ExhibitCourt File No.: CV-24-00722386-00CL

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 ARRANGEMENTS OF ATLAS GLOBALS BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

RESPONDING MOTION RECORD

July 25, 2024

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Lawyers for Stoke Canada Finance Corp.

TO: **THE SERVICE LIST**

Court File No.: CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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

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RESPONDING MOTION RECORD
INDEX

TAB 1

Court File No.: CV-24-00722386-00CL

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

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Applicants

AFFIDAVIT OF HOWARD STEINBERG
(Affirmed July 25, 2024)

I, HOWARD STEINBERG of the City of Kelowna, in the province of British Columbia, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the principal of Steinberg Advisory Corp. ("**SAC**"). On July 9, 2024, SAC was appointed as information liaison (the "**Information Liaison**") to monitor the accounts receivable of the Applicant GreenSeal Cannabis Company, Ltd. ("**GreenSeal**") among other things. As such I have personal knowledge of the matters to which I hereinafter depose. Where I do not have such personal knowledge, I have stated the source of my information and believe it to be true.

2. I affirm this affidavit in respect of a motion brought by GreenSeal for approval of a sale and investment solicitation process and to provide an update and my observations of GreenSeal's accounts receivable and cash position.

OVERVIEW OF THE CCAA PROCEEDING

3. On June 20, 2024, GreenSeal and certain of its affiliates made an application for an initial order under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36 (the "**CCAA**"). An initial 10-day stay of proceedings was granted and a comeback hearing scheduled for June 28, 2024.

4. At the comeback hearing, an amended and restated initial order was granted without prejudice to the ability of Stoke, a purchaser of certain of GreenSeal's accounts receivable and secured creditor of GreenSeal, to seek the appointment of a receiver.

5. Stoke filed an application to appoint a receiver over GreenSeal, along with Your Neighbourhood Credit Union ("**YNCU**"), another secured creditor of GreenSeal.

6. At a hearing on July 9, 2024, the Court heard competing motions for a receivership over GreenSeal and for continued CCAA relief for the Applicants. At the conclusion of the hearing, the Court adjourned the receivership applications and granted GreenSeal's application for continued relief under the CCAA.

7. In its endorsement the Court stated that the receivership applications were being adjourned because "Steinberg Advisory Group is to be appointed Information Liaison. This appointment would provide creditors with enhanced transparency and knowledge about the progress of the GreenSeal proposal and GreenSeal's evolving financial situation. In the event of a material change at any time, the creditors shall be at liberty to return to court to renew their application." A copy of the endorsement of Penny J. dated July 9, 2024 is attached as **Exhibit "A"**.

8. In further reasons issued by the Court on July 11, 2024, Penny J. noted that "I accept the secured creditors have legitimate concerns…What has changed, of course, *is that the behaviour*

<u>*of which the creditors complain was pre-Monitor and pre-information liaison behaviour*</u>." A copy of the reasons released on July 11, 2024 are attached as **Exhibit "B"**.

EVENTS SINCE THE GRANTING OF THE TARIO

9. Although the Court has issued its endorsement and reasons, at the time this affidavit was affirmed, a third amended and restated initial order ("**TARIO**") has not been issued or entered.

10. On July 9, 2024 a draft TARIO was circulated by counsel for the Monitor. Counsel for GreenSeal, Stoke and the Monitor have exchanged rounds of comments on the TARIO. Stoke's comments have revolved largely around (i) the parameters for use of Stoke's receivables as working capital by GreenSeal and the charge necessary to adequately protect Stoke's interests; and (ii) the terms of my engagement, including my mandate, scope of monitoring powers, and compensation.

11. Stoke purchased and owns certain receivables (the "**Stoke Receivables**") which, from and after the filing date, the amount of $1.3 million were expected to be collected. The draft TARIO proposed by GreenSeal provided that GreenSeal would pay in tranches the advance amounts listed in the purchase summaries (a total of $501,205) to Stoke (the "**Advance Amounts**") and the balance of the Stoke Receivables (the "**Reserve Amounts**") would be available for use by GreenSeal to cover its working capital needs.

12. In consideration for permitting GreenSeal to use the receivables for its own benefit, Stoke would receive a first charge (the "**Stoke Receivables Charge**") on all of GreenSeal's outstanding accounts receivable (The "**GS A/R**") in the amount of the Reserve Amount used plus the Information Liaison's fees, up to a maximum of $853,324. In addition, GreenSeal was required to ensure the GS A/R balance was no less than 1.25 times the cumulative Reserve Amounts used (the "**Receivables to Reserve Ratio**").

13. Stoke had numerous concerns as to the TARIO including (i) the conversion of Stoke's ownership interests of the Stoke Receivables into a mere security interest; and (ii) that any security be sufficient to adequately preserve Stoke's interests in circumstances where the Stoke Receivables were being used by GreenSeal.

14. In addition, GreenSeal's proposed structure in the TARIO required timely and accurate reporting by GreenSeal to determine the value of the Stoke Receivable Charge at any given time and the Receivables to Reserve Ratio. As reporting is retrospective rather than forward looking, breaches of these covenants in the TARIO would not be discovered until after funds were dissipated.

15. On June 17, 2024, counsel for Stoke proposed a structure that was more efficient and better protected Stoke's interests while permitting its receivables to be used for working capital. Among other things, the proposal provided that:

a) Stoke would receive a first charge on all GS A/R up to the amount of outstanding Stoke Receivables,

b) GreenSeal would pay Stoke the Advance Amounts as set out in the cash flow projections filed by GreenSeal, and GreenSeal would be entitled to use the Stoke Receivables to the extent necessary to cover its working capital needs;

c) any repayments to Stoke would be applied to reduce Stoke's first charge over the GS A/R;

d) GreenSeal would be required to maintain a minimum accounts receivable balance as set out in its cash flow projection dated July 5, 2024 (the "**July 5 Cash Flow**") instead of having to calculate the Receivables to Reserve Ratio; and

e) GreenSeal would not be entitled to compromise, set off, or reduce any of the accounts receivable without Stoke's consent.

16. Stoke was satisfied with its proposed structure as it did not require Stoke to be dependent on real time reporting by GreenSeal to determine the amount of the charge or the minimum accounts receivable balance that GreenSeal must maintain.

17. Since then, GreenSeal's counsel has circulated a further draft TARIO that reverts certain of the terms agreed between GreenSeal and Stoke, pursuant to comments from the Monitor. The revisions significantly change GreenSeal's risk and exposure and do not adequately protect its interests while its accounts receivable are used by GreenSeal as working capital.

18. Stoke's proposed form of TARIO is attached as **Exhibit "C"** in the form of a comparison document showing Stoke's incremental revisions to GreenSeal's draft circulated July 19, 2024.

19. I understand from Stoke's counsel that the TARIO is largely settled. I understand that while the Order remains outstanding and un-issued, Stoke remains concerned that the Stoke Receivables are currently being used to pay working capital expenditures without the formal protections of a charge. Although counsel for Stoke has asked that no funds be applied to working capital until the TARIO is settled and the terms on which the Stoke Receivables may be used are clear to all parties, it is not clear whether the Stoke Receivables are currently being used.

20. I note that GreenSeal has made the first advance payment of approximately $125,000 in accordance with the July 5 Cash Flow and has continued operations, suggesting that working capital expenditures continue to be paid.

MATERIAL DETERIORATION OF GREENSEAL'S ACCOUNTS RECEIVABLE

21. GreenSeal has provided me with updated cash flow projections that show that the collateral subject to Stoke's charge, being the GS A/R and cash on hand, have deteriorated significantly since the last hearing. The cash flow projection provided to me by the Company on July 24, 2024 is attached as **Exhibit "D"** (the "**July 24 Cash Flow**").

22. The July 5 Cash Flow, as appended to the Third Supplement to the First Report of the Monitor dated July 9, 2024, is attached as **Exhibit "E"**.

23. While certain variances are to be expected between projections and actual figures, the variances in GreenSeal's projections are material and disproportionately impact Stoke. Further, GreenSeal's reported accounts receivable balances do not account for returns or set-offs.

24. I have produced below a chart showing the GS A/R reported in the July 5 Cash Flow and compared them to July 24 Cash Flow. The final column of the table shows variances in accounts receivable and that GS A/R balances are materially and consistently lower than initially projected for all weeks commencing July 29, 2024 and going forward.

TABLE 1 PROJECTED GREENSEAL ACCOUNTS RECEIVABLE BALANCE

	July 5 Cash Flow	July 24 Cash Flow	A/R Variance
22-Jul	$ 1,069,154	$ 1,159,742	$ 90,588
29-Jul	$ 1,058,261	$ 1,007,241	$ (51,020)
5-Aug	$ 1,141,494	$ 867,378	$ (274,116)
12-Aug	$ 1,091,507	$ 830,112	$ (261,395)
19-Aug	$ 1,009,392	$ 863,222	$ (146,170)
26-Aug	$ 1,011,968	$ 861,348	$ (150,620)
2-Sep	$ 972,839	$ 775,794	$ (197,045)
9-Sep	$ 990,179	$ 721,679	$ (268,500)
16-Sep	$ 1,007,519	$ 685,369	$ (322,150)
23-Sep	$ 980,010	$ 649,058	$ (330,952)
30-Sep	$ 997,350	$ 649,058	$ (348,292)

25. I was advised today, July 25, 2024 that GreenSeal is expecting returns to vendor ("**RTVs**") of approximately $99,000. RTV refers to the practice by OCS of returning unsold inventory to the vendor and crediting such returns to accounts receivable. The effect of RTVs is to reduce the amounts that will actually be collected by GreenSeal for its accounts receivable. Although product is returned to GreenSeal's inventory, the condition and quality of the product is unknown and the product may ultimately not be re-sold.

26. The RTVs are not reflected in the figures above and are in addition to any other reductions that may occur.

27. The following chart compares GreenSeal's cash on hand as projected on July 5, 2024 in comparison to the recent projection on July 24, 2024. This data is relevant to the extent accounts receivable are being converted to cash rather than being maintained as accounts receivable. However, as illustrated below, the cash balances do not compensate for the material variances in GS A/R.

TABLE 2 **PROJECTED GREENSEAL CASH ON HAND**

	July 5 Cash Flow	July 24 Cash Flow	Cash Variance
22-Jul	$ 485,228.00	392,348	$ (92,880)
29-Jul	$ 360,988.00	416,342	$ 55,354
5-Aug	$ 274,891.00	447,593	$ 172,702
12-Aug	$ 468,828.00	584,209	$ 115,381
19-Aug	$ 548,080.00	523,657	$ (24,423)
26-Aug	$ 285,022.00	284,459	$ (563)
2-Sep	$ 296,138.00	292,260	$ (3,878)
9-Sep	$ 458,498.00	456,236	$ (2,262)
16-Sep	$ 464,045.00	503,794	$ 39,749
23-Sep	$ 567,530.00	609,181	$ 41,651
30-Sep	$ 13,279.00	12,530	$ (749)

28. Stoke's charge secures an interest in both GS A/R and cash, constituting Stoke's combined collateral. The chart below shows variances based on combined GS A/R and cash balances. The table shows that the total collateral package is materially diminished commencing from the week of August 5, and reaching a negative variance of almost $350,000 at the end of September.

TABLE 3 **COMBINED GS A/R AND CASH ON HAND**

	July 5 Cash Flow	July 24 Cash Flow	Variance
22-Jul	$ 1,554,382	$ 1,552,090	$ (2,291.52)
29-Jul	$ 1,419,249	$ 1,423,583	$ 4,334.24
5-Aug	$ 1,416,385	$ 1,314,971	$ (101,414.07)
12-Aug	$ 1,560,335	$ 1,414,321	$ (146,014.15)
19-Aug	$ 1,557,472	$ 1,386,879	$ (170,593.09)
26-Aug	$ 1,296,990	$ 1,145,807	$ (151,182.76)
2-Sep	$ 1,268,977	$ 1,068,054	$ (200,922.74)
9-Sep	$ 1,448,677	$ 1,177,915	$ (270,761.72)
16-Sep	$ 1,471,564	$ 1,189,163	$ (282,401.25)
23-Sep	$ 1,547,540	$ 1,258,239	$ (289,300.77)
30-Sep	$ 1,010,629	$ 661,588	$ (349,040.77)

29. The negative variances posted affect the Stoke Receivables and its collateral under the charge.

30. I swear this affidavit in response to GreenSeal's motion for approval of the SISP, and to provide the Information Liaison's observations as described herein.

AFFIRMED REMOTELY by HOWARD STEINBERG before me at the City of Toronto, in the Province of Ontario, this 25th day of July 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely.*	))))))))	Howard Steinberg Howard Steinberg (Jul 25, 2024 17:12 EDT)
A Commissioner for taking Affidavits.		**HOWARD STEINBERG**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **HOWARD STEINBERG** AFFIRMED REMOTELY BY **HOWARD STEINBERG**
STATED AS BEING LOCATED IN THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO THIS 25th DAY OF JULY, 2024

A COMMISSIONER FOR TAKING AFFIDAVITS
SHARON KOUR
LSO# 58328D

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-24-00722386-00CL
CV-24-00722700-00CL
CV-24-00722799-00CL

DATE: **July 9, 2024**

NO. ON LIST: **1**

TITLE OF PROCEEDING: Atlas Global Brands Inc. et al. v. The Attorney General of Canada on behalf of His Majesty the King in Rightof Canada as represented by the Minister of National Revenue

BEFORE: Justice Penny

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
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Dylan Chochla	PWC (Proposed Receiver)	dchochla@fasken.com
Brendan Bissell	Stoke Canada Finance Corp.	bbissell@reconllp.com
Leanne Williams	Your Neighbourhood Credit Union	lwilliams@tgf.ca
Trevor Courtis	Ernst & Young (Monitor)	tcourtis@mccarthy.ca

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE PENNY:

[1] There are two applications before the court in these related insolvency proceedings. Green Seal is seeking a third amended and restated order under the CCAA dealing with the GreenSeal business. GreenSeal's secured creditors, Stoke and the Credit Union, seek an order appointing a receiver over Green Seal.

[2] The GreenSeal application is granted. The creditors' receivership application is adjourned *sine die*.

[3] Written reasons will follow.

[4] I will say for clarity at this juncture, however, that the reason I am adjourning the receivership application is because, under the GreenSeal proposal, Steinberg Advisory Group is to be appointed Information Liaison. This will provide the creditors with enhanced transparency and knowledge about the progress of the GreenSeal proposal and GreenSeal's evolving financial situation. In the event of a material change at any time, the creditors shall be at liberty to return to court to renew their application.

[5] I am prepared to issue the proposed GreenSeal order under the CCAA with one caveat. The draft order appoints Steinberg Advisory Group to the role of Information Liaison. There is no evidence that the Steinberg Advisory Group has consented to this appointment. The requested order will be made expressly subject to confirmation that Steinberg Advisory Group consents to this appointment.

Penny J.

Penny J.

THIS IS **EXHIBIT “B”** REFERRED TO IN THE
AFFIDAVIT OF **HOWARD STEINBERG** AFFIRMED REMOTELY BY **HOWARD STEINBERG** STATED AS BEING LOCATED IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO THIS 25th DAY OF JULY, 2024

A COMMISSIONER FOR TAKING AFFIDAVITS
SHARON KOUR
LSO# 58328D

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.:	CV-24-00722386-00CL CV-24-00722700-00CL CV-24-00722799-00CL	**DATE:**	**July 9, 2024**

NO. ON LIST: 1

TITLE OF PROCEEDING: Atlas Global Brands Inc. et al. v. The Attorney General of Canada on behalf of His Majesty the King in Rightof Canada as represented by the Minister of National Revenue

BEFORE: Justice Penny

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party:

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Brendan Bissell	Stoke Canada Finance Corp.	bbissell@reconllp.com
Leanne Williams	Your Neighbourhood Credit Union	lwilliams@tgf.ca
Trevor Courtis	Ernst & Young (Monitor)	tcourtis@mccarthy.ca

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info

WRITTEN REASONS OF JUSTICE PENNY (Released July 11, 2024):

Overview

[1] On July 9, 2024 I granted the motion of GreenSeal seeking a third amended and restated order under the CCAA dealing with the GreenSeal business. I adjourned the applications of GreenSeal's secured creditors, Stoke and the YNCU, for the appointment of a receiver over the GreenSeal business. Those orders were made with written reasons to follow. These are the reasons.

Background

[2] The principal business activity of the Atlas group is the production, distribution, and sale of cannabis internationally and in Canada. Atlas Global Brands Inc. is a publicly traded company, although its shares have been cease traded for many months. Atlas owns the companies which operate in two principal business lines. AgMedica is a licensed producer of cannabis and owns a production and distribution facility in Chatham-Kent, Ontario. AgMedica principally operates in the international market. GreenSeal Cannabis Company, Ltd. is a licensed producer of cannabis operating out of a facility owned in Stratford, Ontario. It principally operates in the domestic market.

[3] In the face of growing pressure from its secured creditors, Atlas brought this application for a stay and an initial order under the CCAA.

[4] My second amended and restated initial order of July 5, 2024 recognized that the circumstances of AgMedica and GreenSeal are distinct in material ways: they own different assets, they carry on somewhat different businesses operating in different markets, and, importantly, they have distinct creditor pools.

[5] The SARIO, which was not opposed, approved the appointment of the Monitor over the AgMedica business and granted various orders including super-priority Administration, Directors' and DIP Lending Charges. The DIP financing included paying out the indebtedness of AgMedica's first in priority secured creditor, Hillmount (which had previously opposed the CCAA order). Under the AgMedica branch of these proceedings, it is contemplated that the Applicants will come forward with a SISP proposal later in July, with a view to concluding a transaction by the end of September 2024. The Applicants and the Monitor indicate that that the SISP proposal, depending on the outcome of the July 9 dispute over the GreenSeal branch of these proceedings, would preserve the option of marketing AgMedica and GreenSeal as opportunities to be considered both separately or *en banc*.

[6] The SARIO adjourned the application under the CCAA in respect of GreenSeal as well as the competing receivership applications of GreenSeal's secured creditors. Stoke Canada Finance Corp. and Your Neighbourhood Credit Union Limited. This adjournment was to allow those parties and the Applicants more time to engage in negotiations over the GreenSeal business and how it should be managed (and financed) going forward.

[7] By the return date, July 9, negotiations had broken down. Stoke and YNCU opposed any further order under the CCAA regarding GreenSeal and sought the appointment of PwC as Receiver of the GreenSeal business.

GreenSeal, in an effort to address some of the creditors' concerns, made significant changes to its proposal and draft order (the third amended and restated initial order, or TARIO). These changes attempt to address various risks that the CCAA proceedings might pose for GreenSeal's secured creditors pending the proposed SISP process contemplated under the CCAA.

[8] It was those two competing proposals for how the GreenSeal business would be managed going forward that were argued on July 9, 2024.

Receivership or CCAA?

[9] The opposition of secured creditors to restructuring proceedings under the CCAA (where the operations of the debtors remain in management's hands, under the supervision of a court appointed monitor) is not uncommon. In these circumstances, the court has identified a number of factors or considerations to be taken into account when analyzing competing CCAA and receivership applications. The articulation of these factors takes different forms and various cases and/or articles and commentaries list them slightly differently, but a useful account of the basic considerations reduces them to six[1]:

1. The relationship between the debtor and the creditor

2. Value maximization and cost minimization

3. Availability and source of financing during the process (and beyond)

4. The nature of the competing proposals and their effect on the stakeholders

5. The behaviour of the parties, and

6. The need for the greater discretionary latitude available under the broad powers granted to the court under the CCAA.

[10] I will structure my analysis of the parties' competing positions around these six factors.

The relationship between the debtor and the creditor

[11] The secured creditors both say they have lost faith in GreenSeal management. When they assess the risks and benefits of debtor-lead CCAA proceedings versus creditor-lead receivership proceedings, they prefer the traditional receivership approach.

[12] It is well established that claims of loss of confidence are, on their own, insufficient to lend weight to this factor, especially when the debtor's efforts to restructure are in their early stages. However, here the creditors' concerns are more than fanciful or merely petulant. Atlas shares have been cease-traded. This is not Atlas and AgMedica's first journey down the CCAA road. There is some evidence to support concerns that GreenSeal has been less than transparent about its financial problems with its creditors and, in the case of Stoke, that assets (in this case, accounts receivable) over which Stoke claims an ownership interest have been appropriated for general working capital purposes to keep GreenSeal's (and, by way of intercompany transfer, AgMedica's) operations going.

[13] As I will set out in more detail in other sections of these Reasons below, some of these concerns would, in the ordinary course, be addressed by the supervision of the court-appointed Monitor over GreenSeal's business

[1] Emma Newberry, Liam Byrne and Valerie Cross, Should I CCAA Stay or Should I BIA Go: A Review and Analysis of Judicial Treatment of Competing CCAA and BIA Applications, 2023 21 Annual Review of Insolvency Law, 2023 CanLIIDocs 3088

and the need for the Monitor to report regularly to the court. GreenSeal's proposal goes further and would provide specific protections meant to address some of these concerns directly. These measures, it is conceded, nevertheless involve an element of uncertainty, the risks of which can be assessed differently by different players acting reasonably.

[14] On balance, I regard the loss of confidence as one factor leaning in favour of a receivership over a debtor-lead proposal under the CCAA.

Value maximization and cost minimization

[15] In my view, this is one of the two or three most important factors at play in these proceedings.

[16] I will deal with cost minimization first, as it is the simpler of the two. It is often said that CCAA proceedings tend to be more expensive, and involve more court attendances, than receiverships. That may well be, in general, true. However, an important feature of these proceedings is that there is already a CCAA proceeding approved and underway involving Atlas and the AgMedica business.

[17] It is important to acknowledge early on in this analysis that the proposals of both the debtor and the creditors for how to achieve value maximization are generally the same. GreenSeal is proposing a SISP run over the July to September time frame in an effort to sell the business, separately or *en banc* with AgMedica, to a third party purchaser. The creditors are proposing that a receiver would do exactly the same thing, over the same time frame, with one exception. Under a SISP run by a receiver, the GreenSeal business would be marketed and sold separately. Even here, however, the creditors say the receiver could co-operate with the Monitor and AgMedica's management and offer the two asset groups on a joint, as well as a separate, basis.

[18] It seems intuitively the case that two parallel processes attempting to achieve the same thing run by two different professional teams and their counsel would cost more than if it were overseen by one professional team and its counsel. This is borne out by the numbers put forward by Stokes' consultant, Mr. Steinberg, at B-1-1599. The receivership proposal will result in professional costs almost $300,000 in excess of the GreenSeal proposal. This was, ultimately, conceded by Stoke's counsel.

[19] The more important, and more controversial, issue arises from the parties' conflicting assessments of which proposal will result in greater net maximization of value with respect to net realization on accounts receivable. This is entirely based on two cash flow presentations, which use different assumptions: one from GreenSeal management, vetted by the Monitor; the other from Mr. Steinberg. Both sides take the position that at least some of the other sides' assumptions and inputs are unreasonable or unrealistic.

[20] For example, Mr. Steinberg opines that GreenSeal's proposal fails to take necessary measures to reduce payroll and other costs. Continuing to run this "fat" operational structure will continue to undermine net recoveries. Mr. Steinberg's cash flows reflect what he considers urgently needed cost reduction measures. GreenSeal responds by pointing out that Mr. Steinberg, while cutting back on staff and supplier costs, nevertheless continues to reflect highly optimistic revenue numbers in his cash flow analysis. GreenSeal says these revenue numbers cannot be maintained without the suppliers supplying and the employees working to do the work necessary to generate those revenues. This was just one of many areas which was not explained and which could not be resolved on the present record and in the limited time available for oral argument.

[21] I accept as balanced and accurate what the Monitor says in para. 19 its Third Supplement.

> The Monitor understands that Stoke and YNCU's concerns with the Proposal include skepticism around the ability to generate the forecasted GS A/R that the Stoke Receivables Charge would apply to and a general loss of confidence in the management of GreenSeal. The Monitor believes that the forecasted GS

A/R represents a conservative estimate of the potential GS A/R that may be generated during the relevant period based on historical trends. That said, the level of confidence in the GS A/R forecast is ultimately a matter of business judgment on which GreenSeal and its secured creditors have divergent views. There is of course the potential that the GS A/R generated and collected will be less than forecasted, which could result in a funding and collateral shortfall.

[22] The cash flow projections of GreenSeal have been endorsed as reasonable by the Monitor. The Monitor's point, that the revenue numbers are "conservative" is demonstrably correct. For example, the revenue numbers used in the GreenSeal cash projections are materially less than historical average monthly receipts.

[23] Cash flow projections are just that -- projections. There is a risk, utilizing either set of projections, that things do not evolve in the way assumed and that the financial outcomes are different, perhaps even materially different, than what was projected. However, the Monitor, as the court's appointee, has a level of independence and objectivity not shared by the parties or their retained consultants. I find the GreenSeal revenue projections to be conservative and reasonable. They show Stoke better off by the end of September than under the receivership option.

[24] Further, as I will discuss in greater detail below, recognizing that the cash flow projections reflected in the GreenSeal proposal represent a level of uncertainty, and therefore risk, to Stoke, the GreenSeal proposal includes several features that will limit or mitigate that risk.

[25] I also note the Monitor's observation that receivership sales may tend to produce lower realizations than CCAA Monitor-supervised sales and that there is value in having one professional team oversee the process in circumstances which preserve, and maximize, the options for recovery both on a separate basis and on an *en banc* basis.

[26] Regarding YNCU, the evidence is, and the proposal contemplates, that YNCU's debt payments is now, and will remain current throughout the July to September period. The defaults relied on are not non-payment of obligations owed to YNCU. YNCU holds a first mortgage on GreenSeal's real property asset in Stratford. There is evidence in the form of a 2023 appraisal to the effect that the value of that property exceeds the amount of GreenSeal's indebtedness to YNCU. There is no direct evidence that YNCU will be prejudiced, from a value maximization point of view, under the GreenSeal proposal.

[27] This factor favours the CCAA proposal.

Availability and source of financing

[28] Neither proposal contemplates traditional "new money, DIP-like financing" for the proposal period. GreenSeal was unable to obtain DIP financing for the GreenSeal business. It proposes to utilize a portion of accounts receivable as working capital to finance operations until the proposal can be implemented. Importantly, however, it also proposes to pay a material amount of those accounts receivable to Stoke through July, August and September.

[29] Stoke objects to GreenSeal's use of the accounts receivable as working capital to fund ongoing operations and the insolvency process. Stoke is a factoring company. It advances a percentage of the potential accounts receivable represented by ongoing purchase orders from GreenSeal's customers. Upon advancing funds, it "owns" the applicable accounts receivable and is entitled to those amounts as they are paid. From these receipts, it theoretically "reimburses" to GreenSeal amounts recovered in excess of the amount actually advanced (plus interest and costs) on the strength of the purchase orders. Stoke's position is that because it owns the accounts receivable, they are not available to GreenSeal to use as working capital during the proposal process.

[30] That said, under the creditors' receivership proposal, the accounts receivable are, in effect, going to be used in the same way as under the CCAA proposal, with the exception that the creditors proposal does not contemplate any payments to Stoke until there is a post-transaction distribution. Stoke says it will fund the receivership and cash flow shortfalls effectively utilizing the account receivable payments in the same way as proposed under the CCAA proposal.

[31] This factor tends toward neutral in the comparative analysis, as it is functionally the same under both scenarios. To the extent that the GreenSeal proposal contemplates ongoing payments to Stoke and would place limits on the ability of GreenSeal to utilize the balance of outstanding accounts receivable (discussed below), this factor leans in favour of the CCAA proposal.

The competing proposals and their effect on stakeholders

[32] Stoke complains that it is being deprived of its proprietary ownership rights in the accounts receivable which secure GreenSeal's indebtedness to it. It further complains that the GreenSeal proposal effectively forces Stoke to be a DIP lender without the protection of a super-priority. As well, Stoke and YNCU object to their security and financial position being put at risk, while operations remain in the control of GreenSeal management during the time it will take to implement the GreenSeal proposal.

[33] This factor has a significant overlap with the value maximizing analysis set out above because of the importance of the cash flow projections to the ultimate impact of the outcomes on the parties.

[34] What I would add to that prior analysis is a consideration of the risk mitigation features of the GreenSeal proposal.

[35] Para. 46 of the proposed TARIO provides for payments to be made to Stoke, up to a maximum of over \$500,000, from accounts receivable payments received between now and the end of September. Further, para. 47 of the draft order would allow GreenSeal to use remaining accounts receivable to fund working capital, but only if the remaining accounts receivable balance stays at a level 1.25 times the amount of the recoveries sought to be utilized as working capital.

[36] In addition, in para. 49 of the draft order, GreenSeal proposes that Stoke's consultant, Steinberg Advisory Corp., would be appointed to act as information liaison of the GreenSeal accounts receivable with the ability to: (i) monitor the accounts receivable; (ii) monitor GreenSeal's inventory including its quality; and (iii) make recommendations to GreenSeal regarding profitably monetizing GreenSeal's inventory. Under that scenario, as I alluded to briefly in my endorsement approving the GreenSeal proposal under the CCAA on July 9, 2024, this would provide transparency to the secured creditors during the next two and a half months. If, during that time, it becomes apparent that the GreenSeal projections referred to in these Reasons are materially off, to the prejudice of the secured creditors, they would have the ability to return to court to renew their applications for the appointment of a receiver.

[37] Looking at this factor as a whole, I start with the observation that there is much to be said for Stoke's objection that their property is being used to finance ongoing operations and that GreenSeal's proposal is, in effect, forcing it to be a DIP lender against its will and without the protection of a super-priority charge.

[38] It is important context, however, to know that how GreenSeal proposes to treat the accounts receivable until the end of September is precisely how they have been utilized for months in practice prior to these proceedings being instituted. In other words, although in theory the accounts receivable are payable to Stoke, which then reimburses GreenSeal for the amount of the payment which exceeded actual advances, that is not how the factoring agreement was applied in practice. In practice, Stoke permitted GreenSeal to replace paid accounts

receivable with new accounts receivable, such that the payments were in fact used by GreenSeal as working capital for its ongoing operations.

[39] This is not a waiver or estoppel argument. It is certainly true that Stoke's pre-filing indulgences in this regard cannot be said to bind Stoke to continue that practice. That was then, this is now. However, when I look at: past practice together with the Monitor-supported, conservative cash flow projections and weight the balance of outcomes reflected in those projections; the immediate and ongoing payments to Stoke until September; the limitations on the use of additional accounts receivable as working capital; the additional transparency afforded by the appointment of an information liaison; and the ongoing payments to service the YNCU debt and to reduce property and excise tax arrears, I conclude that the relative impact on the parties of the GreenSeal CCAA proposal does not weigh in favour of a receivership in the circumstances.

Behaviour of the parties

[40] As noted earlier, I accept that the secured creditors have legitimate concerns.

[41] What has changed, of course, is that the behaviour of which the creditors complain was pre-Monitor and pre-information liaison behaviour. To the extent, for example, that intercompany transfers may have been of concern or prejudicial to the creditors, such transfers: a) have been represented to the court as not presently necessary or contemplated; and b) are subject to the express consent of the Monitor in any event.

[42] The behaviour of the parties is a relevant factor *prima facie* favouring the creditors position, but in the circumstances, I find that these concerns over past behavior have been reasonable mitigated.

Need for greater discretionary latitude under CCAA

[43] Both parties agree that this factor is inapplicable in the circumstances of this case.

Other Matters

[44] As noted in my July 9 endorsement, there was no indication in the material that Steinberg would consent to its appointment as information liaison. It was not my purpose in raising this to give a veto to the creditors based on the Steinberg consent. If the creditors do not want an information liaison role, that is their prerogative. The point is that the possibility is there, if they want to make use of it. My purpose in raising the point was only that I am not prepared to order someone to fill a court sanctioned role in these proceedings which they do not want or do not consent to filling.

Conclusion

[45] As will be apparent from the analysis set out above, I am, in effect, concluding that it is reasonable for GreenSeal to have one shot at its proposal under the CCAA, while being kept on a short lease and with the ability of the secured creditors to renew their receivership applications if the CCAA proposal starts to go materially off the rails.

[46] For the forgoing reasons, I approve the Green Seal proposal under the CCAA and adjourn the receivership applications *sine die*.

Penny J.

Penny J.

Court File No. CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 9th
	)	
JUSTICE PENNY	)	DAY OF JULY, 2024

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

THIRD AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd., GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by judicial videoconference in Toronto, Ontario.

ON READING the affidavit of Jason Cervi affirmed June 19, 2024 and the Exhibits thereto (the "**Initial Cervi Affidavit**"), the affidavit of Jason Cervi affirmed June 26, 2024 and the Exhibits thereto, the confidential affidavit of Jason Cervi affirmed June 26, 2024 and the Exhibits thereto (the "**First Cervi Confidential Affidavit**"), the affidavit of Jason Cervi affirmed June 28, 2024 and the Exhibit thereto, the affidavit of Jason Cervi affirmed June 30, 2024 and the Exhibits thereto, the affidavit of Jason Cervi affirmed July 4, 2024 and the Exhibits thereto, the affidavit of Jason Cervi affirmed July 8, 2024 (the "**Fifth Cervi Affidavit**"), the confidential affidavit of Jason Cervi affirmed July 8, 2024 and the Exhibits thereto (the "**Second Cervi Confidential Affidavit**"), the affidavit of Yitz Levinson affirmed on June 25, 2024 and the Exhibits thereto, the pre-filing report of the proposed monitor, Ernst & Young Inc. ("**EY**"), dated June 20, 2024, the first report dated June 27, 2024 of EY as the Court-appointed Monitor of the Applicants (in such capacity, the "**Monitor**"), the supplement to the first report dated July 2, 2024 of the Monitor, and the supplement to the first report dated July 8, 2024, and on being advised that Stoke Canada Finance Corp., Hillmount Capital Inc. and Hillmount Capital Mortgage Holdings Inc. (collectively, "**Hillmount**"), 2596690 Ontario Inc. (operating as AgriRoots Capital Management Inc.), Your Neighbourhood Credit Union Limited. ("**YNCU**"), and the remaining secured creditors were given abridged notice, in accordance with the affidavits of service to be filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and those other parties listed on the Counsel Slip, and on reading the consent of EY to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Cervi Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licences, 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 Applicants shall continue to carry on business in a manner consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants

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 the Applicants 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 Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Initial Cervi Affidavit or, subject to the consent of the Monitor, 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 Applicants 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 Applicants, 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 that may be filed 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, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of the Business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants 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 Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants 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, and (iii) income taxes;

(b) all goods and services, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, 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 of the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 Applicants 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 day of each month, 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 Applicants 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 Applicants to any of their creditors as of this date; (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 Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its Business or operations, and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $150,000 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 their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

each of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

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

14. **THIS COURT ORDERS** that until and including July 26, 2024 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 Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently

under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

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 Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any business which the Applicants 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, lease, sublease, licence or permit in favour of or held by the Applicants except with the written consent of the Applicants 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 Applicants 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, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants 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 Applicants. 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 Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants 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.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, 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 GreenSeal shall be entitled to the benefit of and are hereby granted a charge (the "**GreenSeal Directors' Charge**") on the

Property of GreenSeal, which charge shall not exceed an aggregate amount of $740,000, as security for the indemnity provided in paragraph 20 of this Order.

22. **THIS COURT ORDERS** that the directors and officers of the Applicants other than GreenSeal shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property of Applicants other than GreenSeal, which charge shall not exceed an aggregate amount of $680,000, as security for the indemnity provided in paragraph 20 of this Order.

23. **THIS COURT ORDERS** that the Directors' Charge, as increased by this Order and as may be increased by any future Order of this Court, shall be subordinate to Hillmount and shall have the priority set out in paragraphs 54 and 56 herein.

24. **THIS COURT ORDERS** that the GreenSeal Directors' Charge, as may be increased by any future Order of this Court, shall be subordinate to YNCU and Stoke and shall have the priority set out in paragraphs 54 and 56 herein.

25. **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 Applicants' 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

26. **THIS COURT ORDERS** that EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants 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.

27. **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 Applicants' 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 Atlas, GreenSeal Nursery, AgMedica, Wellworth, 5047 Ontario, 8050 Canada, and Tavivat (collectively, the "**Borrowers**"), to the extent required by the Borrowers, in their dissemination, to Shalcor Management Inc. (the "**DIP Lender**") and its counsel on Friday of each week of financial and other information as agreed to between the Borrowers and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) assist GreenSeal (to the extent required) with providing financial and other information to Stoke, its Information Liaison (as hereinafter defined), and its counsel;

(e) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender regarding the Borrowers, 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 once per week, or as otherwise agreed to by the DIP Lender;

(f) 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 Applicants, wherever located and to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform their duties arising under this Order;

(g) 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

(h) perform such other duties as are required by this Order or by this Court from time to time.

28. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or 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, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, 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, or such other applicable federal or provincial 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.

29. **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, 1999, S.C. 1999, c. 33, as amended, the *Fisheries Act*, R.S.C. 1985, c. F-14, the Ontario *Environmental Protection Act*, R.S.O. 1990, c. E.19, the *Ontario Water Resources Act*, R.S.O. 1990, c. O.40, the Ontario *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, the British Columbia *Environmental Management Act*, S.B.C. 2003, c. 53, the British Columbia *Fish*

Protection Act, S.B.C. 1997, c. 21 or the British Columbia *Riparian Areas Protection Act*, S.B.C. 1997, c. 21 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.

30. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants, the Information Liaison and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such person 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 Applicants are 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 Applicants may agree.

31. **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 respective employees and representatives acting such capacities shall incur any liability or obligation 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.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable 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 Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Applicants' counsel on a weekly basis, along with retainers in the amounts of $50,000, $50,000, and $150,000,

respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

33. **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.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants 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 their standard rates and charges, both before and after the making of this Order in respect of these proceedings, except that the Administration Charge shall rank in priority to YNCU and Stoke to a maximum amount of $400,000, subject to further Order of this Court. Furthermore, the Administration Charge, as increased by this Order and as may be increased by any future Order of this Court shall be subordinate to Hillmount and shall have the priority set out in paragraphs 54 and 56 herein.

DIP FINANCING

35. **THIS COURT ORDERS** that the Borrowers are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Borrowers' working capital requirements and other general corporate purposes and capital expenditures.

36. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Borrowers and the DIP Lender dated as of June 29, 2024 (the "**DIP Term Sheet**"), filed.

37. **THIS COURT ORDERS** that the Borrowers are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, 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 Borrowers are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP

Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. **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 (subject to paragraph 39 below), which 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 54 and 56 herein.

39. **THIS COURT ORDERS** that the DIP Lender's Charge shall have no priority over Hillmount for so long as Hillmount's security remains in place. Upon the filing of the Monitor's Confirmation Certificate (as hereinafter defined) the DIP Lender's Charge shall then have the priority set out in paragraphs 54 and 56 hereof over the Property previously subject to security in favour of Hillmount.

40. **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, upon three (3) days' notice to the Borrowers and the Monitor, may exercise any and all of its rights and remedies against the Borrowers or the Property of the Borrowers under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Borrowers and set off and/or consolidate any amounts owning by the DIP Lender to the Borrowers against the obligations of the Borrowers to the DIP Lender under the DIP Term Sheet, 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 Borrowers and for the appointment of a trustee in bankruptcy of the Borrowers; 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 Borrowers or the Property of the Borrowers.

BRIDGE FINANCING

41. **THIS COURT ORDERS** that conditional upon this Court's approval of the DIP Term Sheet, the Borrowers are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to pay out Hillmount in accordance with a Payout Statement dated July 2, 2024 (with such additional interest and other amounts as may accrue or be payable until all amounts are paid in full) (the "**Hillmount Payout**"), provided that borrowings under such credit facility shall not exceed $3,750,000 (the "**Bridge Facility**").

42. **THIS COURT ORDERS** that such Bridge Facility shall be on the terms and subject to the conditions set forth in the Bridge Term Sheet between the Borrowers and the DIP Lender dated as of June 29, 2024 (the "**Bridge Term Sheet**"), filed.

43. **THIS COURT ORDERS** that upon Hillmount confirming to the Monitor in writing that it has received the Hillmount Payout, the Monitor shall file a certificate with the Court advising that the Hillmount Payout has been completed (the "**Monitor's Confirmation Certificate**").

44. **THIS COURT ORDERS** that, upon the filing of the Monitor's Confirmation Certificate, as security for the payment and performance of the Borrowers' obligations under the Bridge Term Sheet, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Bridge DIP Charge**") on the Property owned by 5047 Ontario including, for certainty, the Chatham Facility, together with any and all collateral to which Hillmount currently has first ranking security, which Bridge DIP Charge shall not secure an obligation that exists before this Order is made. The Bridge DIP Charge shall have the priority set out in paragraphs 54 and 56 hereof.

45. **THIS COURT ORDERS** that, upon the filing of the Monitor's Confirmation Certificate the application of Hillmount shall be deemed withdrawn on a without costs basis.

GREENSEAL'S ACCOUNTS RECEIVABLE

46. **THIS COURT ORDERS** that pursuant to the terms of the Receivables Purchase Agreement dated June 7, 2023, as amended, between GreenSeal and Stoke (the "**RPA**"), GreenSeal is hereby authorized and directed to pay to Stoke an amount equivalent to the Advance Amount (as defined in the RPA) listed on the purchase summary for the purchase order (the "**Stoke Purchase Order**") in respect of which payment is received, as reflected in Exhibit "B" of the Fifth Cervi Affidavit (the "**Advance Repayments**"). The Advance Repayments shall not exceed $501,215, in aggregate, plus interest in the amount of $98,630, unless otherwise ordered by this Court or consented to by the Monitor and Information Liaison. The Advance Repayments shall be made in installments pursuant to Exhibit "A" of the Fifth Cervi Affidavit and each installment shall not exceed the estimated installment amount listed on Exhibit "C" of the Fifth Cervi Affidavit.

47. **THIS COURT ORDERS** that GreenSeal is hereby permitted to use payments received on account of Stoke Purchase Orders (the "**Stoke Receipts**") to fund its working capital needs as reflected in Exhibit "A" of the Fifth Cervi Affidavit; provided however, that GreenSeal meets its obligations under paragraph 46 and that GreenSeal shall not use Stoke Receipts if GreenSeal's accounts receivable balance (the "**GS A/R**") plus cash on hand is less than the Adjusted Stoke Receivables Charge (as defined below). GreenSeal shall not agree to compromise, set off or reduce any GS A/R without the consent of the Information Liaison.

48. **THIS COURT ORDERS** that, to secure the Stoke Receipts used by GreenSeal, Stoke shall be entitled to the benefit of and is hereby granted a charge (the "**Stoke Receivables Charge**") on the GS A/R and cash on hand up to the maximum amount of $1.175 million plus the Information Liaison Fees (as hereinafter defined). The Stoke Receivables Charge shall be reduced by Advance Repayments made (the "**Adjusted Stoke Receivables Charge**". The Stoke Receivables Charge, as Adjusted, shall have the priority set out in paragraph 54 and 56 herein.

APPOINTMENT OF INFORMATION LIAISON

49. **THIS COURT ORDERS** that Steinberg Advisory Corp. is hereby appointed to act as information liaison of the GS A/R (the "**Information Liaison**") through the services of Howard

Steinberg ("**Steinberg**") and personnel of Steinberg Advisory Corp to do the following and authorizes and directs Greenseal and the Monitor to provide the Information Liaison the necessary information, reporting, and access required to do so:

(a) review the GS A/R;

(b) review GreenSeal's inventory, including its quantity, quality and value;

(c) review transactions involving GreenSeal's bank accounts;

(d) review sales and purchase orders (domestic, internal and intercompany);

(e) review GreenSeal's operational disbursements;

(f) review existing harvests;

(g) review and be provided information as to any sale process in respect to GreenSeal and the results thereof; and

(h) review GreenSeal's weekly cashflow and any variances based on the last cashflow provided to the Court.

50. **THIS COURT ORDERS** that the Information Liaison shall: (i) be subject to a Non-Solicit and Confidentiality Agreement between GreenSeal and the Information Liaison (the "**Agreement**"); (ii) have no authority to exercise any control over GreenSeal's Property or Business; (iii) not be entitled to bind GreenSeal to any contractual or other obligations; and (iv) be deemed to be acting for and on behalf of Stoke and not as an agent or representative of GreenSeal.

51. **THIS COURT ORDERS** that the Information Liaison shall be entitled to payment for its reasonable fees, expenses and disbursements up to a maximum amount of $20,000 per month plus a total of $5,000 for reasonable disbursements (collectively, the "**Information Liaison Fees**"). GreenSeal will pay no more than $10,000 per month as shown in the GreenSeal Cash Flow Forecast. Stoke will pay the remainder. Stoke shall be entitled to the Stoke Receivables Charge on account of Information Liaison Fees owed but not paid by GreenSeal or paid by Stoke. The

Information Liaison or Steinberg shall not be or be deemed to be a director, *de facto* director, or employee of GreenSeal or any of its subsidiaries or affiliates.

52. **THIS COURT ORDERS** that neither the Information Liaison, Steinberg nor its respective employees and representatives acting such capacities shall incur any liability or obligation as a result of its engagement or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence, wilful misconduct on its part or breach of the Agreement.

53. **THIS COURT ORDERS** that nothing in this Order shall be construed as resulting in the Information Liaison or Steinberg being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation (as defined below)) for any purpose whatsoever.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

54. **THIS COURT ORDERS** that, save and except as it relates to the security in favour of Hillmount, which is unaffected by the priority charges granted herein (subject to the limits described in paragraph 56 herein), the priorities of the Stoke Receivables Charge, the Administration Charge (subject to the limits described in paragraph 34 herein), the DIP Lender's Charge, the Bridge DIP Charge, the Directors' Charge (subject to the limits described in paragraph 23 herein), and the GreenSeal Directors' Charge (subject to the limits described in paragraph 24 herein) (collectively, the "**Charges**") shall be as follows:

> First – Stoke Receivables Charge (to the maximum amount of $1,175,000 plus the Information Liaison's Fees);
>
> Second – Administration Charge (to the maximum amount of $600,000);
>
> Third – DIP Lender's Charge (to the maximum principal amount of $5,000,000 plus interest, expenses and fees under the DIP Term Sheet at the relevant time);

Fourth – Bridge DIP Charge (to the maximum principal amount of $3,750,000 plus interest, expenses and fees under the Bridge Term Sheet at the relevant time);

Fifth – Directors’ Charge (to the maximum amount of $680,000); and

Fifth – GreenSeal Directors’ Charge (to the maximum amount of $740,000).

55. **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.

56. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property, except in respect of: a) the Stoke Receivables Charge which shall only be a Charge against the GS A/R; b) the DIP Lender’s Charge and Bridge DIP Charge which shall only be Charges in respect of the Borrowers’ Property; c) the Directors’ Charge which shall only be a Charge in respect of the Applicants’ Property other than GreenSeal’s Property; d) the GreenSeal Directors’ Charge which shall only be a Charge in respect of GreenSeal’s Property; and e) such Charges 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, until such time as the Monitor’s Confirmation Certificate is filed, the Administration Charge shall rank in priority to Hillmount to a maximum amount of $400,000 and the Director’s Charge shall rank in priority to Hillmount to a maximum amount of $500,000 but only in respect of amounts claimed thereunder for the period of June 20 to June 28, 2024.

57. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender (with respect to Property of the Borrowers) and the other beneficiaries of the Charges affected thereby (collectively, the “**Chargees**”), or further Order of this Court.

58. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees 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 the 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 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 Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order 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.

59. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

60. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and the rules, regulations and policies of the Canadian Securities Exchange and OTCQB® (collectively, the "**Securities Provisions**"), is hereby authorized,

provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in Section 11.1(2) of the CCAA as a consequence of the Applicants failing to make Securities Filings required by the Securities Provisions.

61. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have against the directors, officers, employees and other representatives of the Applicants of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this Order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the "**Regulators**") in the matter of regulating the conduct of market participants and to issue or maintain cease trader orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an admission by the Regulators that the Court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

SERVICE AND NOTICE

62. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) 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 as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000 (excluding individual employees or former employees), 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.

63. **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 https://www.ontariocourts.ca/scj/practice/toronto/commercial/) 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: www.ey.com/ca/atlasglobal.

64. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants 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 Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants 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.

65. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any 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 Applicants' 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).

66. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the

Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

SEALING

67. **THIS COURT ORDERS** that the First Cervi Confidential Affidavit is hereby sealed pending further Order of the Court and shall not form part of the public record.

68. **THIS COURT ORDERS** that the Second Cervi Confidential Affidavit is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

69. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

70. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

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

72. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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 EY 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.

73. **THIS COURT ORDERS** that any interested party (including the Applicants 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.

74. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.

75. **THIS COURT ORDERS** that the terms of this Order are expressly without prejudice to the rights of all parties to seek relief at the next hearing in the CCAA proceeding, including as it relates to any termination of the CCAA proceeding and appointment of a Receiver or Receivers over the Applicants.

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF **HOWARD STEINBERG** AFFIRMED REMOTELY BY **HOWARD STEINBERG** STATED AS BEING LOCATED IN THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO THIS 25th DAY OF JULY, 2024

A COMMISSIONER FOR TAKING AFFIDAVITS
SHARON KOUR
LSO# 58328D

Court File No. CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	TUESDAY, THE 9th
	)	
JUSTICE PENNY	)	DAY OF JULY, 2024

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 ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

THIRD AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd., GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by judicial videoconference in Toronto, Ontario.

ON READING the affidavit of Jason Cervi affirmed June 19, 2024 and the Exhibits thereto (the "**Initial Cervi Affidavit**"), the affidavit of Jason Cervi affirmed June 26, 2024 and the Exhibits thereto, the confidential affidavit of Jason Cervi affirmed June 26, 2024 and the Exhibits thereto (the "**First Cervi Confidential Affidavit**"), the affidavit of Jason Cervi affirmed June 28, 2024 and the Exhibit thereto, the affidavit of Jason Cervi affirmed June 30, 2024 and the Exhibits thereto, the affidavit of Jason Cervi affirmed July 4, 2024 and the Exhibits thereto, the affidavit of Jason Cervi affirmed July 8, 2024 (the "**Fifth Cervi Affidavit**"), the confidential affidavit of Jason Cervi affirmed July 8, 2024 and the Exhibits thereto (the "**Second Cervi Confidential Affidavit**"), the affidavit of Yitz Levinson affirmed on June 25, 2024 and the Exhibits thereto, the pre-filing report of the proposed monitor, Ernst & Young Inc. ("**EY**"), dated June 20, 2024, the first report dated June 27, 2024 of EY as the Court-appointed Monitor of the Applicants (in such capacity, the "**Monitor**"), the supplement to the first report dated July 2, 2024 of the Monitor, and the supplement to the first report dated July 8, 2024, and on being advised that Stoke Canada Finance Corp., Hillmount Capital Inc. and Hillmount Capital Mortgage Holdings Inc. (collectively, "**Hillmount**"), 2596690 Ontario Inc. (operating as AgriRoots Capital Management Inc.), Your Neighbourhood Credit Union Limited. ("**YNCU**"), and the remaining secured creditors were given abridged notice, in accordance with the affidavits of service to be filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and those other parties listed on the Counsel Slip, and on reading the consent of EY to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Initial Cervi Affidavit.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licences, 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 Applicants shall continue to carry on business in a manner

consistent with the preservation of their businesses (the "**Business**") and Property. The Applicants 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 the Applicants 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 Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Initial Cervi Affidavit or, subject to the consent of the Monitor, 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 Applicants 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 Applicants, 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 that may be filed 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, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

(a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of the Business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing expenses; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, subject to the consent of the Monitor, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants 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 Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants 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, and (iii) income taxes;

(b) all goods and services, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, 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 of the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants 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 Applicants 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 day of each month, 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 Applicants 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 Applicants to any of their creditors as of this date; (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 Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its Business or operations, and to dispose of redundant or non-material assets not exceeding $50,000 in any one transaction or $150,000 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 their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

each of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

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

14. **THIS COURT ORDERS** that until and including July 26, 2024 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 Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

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 Applicants or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any business which the Applicants 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, lease, sublease, licence or permit in favour of or held by the Applicants except with the written consent of the Applicants 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 Applicants 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, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants 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 Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants 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 Applicants. 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 Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants 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.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, 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 GreenSeal shall be entitled to the benefit of and are hereby granted a charge (the "**GreenSeal Directors' Charge**") on the Property of GreenSeal, which charge shall not exceed an aggregate amount of $740,000, as security for the indemnity provided in paragraph 20 of this Order.

22. **THIS COURT ORDERS** that the directors and officers of the Applicants other than GreenSeal shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property of Applicants other than GreenSeal, which charge shall not exceed an aggregate amount of $680,000, as security for the indemnity provided in paragraph 20 of this Order.

23. **THIS COURT ORDERS** that the Directors' Charge, as increased by this Order and as may be increased by any future Order of this Court, shall be subordinate to Hillmount and shall have the priority set out in paragraphs 54 and 56 herein.

24. **THIS COURT ORDERS** that the GreenSeal Directors' Charge, as may be increased by any future Order of this Court, shall be subordinate to YNCU and Stoke and shall have the priority set out in paragraphs 54 and 56 herein.

25. **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 Applicants' 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

26. **THIS COURT ORDERS** that EY is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants 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.

27. **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 Applicants' 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 Atlas, GreenSeal Nursery, AgMedica, Wellworth, 5047 Ontario, 8050 Canada, and Tavivat (collectively, the "**Borrowers**"), to the extent required by the Borrowers, in their dissemination, to Shalcor Management Inc. (the "**DIP Lender**") and its counsel on Friday of each week of financial and other information as agreed to between the Borrowers and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

(d) assist GreenSeal (to the extent required) with providing financial and other information to Stoke, its Information Liaison (as hereinafter defined), and its counsel;

(e) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender regarding the Borrowers, 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 once per week, or as otherwise agreed to by the DIP Lender;

(f) 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 Applicants, wherever located and to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform their duties arising under this Order;

(g) 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

(h) perform such other duties as are required by this Order or by this Court from time to time.

28. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or 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, 2018*, S.O. 2018, c. 12, Sched. 2, as amended, the Ontario *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, as amended, the *Ontario Cannabis Retail Corporation Act, 2017*, S.O. 2017, c. 26, Sched. 2, 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, or such other applicable federal or provincial 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.

29. **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, 1999, S.C. 1999, c. 33, as amended, the *Fisheries Act*, R.S.C. 1985, c. F-14, the Ontario *Environmental Protection Act*, R.S.O. 1990, c. E.19, the *Ontario Water Resources Act*, R.S.O. 1990, c. O.40, the Ontario *Occupational Health and Safety Act*, R.S.O. 1990, c. O.1, the British Columbia *Environmental Management Act*, S.B.C. 2003, c. 53, the British Columbia *Fish Protection Act*, S.B.C. 1997, c. 21 or the British Columbia *Riparian Areas Protection Act*, S.B.C. 1997, c. 21 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.

30. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants, the Information Liaison and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such person 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 Applicants are 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 Applicants may agree.

31. **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 respective employees and representatives acting such capacities shall incur any liability or obligation 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.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable 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 Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, and the Applicants' counsel on a weekly basis, along with retainers in the amounts of $50,000, $50,000, and $150,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

33. **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.

34. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants 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 their standard rates and charges, both before and after the making of this Order in respect of these proceedings, except that the Administration Charge shall rank in priority to YNCU and Stoke to a maximum amount of $400,000, subject to further Order of this Court. Furthermore, the Administration Charge, as increased by this Order and as may be increased by any future Order of this Court

shall be subordinate to Hillmount and shall have the priority set out in paragraphs 54 and 56 herein.

DIP FINANCING

35. **THIS COURT ORDERS** that the Borrowers are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to finance the Borrowers' working capital requirements and other general corporate purposes and capital expenditures.

36. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Borrowers and the DIP Lender dated as of June 29, 2024 (the "**DIP Term Sheet**"), filed.

37. **THIS COURT ORDERS** that the Borrowers are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, 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 Borrowers are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. **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 (subject to paragraph 39 below), which 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 54 and 56 herein.

39. **THIS COURT ORDERS** that the DIP Lender's Charge shall have no priority over Hillmount for so long as Hillmount's security remains in place. Upon the filing of the Monitor's Confirmation Certificate (as hereinafter defined) the DIP Lender's Charge shall then have the priority set out in paragraphs 54 and 56 hereof over the Property previously subject to security in favour of Hillmount.

40. **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, upon three (3) days' notice to the Borrowers and the Monitor, may exercise any and all of its rights and remedies against the Borrowers or the Property of the Borrowers under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Borrowers and set off and/or consolidate any amounts owning by the DIP Lender to the Borrowers against the obligations of the Borrowers to the DIP Lender under the DIP Term Sheet, 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 Borrowers and for the appointment of a trustee in bankruptcy of the Borrowers; 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 Borrowers or the Property of the Borrowers.

BRIDGE FINANCING

41. **THIS COURT ORDERS** that conditional upon this Court's approval of the DIP Term Sheet, the Borrowers are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lender in order to pay out Hillmount in accordance with a Payout Statement dated July 2, 2024 (with such additional interest and other amounts as may accrue or be payable until all amounts are paid in full) (the "**Hillmount Payout**"), provided that borrowings under such credit facility shall not exceed $3,750,000 (the "**Bridge Facility**").

42. **THIS COURT ORDERS** that such Bridge Facility shall be on the terms and subject to the conditions set forth in the Bridge Term Sheet between the Borrowers and the DIP Lender dated as of June 29, 2024 (the "**Bridge Term Sheet**"), filed.

43. **THIS COURT ORDERS** that upon Hillmount confirming to the Monitor in writing that it has received the Hillmount Payout, the Monitor shall file a certificate with the Court advising that the Hillmount Payout has been completed (the "**Monitor's Confirmation Certificate**").

44. **THIS COURT ORDERS** that, upon the filing of the Monitor's Confirmation Certificate, as security for the payment and performance of the Borrowers' obligations under the Bridge Term Sheet, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Bridge DIP Charge**") on the Property owned by 5047 Ontario including, for certainty, the Chatham Facility, together with any and all collateral to which Hillmount currently has first ranking security, which Bridge DIP Charge shall not secure an obligation that exists before this Order is made. The Bridge DIP Charge shall have the priority set out in paragraphs 54 and 56 hereof.

45. **THIS COURT ORDERS** that, upon the filing of the Monitor's Confirmation Certificate the application of Hillmount shall be deemed withdrawn on a without costs basis.

GREENSEAL'S ACCOUNTS RECEIVABLE

46. **THIS COURT ORDERS** that pursuant to the terms of the Receivables Purchase Agreement dated June 7, 2023, as amended, between GreenSeal and Stoke (the "**RPA**"), GreenSeal is hereby authorized and directed to pay to Stoke an amount equivalent to the Advance Amount (as defined in the RPA) listed on the purchase summary for the purchase order (the "**Stoke Purchase Order**") in respect of which payment is received, as reflected in Exhibit "B" of the Fifth Cervi Affidavit (the "**Advance Repayments**"). The Advance Repayments shall not exceed $501,215, in aggregate, plus interest in the amount of $98,630, unless otherwise ordered by this Court or consented to by the Monitor and Information Liaison. The Advance Repayments shall be made in installments pursuant to Exhibit "A" of the Fifth Cervi Affidavit and each installment shall not exceed the estimated installment amount listed on Exhibit "C" of the Fifth Cervi Affidavit.

47. **THIS COURT ORDERS** that GreenSeal is hereby permitted to use payments received on account of Stoke Purchase Orders (the "**Stoke Receipts**") to fund its working capital needs as reflected in Exhibit "A" of the Fifth Cervi Affidavit; provided however, that GreenSeal meets its obligations under paragraph 46 and that GreenSeal shall not use Stoke Receipts if GreenSeal's accounts receivable balance (the "**GS A/R**") plus cash on hand is less than the Adjusted Stoke Receivables Charge (as defined below)~~, subject to a three business day cure period~~. GreenSeal shall not agree to compromise, set off or reduce any GS A/R without the consent of the Information Liaison.

48. **THIS COURT ORDERS** that, to secure the Stoke Receipts used by GreenSeal, Stoke shall be entitled to the benefit of and is hereby granted a charge (the "**Stoke Receivables Charge**") on the GS A/R and cash on hand of $1.175 million plus the Information Liaison Fees (as hereinafter defined). The Stoke Receivables Charge shall be reduced by Advance Repayments made (the "**Adjusted Stoke Receivables Charge**". The Stoke Receivables Charge, as Adjusted, shall have the priority set out in paragraph 54 and 56 herein.

APPOINTMENT OF INFORMATION LIAISON

49. **THIS COURT ORDERS** that Steinberg Advisory Corp. is hereby appointed to act as information liaison of the GS A/R (the "**Information Liaison**") through the services of Howard Steinberg ("**Steinberg**") and personnel of Steinberg Advisory Corp. to do the following and authorizes and directs GreenSeal and the Monitor to provide the Information Liaison the necessary information, reporting, and access required to do so:

(a) review the GS A/R;

(b) review GreenSeal's inventory, including its quantity, quality and value;

(c) review transactions involving GreenSeal's bank accounts;

(d) review sales and purchase orders (domestic, internal and intercompany) including by requiring GreenSeal to provide the Information Liaison with access to its Ontario Cannabis Store Power BI data visualization platform;

(e) review GreenSeal's operational disbursements;

(f) review existing harvests;

(g) review and be provided information as to any sale process in respect to GreenSeal and the results thereof; and

(h) review GreenSeal's weekly cashflow and any variances based on the last cashflow provided to the Court.

50. **THIS COURT ORDERS** that the Information Liaison shall: (i) be subject to a Non-Solicit and Confidentiality Agreement between GreenSeal and the Information Liaison (the "**Agreement**"); (ii) have no authority to exercise any control over GreenSeal's Property or Business; (iii) not be entitled to bind GreenSeal to any contractual or other obligations; and (iv) be deemed to be acting for and on behalf of Stoke and not as an agent or representative of GreenSeal.

51. **THIS COURT ORDERS** that the Information Liaison shall be entitled to payment for its reasonable fees, expenses and disbursements up to a maximum amount of $~~15,000~~20,000 per month plus a total of $5,000 for reasonable disbursements (collectively, the "**Information Liaison Fees**"). GreenSeal will pay no more than $10,000 per month as shown in the GreenSeal Cash Flow Forecast. Stoke will pay the remainder. Stoke shall be entitled to the Stoke Receivables Charge on account of Information Liaison Fees owed but not paid by GreenSeal or paid by Stoke. The Information Liaison or Steinberg shall not be or be deemed to be a director, *de facto* director, or employee of GreenSeal or any of its subsidiaries or affiliates.

52. **THIS COURT ORDERS** that neither the Information Liaison, Steinberg nor its respective employees and representatives acting such capacities shall incur any liability or obligation as a result of its engagement or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence, wilful misconduct on its part or breach of the Agreement.

53. **THIS COURT ORDERS** that nothing in this Order shall be construed as resulting in the Information Liaison or Steinberg being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation (as defined below)) for any purpose whatsoever.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

54. **THIS COURT ORDERS** that, save and except as it relates to the security in favour of Hillmount, which is unaffected by the priority charges granted herein (subject to the limits described in paragraph 56 herein), the priorities of the Stoke Receivables Charge, the

Administration Charge (subject to the limits described in paragraph 34 herein), the DIP Lender's Charge, the Bridge DIP Charge, the Directors' Charge (subject to the limits described in paragraph 23 herein), and the GreenSeal Directors' Charge (subject to the limits described in paragraph 24 herein) (collectively, the "**Charges**") shall be as follows:

> First – Stoke Receivables Charge (to the maximum amount of $1,175,000 plus the Information Liaison's Fees);
>
> Second – Administration Charge (to the maximum amount of $600,000);
>
> Third – DIP Lender's Charge (to the maximum principal amount of $5,000,000 plus interest, expenses and fees under the DIP Term Sheet at the relevant time);
>
> Fourth – Bridge DIP Charge (to the maximum principal amount of $3,750,000 plus interest, expenses and fees under the Bridge Term Sheet at the relevant time);
>
> Fifth – Directors' Charge (to the maximum amount of $680,000); and
>
> Fifth – GreenSeal Directors' Charge (to the maximum amount of $740,000).

55. **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.

56. **THIS COURT ORDERS** that the Charges shall constitute a charge on the Property, except in respect of: a) the Stoke Receivables Charge which shall only be a Charge against the GS A/R; b) the DIP Lender's Charge and Bridge DIP Charge which shall only be Charges in respect of the Borrowers' Property; c) the Directors' Charge which shall only be a Charge in respect of the Applicants' Property other than GreenSeal's Property; d) the GreenSeal Directors' Charge which shall only be a Charge in respect of GreenSeal's Property; and e) such Charges 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, until such time as the Monitor's Confirmation Certificate is filed, the Administration Charge shall rank in priority to Hillmount to a maximum amount of $400,000 and the Director's Charge shall rank in priority to Hillmount to a maximum amount of $500,000 but only in respect of amounts claimed thereunder for the period of June 20 to June 28, 2024.

57. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender (with respect to Property of the Borrowers) and the other beneficiaries of the Charges affected thereby (collectively, the "**Chargees**"), or further Order of this Court.

58. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees 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 the 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 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 Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) the creation of the Charges shall not create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and

(c) the payments made by the Applicants pursuant to this Order 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.

59. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

60. **THIS COURT ORDERS** that the decision by the Applicants to incur no further expenses for the duration of the Stay Period in relation to any filings (including financial statements), disclosures, core or non-core documents, and press releases (collectively, the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange, including, without limitation, the *Securities Act* (Ontario), R.S.O., c. S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and the rules, regulations and policies of the Canadian Securities Exchange and OTCQB® (collectively, the "**Securities Provisions**"), is hereby authorized, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have of a nature described in Section 11.1(2) of the CCAA as a consequence of the Applicants failing to make Securities Filings required by the Securities Provisions.

61. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of the Applicants, nor the Monitor shall have any personal liability for any failure by the Applicants to make any Securities Filings required by the Securities Legislation during the Stay Period, provided that nothing in this paragraph shall prohibit any securities regulator or stock exchange from taking any action or exercising any discretion that it may have against the directors, officers, employees and other representatives of the Applicants of a nature described in section 11.1(2) of the CCAA as a consequence of such failure by the Applicants. For greater certainty, nothing in this Order is intended to or shall encroach on the jurisdiction of any securities regulatory authorities (the "**Regulators**") in the matter of regulating the conduct of market participants and to issue or maintain cease trader orders if and when required pursuant to applicable securities law. Further, nothing in this Order shall constitute or be construed as an

admission by the Regulators that the Court has jurisdiction over matters that are within the exclusive jurisdiction of the Regulators under the Securities Legislation.

SERVICE AND NOTICE

62. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) 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 as last shown on the records of the Applicants, a notice to every known creditor who has a claim against the Applicants of more than $1,000 (excluding individual employees or former employees), 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.

63. **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 https://www.ontariocourts.ca/scj/practice/toronto/commercial/) 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: www.ey.com/ca/atlasglobal.

64. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants 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 Applicants' creditors or other interested parties at their

respective addresses as last shown on the records of the Applicants 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.

65. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any 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 Applicants' 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).

66. **THIS COURT ORDERS** that the Monitor shall maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Monitor shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Monitor nor its counsel shall have any liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

SEALING

67. **THIS COURT ORDERS** that the First Cervi Confidential Affidavit is hereby sealed pending further Order of the Court and shall not form part of the public record.

68. **THIS COURT ORDERS** that the Second Cervi Confidential Affidavit is hereby sealed pending further Order of the Court and shall not form part of the public record.

GENERAL

69. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the

discharge of its powers and duties under this Order or in the interpretation or application of this Order.

70. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

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

72. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and are 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 EY 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.

73. **THIS COURT ORDERS** that any interested party (including the Applicants 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.

74. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.

75. **THIS COURT ORDERS** that the terms of this Order are expressly without prejudice to the rights of all parties to seek relief at the next hearing in the CCAA proceeding, including as it relates to any termination of the CCAA proceeding and appointment of a Receiver or Receivers over the Applicants.

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

Court File No: CV-24-00722386-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF ATLAS GLOBAL BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
PROCEEDING COMMENCED AT TORONTO

THIRD AMENDED AND RESTATED INITIAL ORDER

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Lawyers for the Applicants

Summary report: Litera Compare for Word 11.5.0.74 Document comparison done on 7/22/2024 1:17:32 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: nd://1378-8465-0509/1/Third Amended and Restated Initial Order (Draft Jul 22 2024).docx	
Modified DMS: nd://1378-8465-0509/2/Third Amended and Restated Initial Order (Draft Jul 22 2024).docx	
Changes:	
Add	4
~~Delete~~	2
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	0
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	6

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF **HOWARD STEINBERG** AFFIRMED REMOTELY BY **HOWARD STEINBERG**
STATED AS BEING LOCATED IN THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO THIS 25th DAY OF JULY, 2024

A COMMISSIONER FOR TAKING AFFIDAVITS
SHARON KOUR
LSO# 58328D

GreenSeal Cannabis Company, Ltd.
Proposal Cash Flow Forecast
$CDN

	Notes	Week Commencing														Total
		01-Jul-24	**08-Jul-24**	**15-Jul-24**	**22-Jul-24**	**29-Jul-24**	**05-Aug-24**	**12-Aug-24**	**19-Aug-24**	**26-Aug-24**	**02-Sep-24**	**09-Sep-24**	**16-Sep-24**	**23-Sep-24**	**30-Sep-24**	
Receipts	*1*															
Confirmed		*79,539*	*293,826*	*267,547*	*452,561*	*146,343*	*37,904*	*171,124*	*203,252*	*69,312*	*56,469*	*-*	*-*	*44,849*	*-*	*1,822,726*
New Business		*-*	*-*	*-*	*-*	*-*	*64,313*	*64,313*	*64,313*	*64,313*	*118,860*	*118,860*	*118,860*	*118,860*	*118,860*	*851,550*
Domestic		79,539	293,826	267,547	452,561	146,343	102,217	235,437	267,564	133,625	175,329	118,860	118,860	163,709	118,860	2,674,276
B2B Wholesale		80,000	-	-	80,000	50,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	547,500
International		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Sales / (Purchases)							-	-	-	75,000	75,000	75,000	75,000	75,000	75,000	450,000
Total Receipts		159,539	293,826	267,547	532,561	196,343	139,717	272,937	305,064	246,125	287,829	231,360	231,360	276,209	231,360	3,671,776
Operational Disbursements																
Payroll	*2*	-	169,313	-	169,313	9,250	169,313	-	169,313	9,250	169,313	-	169,313	9,250	169,313	1,212,941
Vendor Payments	*3*	52,900	34,000	34,000	67,474	52,900	34,000	34,000	34,000	58,474	37,900	24,000	34,000	58,474	37,900	594,022
Mortgage Payments	*4*	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	22,500	-	157,500
Vendor Deposits - post stay	*5*	-	-	100,000	-	-	-	-	-	-	-	-	-	-	-	100,000
Property Taxes	*6*	-	-	-	-	-	-	-	-	-	-	-	-	-	150,000	150,000
Utilities	*7*	47,000	-	-	-	47,000	-	-	-	-	47,000	-	-	-	47,000	188,000
Insurance	*8*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GST/HST	*9*	-	-	-	60,000		-	-	-	60,000	-	-	-	60,000	-	180,000
Excise Remittance	*10*	-	-	-	49,562		-	-	-	184,449	-	-	-	-	202,800	436,811
Total Operational Disbursements		122,400	203,313	156,500	346,349	131,650	203,313	56,500	203,313	334,673	254,213	46,500	203,313	150,224	607,013	3,019,274
Net Cash from Operations	*a*	**37,139**	**90,513**	**111,047**	**186,212**	**64,693**	**(63,596)**	**216,437**	**101,751**	**(88,548)**	**33,616**	**184,860**	**28,047**	**125,985**	**(375,653)**	**652,503**
CCAA related Cash Flows																
DIP Facility Draw/(Repayment)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Fees		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on Factoring Balance	*11*	(125,304)	-	-	-	(166,434)	-	-	-	(152,010)	-	-	-	-	(156,098)	(599,845)
Information Liaison	*12*	-	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(32,500)
Professional Services	*13*	-	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(260,000)
Payments to Trust Account		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash from CCAA	*b*	**(125,304)**	**(22,500)**	**(22,500)**	**(22,500)**	**(188,934)**	**(22,500)**	**(22,500)**	**(22,500)**	**(174,510)**	**(22,500)**	**(22,500)**	**(22,500)**	**(22,500)**	**(178,598)**	**(892,345)**
Cash on Hand																
Opening balance	*14*	253,121	164,957	232,970	321,517	485,228	360,988	274,891	468,828	548,080	285,022	296,138	458,498	464,045	567,530	253,121
Net Cash	*=a+b*	(88,165)	68,013	88,547	163,712	(124,241)	(86,096)	193,937	79,251	(263,058)	11,116	162,360	5,547	103,485	(554,251)	(239,842)
Ending Balance - Cash		164,957	232,970	321,517	485,228	360,988	274,891	468,828	548,080	285,022	296,138	458,498	464,045	567,530	13,279	13,279
DIP																
Opening Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Facility Draw/Repayment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance - DIP Loan		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable																
Opening Balance		1,447,313	1,604,215	1,463,512	1,363,566	1,069,154	1,058,261	1,141,494	1,091,507	1,009,392	1,011,968	972,839	990,179	1,007,519	980,010	1,447,313
New Invoices		316,441	153,123	167,601	238,149	185,450	222,950	222,950	222,950	248,700	248,700	248,700	248,700	248,700	248,700	3,221,814
Collections		(159,539)	(293,826)	(267,547)	(532,561)	(196,343)	(139,717)	(272,937)	(305,064)	(246,125)	(287,829)	(231,360)	(231,360)	(276,209)	(231,360)	(3,671,776)
Ending Balance - AR		1,604,215	1,463,512	1,363,566	1,069,154	1,058,261	1,141,494	1,091,507	1,009,392	1,011,968	972,839	990,179	1,007,519	980,010	997,350	997,350

THIS IS **EXHIBIT "E"** REFERRED TO IN THE
AFFIDAVIT OF **HOWARD STEINBERG** AFFIRMED REMOTELY BY **HOWARD STEINBERG**
STATED AS BEING LOCATED IN THE CITY OF TORONTO IN THE PROVINCE OF
ONTARIO THIS 25th DAY OF JULY, 2024

A COMMISSIONER FOR TAKING AFFIDAVITS
SHARON KOUR
LSO# 58328D

	22-Jul-24	29-Jul-24	05-Aug-24	12-Aug-24	19-Aug-24	26-Aug-24	02-Sep-24	09-Sep-24	16-Sep-24	23-Sep-24	30-Sep-24
GreenSeal											
Opening Accounts Receivable	1,165,851	1,159,742	1,007,241	867,378	830,112	863,222	861,348	775,794	721,679	685,369	649,058
Current AR Collections	-107,797	-279,851	-228,315	-82,810	-64,348	-99,498	-44,266	-29,908	-	-	-
New Invoices - Confirmed	101,688	127,350	19,934	40,281	-	-	-	-	-	-	-
New Invoice Collections - Confirmed	-	-	-39,689	-102,944	-64,852	-64,687	-17,081	-	-	-	-
New Invoices - New Business			108,207	108,207	162,311	162,311	84,000	84,000	126,000	126,000	84,000
New Invoice Collections - New Business							-108,207	-108,207	-162,311	-162,311	-84,000
B2B Invoices		80,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
B2B Collections		-80,000	-37,500	-37,500	-37,500	-37,500	-37,500	-37,500	-37,500	-37,500	-37,500
Ending Accounts Receivable	**1,159,742**	**1,007,241**	**867,378**	**830,112**	**863,222**	**861,348**	**775,794**	**721,679**	**685,369**	**649,058**	**649,058**
Ending Cash Balance	392,348	416,342	447,593	584,209	523,657	284,459	292,260	456,236	503,794	609,181	12,530
Total Collateral	**1,552,091**	**1,423,583**	**1,314,971**	**1,414,321**	**1,386,878**	**1,145,807**	**1,068,054**	**1,177,915**	**1,189,163**	**1,258,239**	**661,588**
Stoke Charge	1,229,236	1,103,932	1,103,932	1,103,932	1,103,932	978,628	978,628	978,628	978,628	978,628	853,324
Surplus / (Deficit) in collateral over charge	**322,855**	**319,651**	**211,039**	**310,389**	**282,947**	**167,179**	**89,426**	**199,287**	**210,535**	**279,611**	**-191,736**

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 ARRANGEMENTS OF ATLAS GLOBALS BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Court File No. CV-24-00722386-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)
Proceedings commenced at Toronto

AFFIDAVIT OF HOWARD STEINBERG
(sworn July 25, 2024)

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Lawyers for Stoke Canada Finance Corp.

TAB 2

Court File No.: CV-24-00722386-00CL

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENTS OF ATLAS GLOBALS BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

Applicants

AFFIDAVIT OF DAVID GOLDSTEIN
(Affirmed July 25, 2024)

I, David Goldstein of the City of Ojai, in the State of California, in the Country of the United States of America, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the Chief Executive Officer of Stoke Canada Finance Corp. ("**Stoke**"), a secured creditor of the Applicant GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"). As such I have personal knowledge of the matters to which I hereinafter depose. Where I do not have such personal knowledge, I have stated the source of my information and believe it to be true.

2. I affirm this affidavit in respect of Stoke's opposition to the proposed sale and investment process (the "**SISP**") as drafted without express language confirming that Stoke is entitled to credit bid and purchase the GreenSeal assets over which Stoke has a security interest, subject to Court approval, if any Qualified Bid (as that term is defined in the SISP) for the same assets is insufficient to satisfy the amounts owing to Stoke.

GreenSeal's Proposed SISP

3. In tandem with discussions around the third amended and restated initial order ("**TARIO**"), on July 16, 2024, GreenSeal circulated a draft of the proposed SISP.

4. The SISP provides that the Company and Monitor will solicit interest in and opportunities for one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the property and business operations of the Applicants, whether as a going concern or otherwise, and in one or more transactions.

5. On July 22, 2024, a further draft SISP was circulated by GreenSeal's counsel. Stoke provided its comments pertaining to its concern that in respect of a bid for all of the Applicants' business and assets, the receivables owned by Stoke and those over which it has a court-ordered first charge might be included in that sale even where the proceeds of sale may be insufficient to pay Stoke in full.

6. In my experience it is the commercial practice of purchasers of receivables to purchase them at a discount to the face value of the accounts receivable. A purchaser having paid face value of the account receivables enjoys no profit margin even if it were to subsequently collect the full value of the receivable. It is therefore likely that Stoke will suffer a shortfall if the GreenSeal accounts receivable ("**GS A/R**") are included in a sale.

7. Pursuant to the TARIO, Stoke has had its ownership interest in certain receivables that it purchased and owns (the "**Stoke Receivables**") converted, involuntarily, to a security interest through a charge. In a sale, Stoke's position as a secured creditor will be worse than its original position as the owner of the Stoke Receivables.

8. Stoke's counsel has advised GreenSeal's and Monitor's counsel that Stoke expects to

object to the acceptance of any proposed sale transaction in which the GS A/R is sold without satisfying in full all amounts outstanding to Stoke, and that it would likely submit a credit bid in that instance.

9. On July 23, 2024, a revised draft SISP was circulated by GreenSeal's counsel. The draft included a paragraph stating that the Monitor was entitled, in its sole discretion, to "reject any Credit Bid(s) in favor of a Qualified Bid(s), including for reason that:

a) the Monitor is satisfied that in relation to the Qualified Bid(s) the Credit Bid(s) would not materially benefit the applicable Applicant's creditors;

b) the Credit Bid(s) does not materially improve the Credit Bidder(s) recovery on their claims;

c) the structure of the Credit Bid(s) leads to impracticalities for the applicable Applicant's creditors;

d) the selection of the Credit Bid(s) is, or may be seen to be, unfairly prejudicial to the party(s) that would have otherwise been the Successful Bidder(s) had the Credit Bid(s) not been selected; or

e) the Monitor is satisfied that, in the case of a Consultation Party acting as a Credit Bidder(s), its access to information in its capacity as a Consultation Party would lead to unfairness in the SISP by selection of the Credit Bid(s) as the Successful Bid(s)."

10. Stoke objects to the language referred to in paragraph 9 above. Stoke's counsel has provided proposed language to be incorporated into the SISP indicating that "with respect to GreenSeal, subject to the approval of the Court, the Monitor would accept any Credit Bid by any

of GreenSeal's creditors for the assets, property, and undertaking of GreenSeal over which the creditor has a security interest if a Qualified Bid for the same assets, property, and undertaking is insufficient to satisfy in full the indebtedness outstanding to the creditor making the Credit Bid." This paragraph provides Stoke with the presumptive right to make a credit bid for the GS A/R and to have that bid accepted if any other bid is insufficient to satisfy the amounts owing to Stoke.

11. Stoke's proposed revisions were not accepted. On July 24, 2024, GreenSeal's counsel circulated a further revised SISP deleting Stoke's proposed revisions.

12. I understand that discussions have been ongoing amongst counsel in respect of the SISP, but neither GreenSeal nor the Monitor have agreed to Stoke's proposal to require the Monitor to accept a credit bid by Stoke if other bids in the SISP are insufficient to satisfy the amounts owing to Stoke.

13. Given the low likelihood of any bidder to pay face value for accounts receivable, it is materially unfair to require Stoke to wait for the conclusion of the SISP upon which the Stoke Receivables are sold at a discount. Providing Stoke with the certainty of credit bidding for the Company would bring greater transparency to the SISP, and provide Stoke with reassurance that it would, at the very least, have its own recourse to the receivables.

14. Accordingly, Stoke opposes the SISP as drafted without the inclusion of a term confirming the acceptance of a credit bid by Stoke for the Stoke Receivables and GreenSeal assets over which it has a security interest if a Qualified Bid (as that term is defined in the SISP) for the same assets, property, and undertaking is insufficient to satisfy in full the indebtedness outstanding to the creditor making the credit bid.

15. As an alternative, to preserve Stoke's interest in the Stoke Receivables and GreenSeal assets, it may be necessary for Stoke to seek relief to "ring-fence" the Stoke Receivables to

preserve them, and to require them to be segregated and preserved pending a distribution order, which may require a final determination of title if Stoke's ownership of the Stoke Receivables is disputed.

16. I believe that due to the nature of accounts receivable, there is no likely outcome of the SISP that would result in a third party paying full value for the Stoke Receivables.

17. I swear this affidavit in support of Stoke's request that the SISP include an express provision that Stoke is entitled to make a credit bid and purchase the assets over which Stoke is secured in the event a Qualified Bid for those assets is insufficient to satisfy the amounts owing to Stoke, subject to Court approval.

SWORN REMOTELY by DAVID ADAM GOLDSTEIN stated as being located in Ojai, California, USA, before me at the City of Toronto, in the Province of Ontario, this 25th day of July 2024, in accordance with O. Reg 431/20*, Administering Oath or Declaration Remotely.*	))))))))	
DocuSigned by: Jared Rosenbaum 1730D35D8A3E436...		DocuSigned by: David Goldstein B4FFB46373C4454...
A Commissioner for taking Affidavits.		**DAVID ADAM GOLDSTEIN**

Court File No. CV-24-00722104-00CL

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 ARRANGEMENTS OF ATLAS GLOBALS BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceedings commenced at Toronto

AFFIDAVIT OF DAVID ADAM GOLDSTEIN
(sworn July 25, 2024)

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Lawyers for Stoke Canada Finance Corp.

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

Court File No.: CV-24-00722386-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENTS OF ATLAS GLOBALS BRANDS INC., GREENSEAL CANNABIS COMPANY, LTD., GREENSEAL NURSERY, LTD., AGMEDICA BIOSCIENCE INC., WELLWORTH HEALTH CORP., 5047346 ONTARIO INC., 8050678 CANADA INC. AND TAVIVAT NATURALS INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Proceedings commenced at Toronto

RESPONDING MOTION RECORD

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