

Court File No.: _____

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN
LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicants. The claim made by the Applicants appears on the following page.

THIS APPLICATION will come on for a hearing before Justice Osborne presiding over the Commercial List on February 28, 2024 at 4:30 p.m. Eastern. Please refer to the videoconference details attached as Schedule "A" hereto in order to attend the application and advise if you intend to join the Application by emailing Jamie Ernst at ernstj@bennettjones.com.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2:00 p.m. Eastern on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL

AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: February 28, 2024

Issued by: _____
Local Registrar

Address of court office: 330 University Avenue, 9th Floor
Toronto, ON M5G 1R7

TO: THE SERVICE LIST

APPLICATION

THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An Order substantially in the form attached as Tab 3 of this Application Record (the "**Initial Order**"), *inter alia*:
 - (a) abridging the time for service and filing of this notice of application and dispensing with service on any person other than those served;
 - (b) declaring that BZAM Ltd. ("**BZAM**"), BZAM Holdings Inc. ("**BZAM Holdings**"), BZAM Management Inc. ("**BZAM Management**"), BZAM Cannabis Corp. ("**BZAM Cannabis**"), Folium Life Science Inc. ("**Folium Life Science**"), 102172093 Saskatchewan Ltd. ("**102 Saskatchewan**"), The Green Organic Dutchman Ltd. ("**TGOD**"), Medican Organic Inc. ("**Medican Organic**"), High Road Holding Corp. ("**High Road Holding**"), and Final Bell Corp. doing business as BZAM Labs ("**BZAM Labs**") (each individually, an "**Applicant**", and collectively, the "**Applicants**") are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C36, as amended (the "**CCAA**") applies;
 - (c) appointing FTI Consulting Canada Inc. ("**FTI**" or the "**Proposed Monitor**", and if appointed, the "**Monitor**") as an officer of this Court to monitor the assets, business and financial affairs of the Applicants;
 - (d) approving TGOD's ability to borrow up to a principal amount of \$2,400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing expenses and costs over the next ten (10) days with TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs acting as guarantors under the DIP Loan;

- (e) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the directors and officers of the Applicants, or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");
- (f) extending the benefit of the Stay of Proceedings to the Non-Applicant Stay Parties (as defined below and, together with the Applicants, the "**Company**")¹ and their respective directors and officers;
- (g) seeking relief from certain securities reporting obligations under federal, provincial or other laws until further Order of this Court; and
- (h) granting the Administration Charge, the DIP Lender's Charge, the Edmonton Property Charge and the Directors' Charge (as each are defined in the affidavit of Matthew Milich sworn February 28, 2024, the "**Milich Affidavit**" and, collectively, the "**Charges**") in the following priorities:
 - (i) with respect to the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**") other than the Edmonton Property (as defined in the Milich Affidavit):

First – the Administration Charge in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants up to a maximum amount of \$500,000;

Second – the DIP Lender' Charge in favour of the DIP Lender (as defined below) up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

¹The "**Non-Applicant Stay Parties**" collectively includes: (1) 9430-6347 Québec Inc.; (2) The Green Organic Beverage Corp; (3) TGOD Europe B.V.; and (4) The Green Organic Dutchman Germany GmbH.

Third – the Directors' Charge in favour of the directors and officers of the Applicants up to a maximum amount of \$5,300,000;

(ii) with respect to the Edmonton Property:

First – the Administration Charge in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants up to a maximum amount of \$500,000;

Second – the Edmonton Property Charge in favour of the lenders under the Mortgage Loan (as defined in the Milich Affidavit);

Third – the DIP Lender's Charge in favour of the DIP Lender up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

Fourth – the Directors' Charge in favour of the directors and officers of the Applicants up to a maximum amount of \$5,300,000.

2. The Applicants intend to schedule a comeback hearing on March 8, 2022 (the "**Comeback Hearing**") to seek:

- (a) an Amended and Restated Initial Order (the "**ARIO**") which, among other things, would:
 - (i) extend the Stay of Proceedings;
 - (ii) increase the maximum principal amount that the Applicants can borrow under the DIP Loan;
 - (iii) increase the quantum of each of the Administration Charge (to a maximum amount of \$1,000,000), the DIP Lender's Charge (to a principal amount of \$41,000,000 plus accrued and unpaid interest, fees and

expenses), and the Directors' Charge (to a maximum amount of \$12,900,000); and

- (iv) seek such other customary relief as may be required to advance the Applicants' restructuring;
- (b) an order approving a sale and investment solicitation process (the "**SISP Approval Order**"), which among other things, would;
- (i) authorize and approve BZAM's execution of a share subscription agreement (the "**Stalking Horse Purchase Agreement**") among BZAM and a corporation (the "**Stalking Horse Purchaser**") related to Bassam Alghanim, who is BZAM's largest shareholder, current Chairman, and the individual that ultimately controls Stone Pine Capital Ltd., a secured creditor of BZAM, *nunc pro tunc*, including the Bid Protections (as defined in the Milich Affidavit);
 - (ii) grant a Court-ordered charge (the "**Bid Protections Charge**") over the Property in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections, with the priority set out therein;
 - (iii) approve a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms; and
 - (iv) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

THE GROUNDS FOR THIS APPLICATION ARE:

General

- (a) the Applicants are insolvent and are companies to which the CCAA applies;

- (b) each of the Applicants is a Canadian company;
- (c) BZAM is a reporting issuer listed on the Canadian Securities Exchange under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” and its shares trade in the United States on the OTCQX under the symbol “BZAMF”. It is the ultimate parent company to several companies in the cannabis industry in Canada. Through its subsidiaries, BZAM’s business and operations focus on production and sale of various cannabis products. The Company owns cannabis cultivation and processing facilities in Ontario and Alberta, leases production facilities in British Columbia and Québec, leases a retail store in Saskatchewan, and has its corporate offices in Ontario and British Columbia;
- (d) the Applicants are in a dire liquidity crisis and, absent the approval of the additional financing proposed to be made available under the DIP Loan, will not be able to meet their obligations as they become due. Accordingly, there is significant urgency to this CCAA application and the relief sought pursuant to the Initial Order;
- (e) the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to implement the SISP that would see the Company restructured and/or all or a portion of the Applicants’ business and assets sold as a going concern;
- (f) the Company’s existing senior secured creditor, Cortland Credit Lending Corporation ("**Cortland**"), has agreed to provide additional financing through the DIP Loan (in its capacity as lender, the "**DIP Lender**") to, among other things, provide the Applicants with the immediate access to funding needed to continue to operate and preserve the value of their operations while the SISP is conducted subject to certain conditions, including Court approval. As noted above, the relief in respect of the SISP is intended to be sought at the Comeback Hearing. No relief related to the SISP is being sought at this time;

- (g) the CCAA filing and the proposed SISP are intended to benefit all of the Company's stakeholders in Canada and internationally, including the Company's many employees, customers, suppliers, secured creditors, other contracting parties, Health Canada, and the relevant provincial cannabis regulators;
- (h) the boards of directors of each of the Applicants resolved to commence these CCAA proceedings (the "**CCAA Proceedings**");
- (i) FTI has consented to act as the Monitor in the CCAA Proceedings;

Urgent Need For the Stay Of Proceedings

- (j) the Applicants urgently require a broad stay of proceedings to prevent enforcement action by certain contractual counterparties and to provide the Applicants with breathing space while they attempt to effect a restructuring, all the while permitting their business to continue to operate as a going concern. In particular, it is critical for the Applicants and 943 Québec (one of the Non-Applicant Stay Parties) to maintain their licenses with Health Canada and their cannabis excise stamps with CRA to ensure the business operates as a going concern in the cannabis industry. Furthermore, BZAM Management's cannabis license with the CRA is set to imminently expire on February 29, 2024;
- (k) the Applicants are concerned about their failure to meet certain obligations as they become due. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business and will be forced to initiate an abrupt disorderly shutdown;
- (l) the Stay of Proceedings will stabilize and preserve the value of the Applicants' business and ultimately provide the Applicants with breathing space to develop and undertake the SISP;

- (m) the Stay of Proceedings is in the best interests of the Applicants and their stakeholders, meets the statutory requirements under the CCAA, and is appropriate in the circumstances;

Extending the Stay of Proceedings to the Non-Applicant Stay Parties

- (n) the Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties due to the integration of the business and operations of the Company. The extension of the Stay of Proceedings to these entities is intended to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions, and thereby preventing immediate losses of value for the Company and its stakeholders;
- (o) the Applicants believe that without the benefit of the Stay of Proceedings, the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties (certain of which have active businesses while others may have valuable tax attributes) and their respective assets would be compromised given the lack of stability that would exist. In particular, 943 Québec requires the benefit of the Stay of Proceedings as Medicana Organic's transaction to acquire all issued and outstanding shares in 943 Québec is expected to close shortly, at which point 943 Québec will form part of the Company. Without the benefit of the Stay of Proceedings, the landlord for the 943 Québec Facility could exercise its option to terminate the Lease Agreement with 943 Québec;
- (p) the Proposed Monitor believes that the Stay of Proceedings, including its extension to the Non-Applicant Stay Parties, is appropriate in the circumstances;

Immediate Need for the DIP Loan

- (q) in connection with the commencement of the CCAA Proceedings, on February 28, 2024, the following parties entered into a binding term sheet in respect of the DIP Loan (the "**DIP Term Sheet**"):
 - (i) TGOB as the borrower (in such capacity, the "**Borrower**");

- (ii) TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs as the guarantors (collectively, and in such capacities, the "**DIP Guarantors**"); and
- (iii) Cortland as the DIP Lender;
- (r) the Applicants are in a dire liquidity crisis and are not able to meet their obligations as they become due. Absent the approval of the financing proposed to be made available under the DIP Loan, the Applicants will be forced to immediately cease going concern operations;
- (s) the DIP Term Sheet provides for a super-priority, DIP interim, non-revolving credit facility up to a maximum principal amount that does not exceed the lesser of: (i) \$41,000,000 (the "**Facility Limit**"); and (ii) the Revolving Facility Limit (as defined in the Second ARCA) plus \$7,000,000; provided that any pre-filing obligations and post-filing obligations do not, either individually or in the aggregate, exceed the Facility Limit;
- (t) the amounts drawn and outstanding under the DIP Loan will bear interest at a rate that is the greater of: (i) the TD Prime Rate (as defined in the Second ARCA) plus 8.05% per annum; and (ii) 12% per annum. Interest on the principal amount outstanding shall be due and payable in cash on the first business day of each month covering interest accrued over the previous calendar month;
- (u) the DIP Loan includes a commitment fee of \$98,000 which shall be fully payable by the Borrower upon the issuance of the Initial Order and paid from the initial advance under the DIP Loan;
- (v) the DIP Loan is conditional, among other things, upon the granting of a priority charge over the Property in favour of the DIP Lender to secure the amounts borrowed under the DIP Loan (the "**DIP Lender's Charge**"), however, the DIP Lender has agreed to subordinate the DIP Lender's Charge to all pre-filing amounts owing under the Edmonton Property Charge;

- (w) in accordance with the DIP Term Sheet, the DIP Loan is to be used during these CCAA Proceedings to fund:
 - (i) working capital needs in accordance with a cash flow forecast over the 13-week period ending May 25, 2024 prepared by the Proposed Monitor;
 - (ii) fees and expenses associated with the DIP Loan (including without limitation certain expenses, fees of the Monitor, and legal fees of counsel to the DIP Lender, the Applicants and the Monitor); and
 - (iii) such other costs and expenses of the Borrower as agreed to by the DIP Lender, in writing;
- (x) the facility made available pursuant to the DIP Term Sheet contemplates a "creeping-roll up" structure, pursuant to which all post-filing receipts by the Applicants will be applied to repay pre-filing obligations owing to Cortland. For greater certainty, the DIP Lender's Charge does not secure any obligation that existed prior to the granting of the Initial Order;
- (y) the proposed DIP Loan is subject to customary covenants, conditions precedent, and representations and warranties made by the Applicants to the DIP Lender. The DIP Loan must be repaid in full by the date that is the earlier of:
 - (i) the Maturity Date (as defined in the DIP Term Sheet);
 - (ii) the occurrence of an Event of Default (as defined in the DIP Term Sheet); and
 - (iii) the date of a sale of all or a portion of the Collateral (as defined in the DIP Term Sheet).
- (z) the amount to be funded prior to the Comeback Hearing under the DIP Loan (up to a principal amount of \$2,400,000) is only that portion that is necessary for the Applicants' continued operations in the ordinary course of business during the initial Stay of Proceedings;

- (aa) the Proposed Monitor believes that the DIP Loan and corresponding DIP Lender's Charge are appropriate and necessary in the circumstances;

Priority Charges

- (bb) the Applicants are seeking the following Charges in the following priority with respect to the Property other than the Edmonton Property:

First – Administration Charge (up the maximum amount of \$500,000);

Second – DIP Lender' Charge (up the maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses); and

Third – Directors' Charge (up to the maximum amount of \$5,300,000);

- (cc) the Applicants are seeking the following Charges in the following priority with respect to the Edmonton Property:

First – Administration Charge (up the maximum amount of \$500,000);

Second – Edmonton Property Charge;

Third – DIP Lender's Charge (up the maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses); and

Fourth – Directors' Charge (up to the maximum amount of \$5,300,000);

- (dd) the relief sought in the Initial Order in respect of the Charges is limited to what is reasonably necessary to stabilize the Applicants' business during the initial Stay of Proceedings;

- (ee) the Proposed Monitor is supportive of the granting of each of the Charges and their quantum;

Ability to Pay Certain Pre-Filing Amounts

- (ff) the Applicants are seeking authorization (but not the obligation) to pay, among other things:
 - (i) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - (ii) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to the Applicants after the date of the Initial Order, including pursuant to the terms of the Initial Order; and
 - (iii) the fees and disbursements of any Assistants (as defined in the Initial Order) retained or employed by the Applicants in respect of the CCAA Proceedings, at their standard rates and charges.

Relief from Reporting and Filing Obligations

- (gg) BZAM is seeking to be relieved from incurring any further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada.

This relief is necessary given BZAM's status as a publicly-traded company and reporting issuer listed on the Canadian Securities Exchange and the OTCQX;

- (hh) in addition to being relieved from having to make any of the Securities Filings, BZAM and the Monitor and their respective directors, officers, employees and other representatives are seeking to be relieved from any personal liability resulting from a failure to make any Securities Filings;
- (ii) it would be a distraction and unnecessary expense for the BZAM to make the Securities Filings in the circumstances where it is insolvent;
- (jj) the shareholders and stakeholders of BZAM will have the benefit of a significant amount of financial and other information that is being, and will continue to be, disclosed in the CCAA Proceedings;

Other Grounds

- (kk) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (ll) rules 1.04, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended and sections 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (mm) such further and other grounds as counsel may advise and this Honourable Court may permit;

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the application for the Initial Order:

- (a) the Affidavit of Matthew Milich, sworn on February 28, 2024, and the exhibits attached thereto;
- (b) the consent of FTI to act as Monitor;
- (c) the Factum of the Applicants;

- (d) the Pre-Filing Report of the Proposed Monitor dated February 28, 2024; and
- (e) such further and other evidence as counsel may advise and this Court may permit.

February 28, 2024

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SCHEDULE "A"

Join Zoom Meeting

<https://ca01web.zoom.us/j/65979875939?pwd=VVRJZHVRWQ1cGdkRERtTGpRajNFUT09>

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+1 438 809 7799 Canada

855 703 8985 Canada Toll-free

833 955 1088 Canada Toll-free

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Passcode: 879894

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Join by SIP

65979875939@zmca.us

Join by H.323

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[65.39.152.160](tel:65.39.152.160) (Canada Vancouver)

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**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 BZAM LTD.**

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

NOTICE OF APPLICATION

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