SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00712687-00CL **DATE: January 12, 2024**

NO. ON LIST: 2 (10am)

TITLE OF PROCEEDING: 9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) et al

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
MILLS, CRAIG RHODES, GINA	9869247 CANADA LIMITED (d.b.a. SAFARI FLOWER COMPANY) GN VENTURES LIMITED	cmills@millerthomson.com grhodes@millerthomson.com

For Defendant, Respondent:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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CHAITON, HARVEY	BLACKSAIL, as GP of NE SPC II LP	Harvey@chaitons.com

ENDORSEMENT OF JUSTICE OSBORNE:

[1] The Applicants, 9869247 Canada Limited (doing business as Safari Flower Company) and GN Ventures Ltd. (collectively, the "Safari Flower Group" or the "Applicants") seek an Initial Order pursuant to the provisions of the CCAA.

[2] Unless otherwise defined, all defined terms in this Endorsement shall have the definition and/or meaning set out in the Application Record of the Applicants returnable today.

[3] This Application is brought on notice to the Proposed Monitor, Ernst & Young Inc., and the secured creditors, all of whom support the relief sought.

[4] The Safari Flower Group is a licenced cultivator and processor of cannabis with operations in the Fort Erie region (Stevensville), Ontario, where it owns and operates a 59,000 square-foot indoor facility. It is licenced by Health Canada and also holds certain international certifications with the result that it is permitted to supply cannabis to the European, Israeli and Australian medicinal cannabis markets.

[5] The Applicants are under significant financial pressure due to, among other things, the domestic price compression of cannabis arising from the oversupply of cannabis flower in the marketplace. However, at present, the aggregate value of their property is not sufficient to pay all of their liabilities, and they will default on obligations to their secured lenders in the next few weeks. Total assets are approximately $29.56 million and total liabilities are approximately $55 million. The Applicants submit that they are insolvent, that they are companies to which the CCAA properly applies, and that they are in urgent need of relief under the CCAA.

[6] The relief sought today is unopposed and indeed is supported by both secured creditors (one of which may be a DIP lender) and by the Proposed Monitor.

[7] The Applicants rely on the affidavit of Dr. Leanne Brigitte Simons sworn January 11, 2024 together with exhibits thereto, in addition to the recommendations of the Proposed Monitor and the consent of the secured lenders. I have reviewed all of the Application materials (including in particular Exhibit "T" to the Affidavit, the Cash Flow Forecast).

[8] I am satisfied that the Initial Order should be granted.

[9] I heard the submissions of counsel for the Applicants, as well as for both secured creditors and the proposed Monitor.

[10] The Applicants are insolvent. Creditors GN Ventures is the 100% parent of Safari Flower. Safari Flower is a business-to-business cannabis production, genetics cultivation and bulk wholesale business. It holds the Health Canada licences.

[11] The Applicants entered into a forbearance agreement with the secured lenders, following an accommodation agreement, and retained a consultant who ran a sales process over a period of four months. Only one qualified offer was submitted and the secured creditors ultimately rejected that offer. Blacksail is no longer willing to fund the Applicants without the benefit of a CCAA process to approve an anticipated transaction to sell the business and property of the Applicants, likely to one of the secured creditors..

[12] I am satisfied that the statutory requirements have been met, that the relief sought today is appropriate in the circumstances and reflects only that relief which is "reasonably necessary for the continued operations of the debtor company in the ordinary course of business" during the initial period until the comeback hearing, as required by s. 11.001 of the CCAA.

[13] EY consents to act as Monitor and is well qualified to do so. All parties present today consent to that appointment. None of the restrictions set out in section 11.7(2) of the CCAA are applicable here. EY has assisted in the preparation of the Cash Flow Forecast. That reflects sufficient cash for the initial 10 day period. DIP financing will be required thereafter and is anticipated to be sought at the comeback hearing.

[14] The proposed charges are satisfactory. The Administration Charge in the maximum amount of $150,000 is appropriate. The Directors' Charge up to a maximum amount of $61,000 is appropriate.

[15] I am satisfied that a stay of proceedings is required to maintain the status quo and give the Applicants an opportunity to negotiate a possible transaction and consider options.

[16] Initial Order to go in the form signed by me today, which shall be effective immediately without the necessity of issuing and entering.

[17] This matter will return for a comeback hearing before me on **Monday, January 22, 2024 at 10 AM via Zoom**.

[1]

Osborne, J.