is the subject of analysis and commentary in the Pre-Filing Report of the Proposed Monitor.

160. The key terms and conditions of the DIP Term Sheet are as follows:

- (a) a maximum principal loan amount of \$2,000,000 (plus interest, fees, and costs), including an initial advance in the principal amount of 900,000;
- (b) interest accruing at a rate of 12% per annum, compounded and calculated on the daily outstanding principal balance;
- (c) a commitment fee of \$40,000, equal to 2% of the aggregate availability;
- (d) the reimbursement of the DIP Lender's reasonably incurred costs, including all legal expenses incurred by the DIP Lender in connection with the DIP Term Sheet, subject to the terms and conditions of the DIP Term Sheet;
- (e) payment of all accrued interest and fees up to the maturity date upon pre-payment of the loan;
- (f) a maturity date of the earlier of (i) May 30, 2025 or such later date as the DIP Lender agrees to in writing, (ii) implementation of a plan of compromise or arrangement, (iii) the closing of a sale transaction, (iv) the termination of the CCAA

proceedings, (v) the conversion of the CCAA proceeding into a proceeding under the *Bankruptcy and Insolvency Act*; and

- (g) advances under the DIP Facility are conditional upon Court approval of the DIP Term Sheet and the granting of a Court-ordered DIP Lender's Charge.

161. The DIP Facility is expected to provide sufficient liquidity to allow the Debtors to satisfy cashflow requirements and meet their obligations during the pendency of the CCAA proceeding. The DIP Lender requires all obligations under the DIP Term Sheet to be secured by a court-ordered priority charge.

162. The Initial Order contemplates a DIP Lender's Charge of \$900,000 (plus interest, fees, and costs) be granted and be subordinate to: Firm Capital's security, the Administration Charge and the security interests held by the Secured Creditors. The amount of the DIP Lender's Charge requested is limited to amounts reasonably necessary to be advanced to support the continued operations of the Debtors' businesses in the ordinary course during the Initial Stay Period.

163. At the Comeback Hearing, the Debtors intend to seek an increase to the DIP Lender's Charge up to a maximum principal amount of \$2,000,000 (plus interest, fees, and costs). The Cash Flow Projection estimated the need for approximately \$1,500,000 in interim financing during the Cash Flow Period, assuming no material negative variance.

G. Authority to pay pre-filing supplier obligations

164. The proposed Initial Order authorizes the Debtors to pay during the Initial Stay Period, and with the consent of the Monitor, pre-filing amounts owed to the Ontario Cannabis Store ("OSC"), in accordance with the terms of the DIP Term Sheet and the Cash Flow Forecast.

165. OCS is TNCC's sole supplier of cannabis inventory. Any interruption in supply would have a material adverse impact on TNCC's business.

166. Payment of OCS pre-filing obligations will support smooth and uninterrupted operations and preserve future value for the purpose of completing a proposed sale or investment transaction.

H. Ability to pay pre-and-post-filing principal and interest

167. The proposed Initial Order authorizes the Debtors to pay during the Initial Stay Period, and with the consent of the Monitor, pre-and-post-filing principal and/or interest to the Secured Creditors, in accordance with the terms of the DIP Term Sheet and the Cash Flow Forecast. This will mitigate adverse impacts of the filing and ensure that the Debtors continue to enjoy the confidence of secured stakeholders – whose support is essential to achieving restructuring objectives.

168. At the Comeback Hearing, Vancor intends to request authorization for the Debtors to continue to pay, with the consent of the Monitor and consistent with the terms of the DIP Term Sheet and the Cash Flow Forecast, post-filing principal and/or interest to secured creditors.

I. Sealing the CRO Engagement

169. The proposed Initial Order provides that the Confidential Appendix to the Monitor's Pre-Filing Report, consisting of an unredacted copy of the CRO Engagement, be sealed and not form part of the public record until further Order of the Court.

170. The unredacted CRO Engagement includes personal contact information for Mr. Dym and breakdown of the CRO's fees, which the Applicant seeks to keep confidential and not part of the public record.

171. The CRO in this case is an individual having the reasonable expectation that personal and financial particulars will be kept confidential and not form part of the full public record.

IX. FORM OF ORDER AND CONCLUSION

172. The Applicant, with the assistance of its legal and financial advisors, has determined that the proposed CCAA proceedings represent the best available strategy to maximize value for the Debtors' stakeholders in the circumstances.

173. I swear this affidavit in support of an Initial Order in the form contained at Tab 3 of the Application Record, and for no other or improper purpose.


AFFIRMED before me at the City of Toronto, in the Province of Ontario, with the deponent in the City of Orlando in the State of Florida this 23rd day of January, 2025 in accordance with O. Reg. 431/20 Administering Oath or Declaration Remotely

Signed by:

6EDCCDB31BD748E...

Commissioner for Taking Affidavits

MRYAM SARKIS

Signed by:

11E7CF7231384C2...

CORRY VAN IERSEL

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

THE VANCOUR GROUP INC.
Applicant

and

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at Toronto

AFFIDAVIT OF CORRY VAN IERSEL
(Affirmed January 23, 2025)

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Lawyers for the Applicant, The Vancor Group Inc.

TAB 4

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

THE HONOURABLE)	MONDAY, THE 3 RD
)	
JUSTICE PENNY)	DAY OF FEBRUARY, 2025

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:

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)

**AMENDED AND RESTATED INITIAL ORDER
(Amending the Initial Order dated January 24, 2025)**

THIS APPLICATION, made by The Vancor Group Inc. (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 videoconference via Zoom.

ON READING the affidavit of Cory Van Iersel sworn January 23, 2025 (the “**First Van Iersel Affidavit**”), the affidavit of Corry Van Iersel sworn January 30, 2025, and the Exhibits thereto, the pre-filing report to the court (the “**Pre-Filing Report**”) of Deloitte in its capacity as proposed CCAA monitor (the “**Monitor**”) of 2744364 Ontario Limited, 2668905 Ontario Inc., and 2767888 Ontario Inc. (together, the “**Debtors**”), the first report to the court of the Monitor, and on hearing the submissions of counsel for the Applicant, counsel for the Debtors, counsel for

the Monitor, and such other parties listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of ● affirmed January 30, 2025, filed:

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 Debtors are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Debtors 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 Debtors shall remain in possession and control of their current and future assets, licenses, authorizations, 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 Debtors shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Debtors are 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 they deem 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 Debtors shall be entitled to continue to utilize the central cash management system currently in place as described in the First Van Iersel 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 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 Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any 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 Debtors, in accordance with the cash flow forecast appended to the Pre-Filing Report (the “**Cash Flow Forecast**”) shall be entitled but not required to pay, subject to the Definitive Documents (as hereinafter defined), the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, and vacation pay payable 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) the fees and disbursements of any Assistants retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges;
- (c) principal and/or interest payable to Secured Creditors (as defined in the First Van Iersel Affidavit) and Vancor on account of Shareholder Loans (as defined in the First Van Iersel Affidavit), in accordance with the Cash Flow Forecast; and
- (d) with the consent of the Monitor, amounts owing for goods actually supplied to the Debtors prior to the date of this Order by the Ontario Cannabis Store but not yet paid for.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the Definitive Documents, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course

after 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 Debtors following the date of this Order.

8. **THIS COURT ORDERS** that the Debtors 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 Debtors in connection with the sale of goods and services by the Debtors, 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 Debtors.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Debtors 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 Debtors and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, monthly in equal payments on the 1st day of each month. 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 Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of this date, except for such amounts payable to Secured Creditors and Vancor in accordance with the Cash Flow Forecast; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

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

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations outside of the ordinary course of business, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of the 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 Debtors to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. **THIS COURT ORDERS** that the Debtors shall provide each of the relevant landlords with notice of the Debtors’ 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 Debtors' 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 Debtors, or by further Order of this Court upon application by the Debtors on at least two (2) days notice to such landlord and any such secured creditors. If the Debtors disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they 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 Debtors' 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 Debtors 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 Debtors 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 DEBTORS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including May 2, 2025, 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**") shall be commenced or continued against or in respect of the Debtors or the Monitor or their respective directors, officers, employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Debtors and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Debtors and the Monitor.

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 Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor, or leave of this Court, *however*, notwithstanding any other provisions of this Order, the rights and remedies of Firm Capital Mortgage Fund Inc. (“**Firm Capital**”) shall be entirely unaffected by this Order. Furthermore, nothing in this Order shall (i) empower the Debtors to carry on any business which the Debtors are 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 discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors 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 with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or the Debtors, 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 Debtors, and that the Debtors shall be entitled to the continued use of their 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 Debtors in accordance

with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors 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 Debtors. 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 Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors 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 Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court.

APPOINTMENT OF MONITOR

20. **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 Debtors with the powers and obligations set out in the CCAA or set forth herein and that the Debtors and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtors 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.

21. **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 Debtors' 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 Debtors, to the extent required by the Debtors, in their dissemination to the DIP Lender, and its counsel, of financial and other information as agreed to by the Debtors 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 Debtors in their preparation of the Debtors' cash flow statements;
- (e) advise the Debtors in their development of the Plan and any amendments to the Plan;
- (f) assist the Debtors, to the extent required by the Debtors, 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 Debtors, to the extent that is necessary to adequately assess the Debtors' 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.

22. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property, nor be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and

distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, as amended, the British Columbia *Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the British Columbia *Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the Alberta *Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, the Alberta *Gaming, Liquor and Cannabis Regulation*, Alta. Reg. 143/996, as amended, the *The Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, the *Saskatchewan Cannabis Control (Saskatchewan) Regulations*, R.R.S. c. C-2.111 Reg. 1, the Manitoba *The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the *Manitoba Cannabis Regulation*, M.R. 120/2018, as amended, the Newfoundland and Labrador *Cannabis Control Act*, S.N.L. 2018, c. C-4.1, as amended, the Newfoundland and Labrador *Cannabis Control Regulations*, NLR. Reg. 93/18, as amended, the Newfoundland and Labrador *Cannabis Licensing and Operations Regulations*, NLR. Reg. 94/18, as amended, the Nova Scotia *Cannabis Control Act*, S.N.S. 2018, c 3, as amended, the Nova Scotia *Cannabis Retail Regulations*, NS. Reg. 203/2019, the Prince Edward Island *Cannabis Control Act*, R.S.P.E.I. 1998, c. C-1.2, as amended, the Prince Edward Island *Cannabis Control Regulations*, PEI. Reg. EC575/18, as amended, the New Brunswick *Cannabis Control Act*, S.N.B. 2018, c. 2, the Yukon *Cannabis Control and Regulation Act*, S.Y. 2018, c. 4, as amended, the Yukon *Cannabis Control and Regulation*, YOIC. 2018/139, the Yukon *Cannabis Control and Regulation General Regulation*, YOIC. 2018/184, the Yukon *Cannabis Licensing Regulation*, YOIC. 2019/43, the Yukon *Cannabis Remote Sales Regulation*, YOIC. 2022/29, the Northwest Territories *Cannabis Legalization and Regulation Implementation Act*, S.N.W.T. 2018, c. 6, as amended, or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), 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 within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

23. **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*, the *Ontario Occupational Health and Safety Act*, and all 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.

24. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Debtors and the DIP Lender with information provided by the Debtors 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 Debtors 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 Debtors may agree.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded 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 as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO (as hereinafter defined), counsel to the Debtors, and counsel to the Applicant shall be paid their

reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the Debtors as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, counsel for the CRO, counsel for the Debtors, and counsel for the Applicant on a weekly basis and, in addition, the Debtors are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO, and counsel to the Applicant, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. **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.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO, counsel to the Debtors, 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 \$600,000, 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 35 and 37 hereof.

DIP FINANCING

29. **THIS COURT ORDERS** that the Debtors are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under the debtor-in-possession term sheet dated as of January 23, 2025 among the Debtors, as the borrowers, and the DIP Lender, as lender (as may be amended, restated, supplemented and/or modified from time to time, the "**DIP Term Sheet**"), in order to finance the Debtors' working capital requirements, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Term Sheet, provided that borrowings under the DIP Term Sheet shall not exceed \$2,000,000 plus interest, fees and expenses, unless permitted by further Order of this Court (the "**DIP Facility**").

30. **THIS COURT ORDERS** that the Debtors, through the CRO, are hereby authorized and empowered to execute and deliver the DIP Term Sheet, together with such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as may be amended, restated, supplemented and/or modified from time to time, and collectively with the DIP Term Sheet, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, expenses, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the other Definitive Documents (collectively, the “**DIP Obligations**”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

31. **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 as security for any and all DIP Obligations. The 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 35 and 37 hereof.

32. **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 may cease making advances to the Debtors and may make demand, accelerate payment and give other notices, and, upon five (5) business days notice to the Debtors and the Monitor, may exercise any and all of its other rights and remedies against the Debtors or the Property under or pursuant to the Definitive Documents and the DIP Lender’s Charge, including without limitation, to set off and/or consolidate any amounts owing by the DIP Lender to the Debtors against the obligations of the Debtors to the DIP Lender under the Definitive Documents or the DIP Lender’s Charge, 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 Debtors,

or any one of them, and for the appointment of a trustee in bankruptcy of the Debtors, or any one of them; 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 Debtors, or any one of them, or the Property.

33. **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA, or any proposal filed by the Debtors under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), with respect to any advances made under the Definitive Documents.

34. **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, this Order is subject to provisional execution and that if any of the provisions of this Order in connection with 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**”), 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 Definitive Documents with respect to any advances made or obligations incurred 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 and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. **THIS COURT ORDERS** that, subject in all respects to the security in favour of Firm Capital, which shall continue to have priority over and be unaffected by all charges granted pursuant to this Order, the priority of the Administration Charge and the DIP Lender’s Charge (together, the “**Charges**”), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$600,000); and

Second – DIP Lender’s Charge (to the maximum amount of \$2,000,000 plus interest, fees, and expenses).

36. **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.

37. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, *except* that (A) all Charges shall rank subordinate to any and all indebtedness owing to Firm Capital and all security in favour of Firm Capital to secure such indebtedness; and (B) the DIP Lender’s Charge shall rank subordinate to any and all amounts due and payable to other Secured Creditors.

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

39. **THIS COURT ORDERS** that the Charges 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**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) 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 Debtors, 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 Definitive Documents shall create, or be deemed to constitute, a

breach by any of the Debtors of any Agreement to which the applicable Debtor is a party;

- (b) None of the Debtors shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtors entered into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) The payments made by the Debtors pursuant to this Order 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.

40. **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 Debtor's interest in such real property leases.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

41. **THIS COURT ORDERS** that Shawn Dym is hereby appointed as the Chief Restructuring Officer ("**CRO**") over and in respect of the Debtors and shall have the powers and obligations set out in the engagement agreement between the Debtors and the CRO dated January 23, 2025 (the "**CRO Engagement**") and enclosed with confidential appendix "D" to the Pre-Filing Report.

42. **THIS COURT ORDERS** that the CRO Engagement is hereby approved, subject to such minor amendments as the parties thereto may agree to with the Monitor's consent. Heithem Dahrouj (Vice President, Finance of the Debtors) is hereby authorized and empowered to execute the CRO Engagement in the form enclosed with confidential appendix "D" to the Pre-Filing Report and the Debtors are hereby authorized and directed to perform all of their obligations pursuant to the CRO Engagement.

43. **THIS COURT ORDERS** that subject to the terms of this Order, the CRO is hereby authorized to assist the Applicant, the Monitor, and the Debtors and to do all things, carry out all actions and perform all duties described in the CRO Engagement.

44. **THIS COURT ORDERS** that in addition to the rights and protections afforded to the CRO by this Court, the CRO shall not be deemed to be a director, officer or trustee of the Debtors. The CRO shall not take Possession of the Property and shall not, by fulfilling his obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof, for the purposes of the Cannabis Legislation and the Environmental Legislation, or otherwise, and shall be extended the same protections afforded to the Monitor under paragraphs 22 and 23 above.

45. **THIS COURT ORDERS** that the CRO shall not incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save an except for any liability or obligation incurred as a result of the CRO's gross negligence or wilful misconduct. The Debtors shall indemnify the CRO against obligations and liabilities that he may incur as CRO after the commencement of the within proceedings except to the extent that the obligation was incurred as a result of the CRO's gross negligence or wilful misconduct.

46. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with: (a) written consent of the CRO and the Monitor; or (b) leave of this Court.

SERVICE AND NOTICE

47. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses last shown in the Debtors' records, a notice to every known creditor who has a claim against any of the Debtors of more than \$1000, 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; provided that the Monitor shall not be required to make the claims, names, and addresses or individual creditors publicly available unless otherwise ordered by this Court.

48. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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 21 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: <https://www.insolvencies.deloitte.ca/tbcc> (the “**Monitor’s Website**”).

49. **THIS COURT ORDERS** that the Monitor shall create, maintain, and update (as necessary) a list of all Persons appearing on their own behalf or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service list, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making such changes to the Service List.

50. **THIS COURT ORDERS** that the Debtors, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

51. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors 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 or facsimile transmission to the Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile 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.

SEALING

52. **THIS COURT ORDERS** that confidential appendix “D” to the Pre-Filing Report, which contains an unredacted copy of the CRO Engagement, shall be sealed and kept confidential pending the earlier of (i) the termination of these CCAA proceedings or (ii) further Order of this Court, and shall not form part of the public record.

GENERAL

53. **THIS COURT ORDERS** that the Debtors, the Applicant, the CRO, 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.

54. **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 Debtors, the Business or the Property.

55. **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 Debtors, 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 Debtors 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 Debtors, and the Monitor and their respective agents in carrying out the terms of this Order.

56. **THIS COURT ORDERS** that each of the Debtors 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.

57. **THIS COURT ORDERS** that any interested party (including the Debtors, the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, without the need entry and filing.

THE VANCOR GROUP INC.

Applicant

and

2744364 ONTARIO LIMITED o/a TRUE
NORTH CANNABIS CO *et al.*
Respondents (Debtors)

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at
Toronto

**AMENDED AND RESTATED INITIAL ORDER
(AMENDING THE INITIAL ORDER DATED JANUARY 24, 2025)**

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Lawyers for the Applicant, The Vancor Group Inc.

TAB 5

Court File No. —: CV-25-00735482-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) ~~WEEKDAY~~MONDAY, THE #
JUSTICE —PENNY) 3RD
DAY OF ~~MONTH~~,
~~20YR~~FEBRUARY, 2025

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 [APPLICANT'S NAME] (the "Applicant")~~

B E T W E E N:

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)

AMENDED AND RESTATED INITIAL ORDER
(Amending the Initial Order dated January 24, 2025)

THIS APPLICATION, made by The Vancor Group Inc. (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 videoconference via
Zoom.

ON READING the affidavit of [NAME]Cory Van Iersel sworn [DATE]January 23, 2025 (the “First Van Iersel Affidavit”), the affidavit of Corry Van Iersel sworn January 30, 2025, and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice~~the pre-filing report to the court (the “Pre-Filing Report”) of Deloitte in its capacity as proposed CCAA monitor (the “Monitor”) of 2744364 Ontario Limited, 2668905 Ontario Inc., and 2767888 Ontario Inc. (together, the “Debtors”), the first report to the court of the Monitor, and on hearing the submissions of counsel for [NAMES]the Applicant, counsel for the Debtors, counsel for the Monitor, and such other parties listed on the Counsel Slip, with no one else appearing ~~for [NAME]~~¹ although duly served as appears from the affidavit of service of [NAME] sworn [DATE] ~~and on reading the consent of [MONITOR’S NAME] to act as the Monitor,~~● affirmed January 30, 2025, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² 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~~Debtors are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the ~~Applicant~~Debtors 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”).

¹~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

²~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the ~~Applicant~~Debtors shall remain in possession and control of ~~its~~their current and future assets, licenses, authorizations, 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~~Debtors shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "Business") and Property. The ~~Applicant is~~Debtors are 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 ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem 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~~Debtors shall be entitled to continue to utilize the central cash management system³ currently in place as described in the First Van Iersel Affidavit ~~of [NAME] sworn [DATE]~~ 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 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~~Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the ~~Applicant~~Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under ~~the~~any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.**}**

³ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

6. **THIS COURT ORDERS** that the ~~Applicant~~Debtors, in accordance with the cash flow forecast appended to the Pre-Filing Report (the “**Cash Flow Forecast**”) shall be entitled but not required to pay, subject to the Definitive Documents (as hereinafter defined), the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, and vacation pay ~~and expenses~~ payable 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; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Debtors in respect of these proceedings, at their standard rates and charges;
- (c) principal and/or interest payable to Secured Creditors (as defined in the First Van Iersel Affidavit) and Vancor on account of Shareholder Loans (as defined in the First Van Iersel Affidavit), in accordance with the Cash Flow Forecast; and
- (d) with the consent of the Monitor, amounts owing for goods actually supplied to the Debtors prior to the date of this Order by the Ontario Cannabis Store but not yet paid for.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the Definitive Documents, the ~~Applicant~~Debtors shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Debtors in carrying on the Business in the ordinary course after 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~~Debtors following the date of this Order.

8. **THIS COURT ORDERS** that the ~~Applicant~~Debtors 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~~Debtors in connection with the sale of goods and services by the ~~Applicant~~Debtors, 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~~Debtors.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the ~~Applicant~~Debtors 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 ~~Applicant~~Debtors 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~~ 1st day of each month;

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

~~in advance (but not in arrears).~~ 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 Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~ Debtors to any of ~~its~~ their creditors as of this date, except for such amounts payable to Secured Creditors and Vancor in accordance with the Cash Flow Forecast; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~ their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the ~~Applicant~~ Debtors 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~~ their businesses or operations outside of the ordinary course of business, ~~and~~ to dispose of redundant or non-material assets not exceeding \$~~50,000~~ 50,000 in any one transaction or \$~~250,000~~ 250,000 in the aggregate⁵;
- (b) ~~terminate~~ the employment of such of ~~its~~ their employees or temporarily lay off such of ~~its~~ their employees as ~~it deems~~ they deem appropriate~~;~~ and
- (c) pursue all avenues of refinancing of ~~its~~ the 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~~ Debtors to proceed with an orderly restructuring of the Business (the "Restructuring").

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

12. **THIS COURT ORDERS** that the ApplicantDebtors shall provide each of the relevant landlords with notice of the ApplicantDebtors'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 ApplicantDebtors'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 ApplicantDebtors, or by further Order of this Court upon application by the ApplicantDebtors on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant disclaims~~ ~~or resiliates~~ Debtors disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~they 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 ~~for resiliation~~ of the lease shall be without prejudice to the Applicant'sDebtors' claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ApplicantDebtors and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, 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 ApplicantDebtors 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 APPLICANTDEBTORS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including ~~[DATE—MAX. 30 DAYS]~~ May 2, 2025, 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") shall be commenced or continued against or in respect of the ApplicantDebtors or the Monitor or their respective directors, officers, employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the ApplicantDebtors and the

Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Debtors and the Monitor.

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~~Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Debtors and the Monitor, or leave of this Court, ~~provided that~~ however, notwithstanding any other provisions of this Order, the rights and remedies of Firm Capital Mortgage Fund Inc. ("Firm Capital") shall be entirely unaffected by this Order. Furthermore, nothing in this Order shall (i) empower the ~~Applicant~~Debtors to carry on any business which the ~~Applicant is~~Debtors are 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 discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Applicant~~Debtors, except with the written consent of the ~~Applicant~~Debtors 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 with the ~~Applicant~~Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or the ~~Applicant~~Debtors, 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 ApplicantDebtors, and that the ApplicantDebtors shall be entitled to the continued use of ~~its~~their 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 ApplicantDebtors in accordance with normal payment practices of the ApplicantDebtors or such other practices as may be agreed upon by the supplier or service provider and each of the ApplicantDebtors 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 ~~lease~~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 ApplicantDebtors. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

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 ApplicantDebtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ApplicantDebtors 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 ApplicantDebtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the ApplicantDebtors or this Court.

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~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 directors or officers of the Applicant after the commencement of the within proceedings,⁷ 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")⁸ on the Property, which charge shall not exceed an aggregate amount of \$●, 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, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's 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

20. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~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~~Debtors with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant~~Debtors and ~~its~~their shareholders, officers, directors, and

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

Assistants shall advise the Monitor of all material steps taken by the ~~Applicant~~Debtors 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.

21. ~~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~~Debtors' 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~~Debtors, to the extent required by the ~~Applicant~~Debtors, in ~~its~~their dissemination, to the DIP Lender, and its counsel ~~on a [TIME INTERVAL] basis,~~ of financial and other information as agreed to ~~between~~by the ~~Applicant~~Debtors 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~~Debtors in ~~its~~their preparation of the ~~Applicant~~Debtors' cash flow statements ~~and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- (e) advise the ~~Applicant~~Debtors in ~~its~~their development of the Plan and any amendments to the Plan;
- (f) assist the ~~Applicant~~Debtors, to the extent required by the ~~Applicant~~Debtors, 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~~Debtors, to the extent that is necessary to adequately assess the ~~Applicant's~~Debtors' 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.

22. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property, nor be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, as amended, the *British Columbia Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *British Columbia Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Alberta Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, the *Alberta Gaming, Liquor and Cannabis Regulation*, Alta. Reg. 143/996, as amended, the *Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, the *Saskatchewan Cannabis Control (Saskatchewan) Regulations*, R.R.S. c. C-2.111 Reg. 1, the *Manitoba The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the *Manitoba Cannabis Regulation*, M.R. 120/2018, as amended, the *Newfoundland and Labrador Cannabis Control Act*, S.N.L. 2018, c. C-4.1, as amended, the *Newfoundland and Labrador Cannabis Control Regulations*, NLR. Reg. 93/18, as amended, the *Newfoundland and Labrador Cannabis Licensing and Operations Regulations*, NLR. Reg. 94/18, as amended, the *Nova Scotia Cannabis Control Act*, S.N.S. 2018, c. 3, as amended, the *Nova Scotia Cannabis Retail Regulations*, NS. Reg. 203/2019, the *Prince Edward Island Cannabis Control Act*, R.S.P.E.I. 1998, c. C-1.2, as amended, the *Prince Edward Island Cannabis Control Regulations*, PEI. Reg.

EC575/18, as amended, the New Brunswick Cannabis Control Act, S.N.B. 2018, c. 2, the Yukon Cannabis Control and Regulation Act, S.Y. 2018, c. 4, as amended, the Yukon Cannabis Control and Regulation, YOIC. 2018/139, the Yukon Cannabis Control and Regulation General Regulation, YOIC. 2018/184, the Yukon Cannabis Licensing Regulation, YOIC. 2019/43, the Yukon Cannabis Remote Sales Regulation, YOIC. 2022/29, the Northwest Territories Cannabis Legalization and Regulation Implementation Act, S.N.W.T. 2018, c. 6, as amended, or other such applicable federal, provincial or other legislation or regulations (collectively, the “Cannabis Legislation”), 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 within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

23. ~~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 all 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.

24. ~~27.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the ~~Applicant~~Debtors and the DIP Lender with information provided by the ~~Applicant~~Debtors 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~~Debtors 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~~Debtors may agree.

25. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded 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 ~~no~~any liability ~~or obligation~~ as a result of ~~its~~the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO (as hereinafter defined), counsel to the Debtors, and counsel to the Applicant shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the ~~Applicant~~Debtors as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The ~~Applicant is~~Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, counsel for the CRO, counsel for the Debtors, and counsel for the Applicant on a ~~[TIME INTERVAL]~~weekly basis and, in addition, the ~~Applicant is~~Debtors are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO, and counsel to the Applicant, retainers ~~in the amount[s] of \$●-[, respectively,]~~ to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. ~~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.

28. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any~~ the CRO, counsel to the Debtors, 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 \$~~●~~600,000, 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~~35 and ~~40~~37 hereof.

DIP FINANCING

29. ~~32.~~ **THIS COURT ORDERS** that the ~~Applicant is~~ Debtors are hereby authorized and empowered to obtain and borrow ~~under a credit facility from [DIP LENDER'S NAME] (, on a joint and several basis, under the debtor-in-possession term sheet dated as of January 23, 2025 among the Debtors, as the borrowers, and the DIP Lender, as lender (as may be amended, restated, supplemented and/or modified from time to time, the "DIP Lender"Term Sheet"), in order to finance the Applicant's Debtors' working capital requirements—and, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Term Sheet, provided that borrowings under such credit facility~~ the DIP Term Sheet shall not exceed \$~~●~~2,000,000 plus interest, fees and 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 [DATE] (the "Commitment Letter"), filed (the "DIP Facility").~~

30. ~~34.~~ **THIS COURT ORDERS** that the ~~Applicant is~~ Debtors, through the CRO, are hereby authorized and empowered to execute and deliver the DIP Term Sheet, together with such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as may be amended, restated, supplemented and/or modified from time to time, and collectively with the DIP Term Sheet, the "Definitive Documents"), as are contemplated by the ~~Commitment Letter~~ DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the ~~Applicant is~~ Debtors are hereby authorized and directed to pay and perform all of ~~its~~ their indebtedness, interest, fees, expenses, liabilities and

obligations to the DIP Lender under and pursuant to the ~~Commitment Letter~~ DIP Term Sheet and the other Definitive Documents (collectively, the “DIP Obligations”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

31. ~~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~~ as security for any and all DIP Obligations. The 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~~ 35 and ~~40~~ 37 hereof.

32. ~~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 may cease making advances to the Debtors and may make demand, accelerate payment and give other notices, and, upon ~~five~~ (5) business days notice to the ~~Applicant~~ Debtors and the Monitor, may exercise any and all of its other rights and remedies against the ~~Applicant~~ Debtors 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~~ Debtors against the obligations of the ~~Applicant~~ Debtors 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~~ Debtors, or any one of them, and for the appointment of a trustee in bankruptcy of the ~~Applicant~~ Debtors, or any one of them; 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~~Debtors, or any one of them, or the Property.

33. ~~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~~Debtors under the CCAA, or any proposal filed by the ~~Applicant~~Debtors under the *Bankruptcy and Insolvency Act of (Canada)* (the ~~"BIA"~~"BIA"), with respect to any advances made under the Definitive Documents.

34. THIS COURT ORDERS that, notwithstanding anything to the contrary herein, this Order is subject to provisional execution and that if any of the provisions of this Order in connection with 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"), 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 Definitive Documents with respect to any advances made or obligations incurred 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 and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. ~~38. THIS COURT ORDERS~~ that ~~the priorities of the Directors' Charge,~~ subject in all respects to the security in favour of Firm Capital, which shall continue to have priority over and be unaffected by all charges granted pursuant to this Order, the priority of the Administration Charge and the DIP Lender's Charge (together, the "Charges"), as among them, shall be as follows⁹:

First ~~==~~ Administration Charge (to the maximum amount of \$~~600,000~~600,000); and

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

Second ~~—~~ DIP Lender's Charge; ~~and~~

~~Third — Directors' Charge~~ (to the maximum amount of \$ ~~●~~ 2,000,000 plus interest, fees, and expenses).

36. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, 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.

37. ~~40.~~ **THIS COURT ORDERS** that ~~each of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ the Charges shall constitute a charge on the Property and such ~~Charges~~ charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, except that (A) all Charges shall rank subordinate to any and all indebtedness owing to Firm Capital and all security in favour of Firm Capital to secure such indebtedness; and (B) the DIP Lender's Charge shall rank subordinate to any and all amounts due and payable to other Secured Creditors.

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

39. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ Charges 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 (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued

pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) 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 Debtors, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither~~ 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 any of the Applicant Debtors of any Agreement to which ~~it~~ the applicable Debtor is a party;
- (b) ~~none~~ None of the ~~Charges~~ Debtors 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 Debtors entered into the ~~Commitment Letter~~ Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) ~~the~~ The payments made by the Applicant Debtors 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.

40. ~~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 Applicant applicable Debtor's interest in such real property leases.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

41. THIS COURT ORDERS that Shawn Dym is hereby appointed as the Chief Restructuring Officer ("CRO") over and in respect of the Debtors and shall have the powers and obligations set out in the engagement agreement between the Debtors and the CRO dated

January 23, 2025 (the “CRO Engagement”) and enclosed with confidential appendix “D” to the Pre-Filing Report.

42. THIS COURT ORDERS that the CRO Engagement is hereby approved, subject to such minor amendments as the parties thereto may agree to with the Monitor’s consent. Heithem Dahrouj (Vice President, Finance of the Debtors) is hereby authorized and empowered to execute the CRO Engagement in the form enclosed with confidential appendix “D” to the Pre-Filing Report and the Debtors are hereby authorized and directed to perform all of their obligations pursuant to the CRO Engagement.

43. THIS COURT ORDERS that subject to the terms of this Order, the CRO is hereby authorized to assist the Applicant, the Monitor, and the Debtors and to do all things, carry out all actions and perform all duties described in the CRO Engagement.

44. THIS COURT ORDERS that in addition to the rights and protections afforded to the CRO by this Court, the CRO shall not be deemed to be a director, officer or trustee of the Debtors. The CRO shall not take Possession of the Property and shall not, by fulfilling his obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof, for the purposes of the Cannabis Legislation and the Environmental Legislation, or otherwise, and shall be extended the same protections afforded to the Monitor under paragraphs 22 and 23 above.

45. THIS COURT ORDERS that the CRO shall not incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save an except for any liability or obligation incurred as a result of the CRO’s gross negligence or wilful misconduct. The Debtors shall indemnify the CRO against obligations and liabilities that he may incur as CRO after the commencement of the within proceedings except to the extent that the obligation was incurred as a result of the CRO’s gross negligence or wilful misconduct.

46. THIS COURT ORDERS that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with: (a) written consent of the CRO and the Monitor; or (b) leave of this Court.

SERVICE AND NOTICE

47. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (~~ia~~) without delay, publish in ~~[newspapers specified by the Court]~~ the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (~~ib~~) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses last shown in the Debtors' records, a notice to every known creditor who has a claim against any of the Applicant Debtors of more than \$1000, 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; provided that the Monitor shall not be required to make the claims, names, and addresses or individual creditors publicly available unless otherwise ordered by this Court.

48. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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 21 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 ~~“@”~~: <https://www.insolvencies.deloitte.ca/tccc> (the “**Monitor’s Website**”).

49. **THIS COURT ORDERS** that the Monitor shall create, maintain, and update (as necessary) a list of all Persons appearing on their own behalf or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service list, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making such changes to the Service List.

50. **THIS COURT ORDERS** that the Debtors, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

51. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the ~~Applicant~~Debtors 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 or facsimile transmission to the ~~Applicant's~~Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Debtors and that any such service or distribution by courier, personal delivery or facsimile 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.

SEALING

52. **THIS COURT ORDERS** that confidential appendix "D" to the Pre-Filing Report, which contains an unredacted copy of the CRO Engagement, shall be sealed and kept confidential pending the earlier of (i) the termination of these CCAA proceedings or (ii) further Order of this Court, and shall not form part of the public record.

GENERAL

53. ~~47.~~ **THIS COURT ORDERS** that the Debtors, the Applicant, the CRO, 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.

54. ~~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~~Debtors, the Business or the Property.

55. ~~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~~Debtors, 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~~Debtors 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~~Debtors, and the Monitor and their respective agents in carrying out the terms of this Order.

56. ~~50.~~ **THIS COURT ORDERS** that each of the ~~Applicant~~Debtors 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.

57. ~~51.~~ **THIS COURT ORDERS** that any interested party (including the Debtors, the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, without the need entry and filing.

THE VANCOR GROUP INC.

and

2744364 ONTARIO LIMITED o/a TRUE
NORTH CANNABIS CO *et al.*

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

Applicant

Respondents (Debtors)

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at
Toronto

**AMENDED AND RESTATED INITIAL ORDER
(AMENDING THE INITIAL ORDER DATED JANUARY 24, 2025)**

MILLER THOMSON ^{LLP}

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Lawyers for the Applicant, The Vancor Group Inc.

Document comparison by Workshare Compare on January 30, 2025 4:44:01 PM

Input:	
Document 1 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/82401290/1
Description	#82401290v1<Legal> - Initial Order (model order)
Document 2 ID	iManage://MTDMSWSSC.MILLERTHOMSON.CORP/Legal/82359762/3
Description	#82359762v3<Legal> - Draft ARIO (Jan-30-2025)
Rendering set	Standard

Legend:	
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<u>Moved to</u>	
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Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:

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Deletions	351
Moved from	6
Moved to	6
Style changes	0
Format changes	0
Total changes	760

TAB 6

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

THE HONOURABLE

)

~~FRIDAY~~MONDAY, THE 24TH

JUSTICE PENNY

)

DAY OF

~~JANUARY~~FEBRUARY, 2025

)

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

B E T W E E N:

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)

AMENDED AND RESTATED INITIAL ORDER
(Amending the Initial Order dated January 24, 2025)

THIS APPLICATION, made by The Vancor Group Inc. (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 videoconference via Zoom.

ON READING the affidavit of Cory Van Iersel sworn January 23, 2025 (the “**First Van Iersel Affidavit**”), the affidavit of Cory Van Iersel sworn January 30, 2025, and the Exhibits thereto, ~~and~~ the pre-filing report to the court (the “**Pre-Filing Report**”) of Deloitte ~~Restructuring Inc. (“Deloitte”)~~ dated ~~January 23, 2025~~, in its capacity as proposed CCAA monitor (the “**Monitor**”) of 2744364 Ontario Limited, 2668905 Ontario Inc., and 2767888 Ontario Inc.

(together, the “Debtors”), the first report to the court of the Monitor, and on hearing the submissions of counsel for the Applicant, counsel for the Debtors, counsel for ~~Deloitte in its capacity as proposed~~the Monitor, and such other parties listed on the Counsel Slip, with no one else appearing although duly served as appears from the affidavit of service of ~~Maureen McLaren~~Maureen McLaren affirmed January ~~23~~30, 2025, filed~~, and on reading the consent of Deloitte to act as 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 Debtors are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Debtors 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. ~~3.~~ **THIS COURT ORDERS** that the Debtors shall remain in possession and control of their current and future assets, licenses, authorizations, 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 Debtors shall continue to carry on business in a manner consistent with the preservation of their business (the “Business”) and Property. The Debtors are 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 they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. ~~4~~**THIS COURT ORDERS** that the Debtors shall be entitled to continue to utilize the central cash management system currently in place as described in the First Van Iersel 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 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 Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any ~~plan of compromise or arrangement~~Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. ~~5~~**THIS COURT ORDERS** that the Debtors, in accordance with the cash flow forecast appended to the Pre-Filing Report (the “**Cash Flow Forecast**”) shall be entitled but not required to pay, subject to the Definitive Documents (as hereinafter defined), the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, and vacation pay payable 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) the fees and disbursements of any Assistants retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges;
- (c) principal and/or interest payable to Secured Creditors (as defined in the First Van Iersel Affidavit) and Vancor on account of Shareholder Loans (as defined in the First Van Iersel Affidavit), in accordance with the Cash Flow Forecast; and
- (d) with the consent of the Monitor, amounts owing for goods actually supplied to the Debtors prior to the date of this Order by the Ontario Cannabis Store but not yet paid

for.

7. ~~6~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the Definitive Documents, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after 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 Debtors following the date of this Order.

8. ~~7~~ **THIS COURT ORDERS** that the Debtors 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 Debtors in connection with the sale of goods and services by the Debtors, 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 Debtors.

9. ~~§~~**THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Debtors 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 Debtors and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, monthly in equal payments on the 1st day of each month. 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 Debtors are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of this date, except for such amounts payable to Secured Creditors and Vancor in accordance with the Cash Flow Forecast; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. ~~§~~**THIS COURT ORDERS** that the Debtors shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to ~~operate the Business in the ordinary course pending the return hearing on the Comeback Date (as hereinafter defined):~~

- (a) permanently or temporarily cease, downsize or shut down any of their businesses or operations outside of the ordinary course of business, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate; and
- (c) pursue all avenues of refinancing of the 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 Debtors to proceed with an orderly restructuring of the Business (the “Restructuring”).

12. THIS COURT ORDERS that the Debtors shall provide each of the relevant landlords with notice of the Debtors’ 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 Debtors’ 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 Debtors, or by further Order of this Court upon application by the Debtors on at least two (2) days notice to such landlord and any such secured creditors. If the Debtors disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they 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 Debtors’ 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 Debtors 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 Debtors 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 DEBTORS OR THE PROPERTY

14. ~~THIS~~ THIS COURT ORDERS that until and including ~~February 3~~ May 2, 2025, 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**”) shall be commenced or continued against or in respect of the Debtors or the Monitor or their respective directors, officers, employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Debtors and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the written consent of the Debtors and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

15. ~~12~~**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 Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor, or leave of this Court, *however*, notwithstanding any other provisions of this Order, the rights and remedies of Firm Capital Mortgage Fund Inc. (“**Firm Capital**”) shall be entirely unaffected by this Order. Furthermore, nothing in this Order shall (i) empower the Debtors to carry on any business which the Debtors are 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. ~~13~~**THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. ~~14~~**THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance,

transportation services, utility or other services to the Business or the Debtors, 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 Debtors, and that the Debtors shall be entitled to the continued use of their 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 Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. ~~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 Debtors. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. ~~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 Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors 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 Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court.

APPOINTMENT OF MONITOR

20. ~~20.~~ **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 Debtors with the powers and obligations set out in the CCAA or set forth herein and that the Debtors and

their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtors 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.

21. ~~18~~ **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 Debtors' 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 Debtors, to the extent required by the Debtors, in ~~their~~their dissemination to the DIP Lender, and its counsel, of financial and other information as agreed to by the Debtors 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 Debtors in their preparation of the Debtors' cash flow statements;
- (e) advise the Debtors in their development of the Plan and any amendments to the Plan;
- (f) assist the Debtors, to the extent required by the Debtors, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) ~~(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 Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;
- (h) ~~(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
- (i) ~~(g)~~ perform such other duties as are required by this Order or by this Court from time

to time.

22. ~~19.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property, nor be deemed to take possession of the Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c. 16, as amended, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, as amended, the *Excise Act, 2001*, S.C. 2002, c. 22, as amended, the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, as amended, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, as amended, the *British Columbia Cannabis Control and Licensing Act*, S.B.C. 2018, c. 29, as amended, the *British Columbia Cannabis Distribution Act*, S.B.C. 2018, c. 28, as amended, the *Alberta Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, as amended, the *Alberta Gaming, Liquor and Cannabis Regulation*, Alta. Reg. 143/996, as amended, the *Cannabis Control (Saskatchewan) Act*, S.S. 2018, c. C-2.111, as amended, the *Saskatchewan Cannabis Control (Saskatchewan) Regulations*, R.R.S. c. C-2.111 Reg. 1, the *Manitoba The Liquor, Gaming and Cannabis Control Act*, C.C.S.M. c. L153, as amended, the *Manitoba Cannabis Regulation*, M.R. 120/2018, as amended, the *Newfoundland and Labrador Cannabis Control Act*, S.N.L. 2018, c. C-4.1, as amended, the *Newfoundland and Labrador Cannabis Control Regulations*, NLR. Reg. 93/18, as amended, the *Newfoundland and Labrador Cannabis Licensing and Operations Regulations*, NLR. Reg. 94/18, as amended, the *Nova Scotia Cannabis Control Act*, S.N.S. 2018, c. 3, as amended, the *Nova Scotia Cannabis Retail Regulations*, NS. Reg. 203/2019, the *Prince Edward Island Cannabis Control Act*, R.S.P.E.I. 1998, c. C-1.2, as amended, the *Prince Edward Island Cannabis Control Regulations*, PEI. Reg. EC575/18, as amended, the *New Brunswick Cannabis Control Act*, S.N.B. 2018, c. 2, the *Yukon Cannabis Control and Regulation Act*, S.Y. 2018, c. 4, as amended, the *Yukon Cannabis Control and Regulation*, YOIC. 2018/139, the *Yukon Cannabis Control and Regulation General Regulation*, YOIC. 2018/184, the *Yukon Cannabis Licensing Regulation*, YOIC. 2019/43, the *Yukon Cannabis Remote Sales Regulation*, YOIC. 2022/29, the *Northwest Territories Cannabis Legalization and Regulation Implementation Act*, S.N.W.T. 2018, c. 6, as amended, or other such applicable federal, provincial or other legislation or regulations (collectively, the “**Cannabis Legislation**”), 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 within the meaning of any Cannabis Legislation or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity for any purpose whatsoever.

23. ~~20.~~ **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*, the *Ontario Occupational Health and Safety Act*, and all 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.

24. ~~21.~~ **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Debtors and the DIP Lender with information provided by the Debtors 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 Debtors 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 Debtors may agree.

25. ~~22.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded 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 as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including

under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. ~~23.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO (as hereinafter defined), counsel to the Debtors, and counsel to the Applicant shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the Debtors as part of the costs of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, counsel for the CRO, counsel for the Debtors, and counsel for the Applicant on a weekly basis and, in addition, the Debtors are hereby authorized to pay to the Monitor, counsel to the Monitor, the CRO, and counsel to the Applicant, retainers to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. ~~24.~~ **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.

28. ~~25.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO, counsel to the Debtors, 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 ~~\$350,000~~ \$600,000, 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 ~~32~~35 and ~~34~~37 hereof.

DIP FINANCING

29. ~~26.~~ **THIS COURT ORDERS** that the Debtors are hereby authorized and empowered to obtain and borrow, on a joint and several basis, under the debtor-in-possession term sheet dated as of January 23, 2025 among the Debtors, as the borrowers, and the DIP Lender, as lender (as may be amended, restated, supplemented and/or modified from time to time, the "**DIP Term Sheet**"), in order to finance the Debtors' working capital requirements, other general corporate

purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Term Sheet, provided that borrowings under the DIP Term Sheet shall not exceed \$~~900,000~~2,000,000 plus interest, fees and expenses, unless permitted by further Order of this Court (the “**DIP Facility**”).

30. ~~27~~**THIS COURT ORDERS** that the Debtors, through the CRO, are hereby authorized and empowered to execute and deliver the DIP Term Sheet, together with such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as may be amended, restated, supplemented and/or modified from time to time, and collectively with the DIP Term Sheet, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, expenses, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the other Definitive Documents (collectively, the “**DIP Obligations**”) as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

31. ~~28~~**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 as security for any and all DIP Obligations. The 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 ~~32~~35 and ~~34~~37 hereof.

32. ~~29~~**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 may cease making advances to the Debtors and may make demand, accelerate payment and give other notices, and, upon five (5) business days notice to the Debtors and the Monitor, may exercise any and all of its other rights and remedies against the Debtors or the Property under or pursuant to the Definitive Documents and the DIP Lender’s Charge, including without limitation, to

set off and/or consolidate any amounts owing by the DIP Lender to the Debtors against the obligations of the Debtors to the DIP Lender under the Definitive Documents or the DIP Lender's Charge, 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 Debtors, or any one of them, and for the appointment of a trustee in bankruptcy of the Debtors, or any one of them; 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 Debtors, or any one of them, or the Property.

33. ~~30.~~ **THIS COURT ORDERS** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtors under the CCAA, or any proposal filed by the Debtors under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), with respect to any advances made under the Definitive Documents.

34. ~~31.~~ **THIS COURT ORDERS** that, notwithstanding anything to the contrary herein, this Order is subject to provisional execution and that if any of the provisions of this Order in connection with 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**"), 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 Definitive Documents with respect to any advances made or obligations incurred 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 and other obligations set out in the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

35. ~~32.~~ **THIS COURT ORDERS** that, subject in all respects to the security in favour of Firm Capital, which shall continue to have priority over and be unaffected by all charges granted pursuant to this Order, the priority of the Administration Charge and the DIP Lender's Charge (together, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$~~350,000~~600,000); and

Second – DIP Lender’s Charge (to the maximum amount of \$~~900,000~~2,000,000 plus interest, fees, and expenses).

36. ~~33.~~ **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.

37. ~~34.~~ **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property and such charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, *except* that (A) all Charges shall rank subordinate to any and all indebtedness owing to Firm Capital and all security in favour of Firm Capital to secure such indebtedness; and (B) the DIP Lender’s Charge shall rank subordinate to any and all amounts due and payable to ~~the~~ other Secured Creditors.

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

39. ~~36.~~ **THIS COURT ORDERS** that the Charges 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**”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) 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 Debtors, 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 Definitive Documents shall create, or be deemed to constitute, a breach by any of the Debtors of any Agreement to which the applicable Debtor is a party;
- (b) None of the Debtors shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtors entered into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) The payments made by the Debtors pursuant to this Order 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.

40. ~~37.~~ **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 Debtor's interest in such real property leases.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

41. ~~38.~~ **THIS COURT ORDERS** that Shawn Dym is hereby appointed as the Chief Restructuring Officer ("CRO") over and in respect of the Debtors and shall have the powers and obligations set out in the engagement agreement between the Debtors and the CRO dated January 23, 2025 (the "**CRO Engagement**") and enclosed with confidential appendix "D" to the Pre-Filing Report.

42. ~~39.~~ **THIS COURT ORDERS** that the CRO Engagement is hereby approved, subject to such minor amendments as the parties thereto may agree to with the Monitor's consent. Heithem Dahrouj (Vice President, Finance of the Debtors) is hereby authorized and empowered to execute the CRO Engagement in the form enclosed with confidential appendix "D" to the Pre-Filing Report and the Debtors are hereby authorized and directed to perform all of their obligations pursuant to the CRO Engagement.

43. ~~40.~~ **THIS COURT ORDERS** that subject to the terms of this Order, the CRO is hereby authorized to assist the Applicant, the Monitor, and the Debtors and to do all things, carry out all

actions and perform all duties described in the CRO Engagement.

44. ~~43.~~ **THIS COURT ORDERS** that in addition to the rights and protections afforded to the CRO by this Court, the CRO shall not be deemed to be a director, officer or trustee of the Debtors. The CRO shall not take Possession of the Property and shall not, by fulfilling his obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof, for the purposes of the Cannabis Legislation and the Environmental Legislation, or otherwise, and shall be extended the same protections afforded to the Monitor under paragraphs ~~19~~22 and ~~20~~23 above.

45. ~~42.~~ **THIS COURT ORDERS** that the CRO shall not incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save an except for any liability or obligation incurred as a result of the CRO's gross negligence or wilful misconduct. The Debtors shall indemnify the CRO against obligations and liabilities that he may incur as CRO after the commencement of the within proceedings except to the extent that the obligation was incurred as a result of the CRO's gross negligence or wilful misconduct.

46. ~~43.~~ **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with: (a) written consent of the CRO and the Monitor; or (b) leave of this Court.

SERVICE AND NOTICE

47. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner or by electronic message to the e-mail addresses last shown in the Debtors' records, a notice to every known creditor who has a claim against any of the Debtors of more than \$1000, 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; provided that the Monitor shall not be required to make the claims, names, and addresses or individual creditors publicly

available unless otherwise ordered by this Court.

48. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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 21 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-~~H~~: <https://www.insolvencies.deloitte.ca/tbcc> (the “**Monitor’s Website**”).

49. ~~46.~~ **THIS COURT ORDERS** that the Monitor shall create, maintain, and update (as necessary) a list of all Persons appearing on their own behalf or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service list, as may be updated from time to time, on the Monitor’s Website, provided that the Monitor shall have no liability in respect of the accuracy of or the timeliness of making such changes to the Service List.

50. ~~47.~~ **THIS COURT ORDERS** that the Debtors, the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors’ creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

51. ~~48.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtors 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 or facsimile transmission to the Debtors’ creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile 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.

SEALING

52. ~~49.~~ **THIS COURT ORDERS** that confidential appendix “D” to the Pre-Filing Report, which contains an unredacted copy of the CRO Engagement, shall be sealed and kept confidential pending the earlier of (i) the termination of these CCAA proceedings or (ii) further Order of this Court, and shall not form part of the public record.

COMEBACK MOTION

~~50. THIS COURT ORDERS that the return hearing for the amendment and restatement of this Order shall be heard on February 3, 2025 (the “Comeback Date”).~~

GENERAL

53. ~~51.~~ **THIS COURT ORDERS** that the Debtors, the Applicant, the CRO, 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.

54. ~~52.~~ **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 Debtors, the Business or the Property.

55. ~~53.~~ **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 Debtors, 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 Debtors 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 Debtors, and the Monitor and their respective agents in carrying out the terms of this Order.

56. ~~54.~~ **THIS COURT ORDERS** that each of the Debtors 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.

57. ~~55.~~ **THIS COURT ORDERS** that any interested party (including the Debtors, the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

58. ~~56.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, without the need entry and filing.

THE VANCOR GROUP INC.

and

2744364 ONTARIO LIMITED o/a TRUE
NORTH CANNABIS CO *et al.*

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

Applicant

Respondents (Debtors)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding Commenced at
Toronto

AMENDED AND RESTATED INITIAL
ORDER
(~~MOTION RETURNABLE~~ AMENDING THE INITIAL
ORDER DATED JANUARY 24, 2025)

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Style changes	0
Format changes	0
Total changes	202

THE VANCOUR 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

**MOTION RECORD OF THE APPLICANT
(Returnable February 3, 2024)**

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