

Court File No. CV-24-00715773-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

**RESPONDING MOTION RECORD OF
CORTLAND CREDIT LENDING CORPORATION**

(Order Rescinding Share Exchange Agreement)

March 25, 2024

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Lawyers for Cortland Credit Lending
Corporation

TO: **THE SERVICE LIST**

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AFFIDAVIT

I, DEEPAK ALAPPATT, of the Town of Milton, in the Province of Ontario, SWEAR AND
SAY:

1. I am Managing Director, Risk, with Cortland Credit Lending Corporation
("Cortland"), and as such, I have personal knowledge of the matters deposed to herein,
except where stated to be based on information and belief, and where so stated I verily
believe the same to be true.

2. I am authorized to swear this affidavit on behalf of Cortland. I swear this affidavit
in connection with a Motion made by Final Bell Holdings International Ltd. to rescind the
share exchange agreement dated December 5, 2023 (the "**Share Exchange
Agreement**") between BZAM Ltd. ("**BZAM**"), Final Bell Canada Inc. (the prior name of
High Road Holding Corp.) and Final Bell Holdings International Ltd.

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3. Cortland is a leading Canadian alternative asset manager headquartered in Toronto, Ontario, that provides accredited investors with access to private credit.

4. On March 31, 2020, The Green Organic Dutchman Ltd. ("**TGOD**") entered into a credit agreement with Cortland, in its capacity as agent for certain lenders (collectively, the "**Lenders**") (as amended, the "**Original Credit Agreement**"). On or about November 3, 2022, BZAM acquired all of the issued and outstanding shares of BZAM Holdings Inc. pursuant to a share exchange agreement dated October 18, 2022, between The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM), BZAM Holdings Inc. and BZAM international Ltd.

5. The Original Credit Agreement was amended and restated in its entirety on: (i) September 29, 2021, which was then amended a further six times (as amended, the "**First ARCA**"); and (ii) January 8, 2024, pursuant to a further amended and restated credit agreement (the "**Second ARCA**" and, together with the Original Credit Agreement and the First ARCA, the "**Credit Agreement**"), following BZAM's acquisition of Final Bell Corp., pursuant to the Share Exchange Agreement.

6. BZAM, BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., TGOD, Medican Organic Inc., High Road Holding Corp., and Final Bell Corp. (collectively, the "**Obligors**" and together with 102172093 Saskatchewan Ltd., collectively the "**Applicants**") are obligors under the Credit Agreement.

7. Advances were made to, or for the benefit of, the Applicants (including, for greater certainty, Final Bell Corp.), following BZAM's acquisition of Final Bell Corp. Those advances were made at a time when Final Bell Corp. formed part of BZAM's asset base

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and was part of the collateral against which the advances were made. In total, approximately \$18 million was advanced in the period between BZAM's acquisition of Final Bell Corp. and the Applicants' filing for CCAA protection (the "**Pre-Filing Advances**") and, taking into account the repayments made during the same period, the net outstanding amount of the Pre-Filing Advances is approximately \$5 million.

8. Cortland, in its capacity as agent for the Lenders, also agreed to provide a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to the Applicants to, among other things, provide the Applicants with immediate access to funding needed to continue to operate and preserve the value of their operations while a sale and investment solicitation process is being conducted. To date, approximately \$6.9 million has been advanced as part of the DIP Loan.

9. The availability of credit under both the Credit Agreement and the DIP Loan are subject to a facility limit which is calculated based on, among other things, the margining of the eligible accounts receivables of the Applicants (including, for greater certainty, Final Bell Corp.). As a precondition to each advance under the Credit Agreement and the DIP Loan, Cortland was to receive a borrowing base certificate, which, among other things: (i) calculated the amount of the eligible accounts receivables of the Applicants available for margining; and (ii) certified such calculation. Cortland relied upon the borrowing base certificates when extending credit and understood that Final Bell Corp. accounted for at least 30% of the Applicants' borrowing base.

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10. As of the date of this affidavit, approximately \$31,463,189 of principal is owing under the Credit Agreement and the DIP Loan and an additional \$307,272 of interest has accrued month-to-date thereon for a total amount owing of \$31,770,461.

11. In the event that the Share Exchange Agreement was rescinded, Cortland and the Lenders would be unduly prejudiced as the collateral against which the Pre-Filing Advances and DIP Loan were made would be depleted resulting in a significant borrowing base shortfall. Cortland relied upon Final Bell Corp. forming part of the borrowing base against which it was willing to extend credit and, without the margining of the eligible receivables of Final Bell Corp., Cortland would not have been willing to extend credit to the same extent under the Credit Agreement and DIP Loan.

12. In addition, the Applicants' ability to repay Cortland the amounts owing under the Credit Agreement using post-filing receipts will be impaired if the Share Exchange Agreement is rescinded, as any receipts of Final Bell Corp. would no longer be payable to Cortland.

13. It would be prejudicial and unfair to Cortland to unwind the Share Exchange Agreement without also requiring that some or all of the Pre-Filing Advances and DIP Loan be returned to Cortland and the Lenders.

14. When the Share Exchange Agreement was presented to Cortland, Cortland's counsel prepared a subordination agreement consistent with the subordination agreement in place for the existing subordinated secured creditors. After reviewing the proposed subordination agreement, Final Bell Holdings International Ltd.'s solicitors advised that the note would be unsecured. That decision was made entirely by Final Bell

Holdings International Ltd., with the assistance of counsel and without influence from Cortland.

SWORN by Deepak Alappatt of the Town of Milton, in the Province of Ontario before me at the City of Toronto, in the Province of Ontario, on March 25, 2024 in accordance with O. Reg. 431/20, Administering Oath or Document Remotely.



Colin Pendrith

DEEPAK ALAPPATT

Commissioner for Taking Affidavits
(or as may be)

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