Court 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

MOTION RECORD
(returnable October 4, 2024)

October 3, 2024

RECONSTRUCT LLP
Richmond-Adelaide Centre
120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell LSO No. 60091H
cfell@reconllp.com
Tel: 416.613.8282

Sharon Kour LSO No. 58328D
skour@reconllp.com
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for Stoke Canada Finance Corp.

TO: **THE SERVICE LIST**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N:

STOKE CANADA FINANCE CORP.

Applicant

and

GREENSEAL CANNABIS COMPANY LTD., ATLAS GLOBAL BRANDS INC.

Respondents

IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

Service List

RECONSTRUCT LLP 120 Adelaide Street West Suite 2500 Toronto, ON M5H 1T1 **Caitlin Fell** LSO No. 60091H cfell@reconllp.com Tel: 416.613.8282 **R. Brendan Bissell** LSO No. 40354V bbissell@reconllp.com Tel: 416.613.0066 **Jared Rosenbaum** LSO No. 74769U jrosenbaum@reconllp.com Tel: 416.613.8284 Tel: 416.613.8288 Fax: 416.613.8290 **Lawyers for Stoke Canada Finance Corp.**	**PRICEWATERHOUSECOOPERS INC.** PwC Tower, 18 York Street, Suite 2500, Toronto ON, M5J 0B2 **Michael McTaggart** michael.mctaggart@pwc.com Tel: 416.818.4266 **Christine Sinclair** christine.l.sinclair@pwc.com Tel: 416.687.8938 **Proposed Receiver**

OSLER, HOSKIN & HARCOURT LLP First Canadian Place 1 King Street West Suite 6200, Toronto, ON M5X 1B8 **Randal Van de Mosselaer** rvandemosselaer@osler.com Tel: 403.260.7060 **Mary Paterson** MPaterson@osler.com Tel: 416.862.4924 **Justin Kanji** jkanji@osler.com Tel: 416.862.6642 **Lawyers for the Respondent, Greenseal Cannabis Company, Ltd. and Atlas Global Brands Inc.**	**ATTORNEY GENERAL OF CANADA** Department of Justice Ontario Regional Office 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1 AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca
THORNTON GROUT FINNIGAN LLP 100 Wellington Street West Suite 3200, P.O. Box 329 Toronto, ON M5K 1K7 **Leanne Williams (LSO#41877E)** Tel: (416) 304-0060 Email: lwilliams@tgf.ca **Divi Dev (LSO #86891H)** Tel: (416) 304-1616 Email: ddev@tgf.ca **Lawyers for Your Neighbourhood Credit Union** **D.J. Miller** Email: djmiller@tgf.ca Tel: (416) 304-0559 **Derek Harland** Email: dharland@tgf.ca Tel: (416) 304-1127 **Lawyers for the Applicants, Hillmount Capital Inc. and Hillmount Capital Mortgage Holdings Inc.**	**FOGLER, RUBINOFF LLP** 77 King Street West, Suite 3000 Toronto, ON M5K 1G8 **Joseph Fried** Tel: (416) 941-8836 Email: jfried@foglers.com **Co-counsel to Hillmount Capital Inc. and Hillmount Capital Mortgage Holdings Inc.**

FASKEN MARTINEAU DUMOULIN LLP Bay Adelaide Centre 333 Bay Street, Suite 2400 Toronto, ON M5H 2T6 **Dylan Chochla** Email: dchochla@fasken.com Tel: (416) 862-4204 **Lawyers for the proposed Receiver**	**ERNST & YOUNG INC.** 100 Adelaide Street West Toronto, ON M5H 0B3 **Alex Morrison** Email: Alex.F.Morrison@parthenon.ey.com **Karen Fung** Email: karen.k.fung@parthenon.ey.com **Greg Adams** Email: greg.j.adams@parthenon.ey.com **Michael Bell** Email: mike.bell@parthenon.ey.com **Court-appointed Monitor in the CCAA proceedings of Atlas Global Brands Inc. et al (Court File No. CV-24-00722386-00CL)**
McCARTHY TÉTRAULT LLP 66 Wellington Street West Suite 5300, TD Bank Tower Box 48 Toronto, ON M5K 1E6 **Trevor Courtis** Email: tcourtis@mccarthy.ca Tel: (416) 601-7643 **Lawyers for Ernst & Young Inc.**	**BOOK ERSKINE LLP** 360 Bay Street, Suite 500 Toronto, ON M5H 2V6 **Sara Erskine** Email: sara@be-law.ca Tel: (416) 597-5408 **Adrienne Zaya** Email: adrienne.zaya@be-law.ca Tel: (416) 306-8026 **Lawyers for Hillcrest Merchant Partners Inc.**
SISKINDS LAW FIRM 275 Dundas Street, Unit 1 P.O. Box 2520 London, ON N6B 3L1 **Barbara VanBunderen** Email: barbara.vanbunderen@siskinds.com Tel: (519) 660-7896 **Lawyers for 2596690 Ontario Inc. o/a AgriRoots**	**YOUR NEIGHBOURHOOD CREDIT UNION O/A YNCU** 38 Executive Place Kitchener, ON N2P 2N4 **Ryan Latour** Email: rlatour@yncu.com

ONTARIO WATER TESTING CENTRE INC. 20 Currie Street Chatham, ON N7M 6L9 Email: Laboratory@OWTC.net Tel: (519) 351-8266 **PPSA registrant with respect to AgMedica Bioscience Inc.**	**BIZFUND CANADA LTD.** 405-1018 Finch Avenue West North York, ON M3J 3L5 Email: info@bizfund.ca Tel: (416) 224-2404 **PPSA registrant with respect to AgMedica Bioscience Inc.**
PRAXAIR CANADA INC. 1 City Centre Drive Mississauga, ON L5B 1M2 **Eric Mackenzie** Email: eric_mackenzie@praxair.com **PPSA registrant with respect to AgMedica Bioscience Inc.**	**HIS MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE** 300-1400 Blair Towers Place Ottawa, ON K1J 9B8 **Ministry of Finance, AM & Collections Branch (EHT)** **London Tax Office** Email: insolvency.unit@ontario.ca **PPSA registrant with respect to AgMedica Bioscience Inc.**
DEPARTMENT OF JUSTICE, CANADA 120 Adelaide Street West Suite 400 Toronto, Ontario M5H 1T1 **Pat Confalone** pat.confalone@cra-arc.gc.ca **Edward Park** Edward.Park@justice.gc.ca **Kevin Dias** Kevin.Dias@justice.gc.ca Tel: 647.292.9368 **Lawyers for the Canada Revenue Agency**	

EMAIL SERVICE LIST

jfried@foglers.com; djmiler@tgf.ca; dharland@tgf.ca; rvandemosselaer@osler.com; mpaterson@osler.com; jkanji@osler.com; michael.mctaggart@pwc.com; christine.l.sinclair@pwc.com; dchochla@fasken.com; tcourtis@mccarthy.ca; Alex.F.Morrison@parthenon.ey.com; karen.k.fung@parthenon.ey.com; mike.bell@parthenon.ey.com; greg.j.adams@parthenon.ey.com; sara@be-law.ca; adrienne.zaya@be-law.ca; barbara.vanbunderen@siskinds.com; cfell@reconllp.com; bbissell@reconllp.com; jrosenbaum@reconllp.com; rlatour@yncu.com; mrivard@yncu.com; Laboratory@OWTC.net; info@bizfund.ca; eric_mackenzie@praxair.com; insolvency.unit@ontario.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; Edward.Park@justice.gc.ca; Kevin.Dias@justice.gc.ca

Court 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

MOTION RECORD
INDEX

TAB 1

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

NOTICE OF MOTION

Stoke Canada Finance Corp. (the "**Respondent**") will make a motion to a Judge presiding over the Commercial List (the "**Court**") at 11:00 a.m. on Friday, October 4, 2024**,** by judicial teleconference via Zoom at Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

☐in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;

☐in writing as an opposed motion under subrule 37.12.1 (4);

☐In person;

☐By telephone conference;

☒**By video conference.**

At the following location:

https://ca01web.zoom.us/j/68763445471?pwd=c212MHFNenltVXZrS0NYTkZXWUdQQT09#success

Meeting ID: 687 6344 5471

Passcode: 530196

THE MOTION IS FOR:

1. An Order, substantially in the form attached as **Tab 3** of Stoke's Motion Record (the "**CRO Appointment Order**"), that among other things,

   (a) declares that Steinberg Advisory Corp. ("**SAC**") shall provide the services of Howard Steinberg to act as the Chief Restructuring Officer (the "**CRO**") of GreenSeal pursuant to the terms of the CRO Appointment Order;

   (b) orders that the Applicants shall pay the fees and expenses of the CRO and his agents, delegates, representatives and advisors pursuant to the fee schedule attached as Schedule "A" thereto;

   (c) orders that the CRO shall be exclusively authorized and empowered to manage the business of GreenSeal to the exclusion of all persons, including but not limited to:

      i. operating and managing the business of GreenSeal;

      ii. collecting any outstanding accounts receivable;

      iii. preserving the security and collateral of the secured creditors of GreenSeal; and

      iv. advancing any offer or transaction arising from the sale and investment solicitation process conducted by GreenSeal pursuant to the Order dated July 26, 2024 for the benefit of the secured creditors of GreenSeal;

(d) orders that the CRO and its agents, delegates, representatives and advisors:

i. shall not be, or deemed to be, a director or employee of the Applicants;

ii. shall not as a result of the performance of its obligations in accordance with this Order be deemed to be in possession of any of the property of GreenSeal; and

iii. shall have no liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any person from and after the date of this Order except to the extent such losses, claims, damages, or liabilities result from gross negligence or wilful misconduct on the part of the CRO.

(e) orders that no proceeding shall be commenced or continued against or in respect of the CRO, except with the written consent of the CRO or with leave of this Court; and

(f) orders that the CRO and its agents, delegates, representatives and advisors shall be entitled to the benefit of and are hereby granted a charge (the "**CRO Charge**") on the assets, property and undertaking of GreenSeal (the **"GreenSeal Property"**), which charge shall not exceed an aggregate amount of $135,000 as security for their fees and disbursements incurred pursuant to Schedule "A" hereto after the date of this Order in respect of these proceedings. Notwithstanding any provision in the TARIO, the CRO Charge shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") over the GreenSeal Property in favour of any person; and

(g) orders that certain confidential exhibits be sealed.

2. Such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Overview

3. On June 20, 2024, GreenSeal and certain of its affiliates sought creditor protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). GreenSeal was granted initial relief pursuant to an initial order dated June 20, 2024 (the "**Initial Order**"), as subsequently amended and restated. Among other things, Ernst & Young Inc. was appointed as monitor of the Applicants (the "**Monitor**").

4. On July 9, 2024, the Applicants brought a motion to amend the Initial Order to provide for continued relief under the CCAA. At the same time, the Court heard the receivership applications filed by Stoke and Your Neighbourhood Credit Union ("**YNCU**"), a secured creditor of GreenSeal.

5. The Court ultimately granted a third amended initial order dated July 9, 2024 (the "**TARIO**") and adjourned the receivership applications made by Stoke and YNCU on the basis that, among other things, Steinberg Advisory Corp. was to be appointed as information liaison (the "**Information Liaison**") to provide creditors with enhanced transparency and knowledge about the progress of GreenSeal's proposal and its evolving financial situation. The Court held that in the event of a material change at any time, the creditors would be at liberty to return to Court to renew their application.

6. Pursuant to the TARIO, the Court ordered that GreenSeal would be permitted to use the Stoke Receivables, which had been purchased by Stoke from GreenSeal. To protect

Stoke's position, Stoke was granted a super-priority charge to secure the amount of Stoke Receivables made available to GreenSeal to use as working capital. The charge has first priority over all GreenSeal receivables that remain outstanding as well as GreenSeal's cash on hand.

7. The purpose of the charge was to ensure that Stoke would never be under-collateralized, as GreenSeal would not be entitled to use Stoke Receivables as working capital if the amount of collateral - receivables and cash - fell below the amount of Stoke Receivables.

8. While GreenSeal has made certain repayments as required by the TARIO, the entire amount of the Stoke Receivables Charge has not been paid out, and as a result Stoke remains in first secured position in respect of the GS A/R and cash on hand pursuant to the Adjusted Stoke Charge.

9. Stoke and YNCU are the only significant secured creditors of GreenSeal. While Stoke is the first secured creditor over the GS A/R and cash on hand, YNCU is the first secured creditor in respect of all of the other assets and property of GreenSeal. Together, Stoke and YNCU are secured over all of GreenSeal's assets and property.

Sales and Investment Solicitation Process

10. The Applicants' sale and investment process ("**SISP**") has concluded without any viable offers.

11. The deadline for letters of intent expired on September 6, 2024, and the bid deadline for binding offers expired on September 19, 2024 without any binding offers being received for GreenSeal or its assets.

12. On September 20, 2024, *after* the bid deadline, GreenSeal received two non-binding term sheets. Neither term sheet proposed to pay out Stoke in full. It is not clear whether the term sheets were accompanied by the deposit required under the SISP.

13. One term sheet has been determined to be non-viable, as it does not result in sufficient recovery to the two secured creditors of GreenSeal, Stoke and YNCU.

14. Stoke understands that GreenSeal, the Monitor and YNCU have been in discussions with the other interested party who submitted a later term sheet, however Stoke has not had any direct communication with that party, nor has Stoke been advised that the transaction proposed by that party will pay it out in full.

15. In any event, that party has not submitted a definitive, binding offer, and GreenSeal is not in a position to seek approval of any transaction at the hearing scheduled for October 4, 2024.

16. Stoke has advised GreenSeal and the Monitor that it intends to bring a motion to appoint a CRO if no transaction is being presented for approval on October 4, 2024 that would pay it out in full.

17. The SISP includes a provision, requested by Stoke, to allow any creditor suffering a shortfall under a transaction with a third party to make a credit bid and to have that credit bid *prima facie* accepted.

18. Stoke's concern at the outset was that it would invariably suffer a shortfall in any transaction under the SISP as no bidder would be inclined to pay full value for receivables, with the associated collection risk, risk of returns, and other value-diminishing risks.

19. To protect its position, Stoke sought to include in the SISP a term permitting it to make a credit bid if no bid were to be received in the SISP that would pay Stoke in full, and

assurances that such credit bid would not be refused by the Company and Monitor in favour of other offers that would pay other creditors, but would have the effect of compromising Stoke's indebtedness.

20. To ensure its intentions were made clear, Stoke submitted a letter of intent on the LOI Deadline (as set out in the SISP) on September 6, 2024 to make a credit bid that involved a credit bid of Stoke's security and assumption of GreenSeal's indebtedness to YNCU.

21. In the approximately *two weeks* since the expiry of the bid deadline, GreenSeal has not received any executable, definitive, and binding offers.

22. Stoke's concern from the outset of the SISP was that GreenSeal would utilize Stoke Receivables (defined below) to fund its restructuring in circumstances where it was likely that Stoke would not be paid out in a SISP. This concern has now materialized, and two weeks after the expiry of the Bid Deadline, no offer has been received that will pay Stoke out in full.

23. Stoke wishes to avoid the further deterioration of its security and collateral in circumstances where it is not likely to be paid out.

Appointment of the CRO

24. Given the results of the SISP, no other party beyond Stoke and YNCU have any economic interest in GreenSeal or its assets. Specifically, it is unlikely that any other creditors or stakeholders will receive any recovery if YNCU and Stoke, as secured creditors, are not made whole.

25. To that end, Stoke seeks appointment of a CRO, with the consent of YNCU, to replace GreenSeal's management and to take the steps necessary to preserve the secured parties' positions and move matters forward in the interest of both the debtor company

and the secured creditors and advance any offers that may arise from the SISP.

26. The proposed CRO will be empowered to operate and manage the business of GreenSeal, collect any outstanding accounts receivable, preserve the security and collateral of the secured creditors of GreenSeal, and advance any offer or transaction arising from the SISP.

27. The proposed CRO is Howard Steinberg of Steinberg Advisory Corp., who is currently appointed as Information Liaison, pursuant to the TARIO. Mr. Steinberg has provided valuable assistance to the creditors of GreenSeal in monitoring GreenSeal's receivables.

28. A charge is proposed over GreenSeal's assets to secure the fees and disbursements of the CRO, up to the maximum of $135,000.

29. It is reasonable and appropriate to appoint the CRO under the circumstances where the SISP has failed to elicit any binding offers for GreenSeal. There is no longer any viable restructuring plan for GreenSeal and the interests of the secured creditors ought to be given more weight at this stage in the proceeding, than at any other juncture.

30. The appointment of the CRO will permit GreenSeal, through the CRO, to continue discussions with any bidders at the table, as well as to collect accounts receivable and avoid the continued deterioration of the secured creditors' security.

31. Both YNCU and Stoke support the appointment of Mr. Steinberg as the CRO.

Further Grounds

32. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.

33. The *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, including without limitation Rules 1.04, 2.01, 3.02, 37 and 39;

34. Section 101 and 137 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

35. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

36. The Affidavit of David Goldstein, affirmed October 3, 2024, with Exhibits attached thereto;

37. The executed consent of Steinberg Advisory Corp., the proposed CRO; and

38. Such further and other materials as counsel may advise and this Honourable Court may permit.

October 3, 2024

RECONSTRUCT LLP
Richmond-Adelaide Centre
120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell LSO No. 60091H
E-mail: cfell@reconllp.com
Tel: 416.613.8282

Sharon Kour LSO No. 58328D
E-mail: skour@reconllp.com
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for the Moving Party, Stoke Canada Finance Corp.

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

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

NOTICE OF MOTION
(Re: Appointment of CRO)

RECONSTRUCT LLP
Richmond-Adelaide Centre
120 Adelaide Street West, Suite 2500
Toronto, ON M5H 1T1

Caitlin Fell LSO No. 60091H
E-mail: cfell@reconllp.com
Tel: 416.613.8282

Sharon Kour LSO No. 58328D
E-mail: skour@reconllp.com
Tel: 416.613.8283

Fax: 416.613.8290

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

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Applicants

AFFIDAVIT OF DAVID GOLDSTEIN
(Sworn October 3, 2024)

I, DAVID GOLDSTEIN of the City of Ojai, in the State of California, **MAKE OATH AND SAY AS FOLLOWS**:

1. I am the CEO of Stoke Canada Finance Corp. ("**Stoke**"). Stoke is in the business of providing structured finance products to cannabis companies including the factoring of receivables. Stoke provided factoring services to GreenSeal Cannabis Company, Ltd. ("**GreenSeal**") and in that capacity purchased certain accounts receivable from GreenSeal. I have been supervising Stoke's involvement in GreenSeal's proceedings under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended ("**CCAA**") and 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 support of a motion brought by Stoke for the appointment of Steinberg Advisory Corp. ("**SAC**") as Chief Restructuring Officer ("**CRO**") of GreenSeal.

OVERVIEW OF THE CCAA PROCEEDING

3. On June 20, 2024, GreenSeal and certain of its affiliates sought creditor protection under the CCAA. GreenSeal was granted relief pursuant to an initial order dated June 20, 2024 (the "**Initial Order**"), as subsequently amended and restated. Among other things, Ernst & Young Inc. was appointed as monitor of the Applicants (the "**Monitor**").

4. On July 9, 2024, the Court heard the Applicants' motion to amend the Initial Order to provide for continued relief under the CCAA. At the same time, the Court heard the receivership applications filed by each of Stoke and Your Neighbourhood Credit Union ("**YNCU**"), a secured creditor of GreenSeal.

5. The Court ultimately granted a third amended initial order dated July 9, 2024 (the "**TARIO**") and adjourned the receivership applications made by Stoke and YNCU on the basis that, among other things, SAC would be appointed as information liaison (the "**Information Liaison**") to provide creditors with enhanced transparency and knowledge about the progress of GreenSeal's proposal and its evolving financial situation. The Court held that in the event of a material change at any time, the creditors would 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"**.

6. Following the hearing on July 9, 2024, the court issued the TARIO, which contained among other things terms negotiated between Stoke and GreenSeal. With respect to Stoke's interests the TARIO provided that:

a) SAC was appointed to act as Information Liaison through the services of Howard Steinberg ("**Steinberg**");

b) pursuant to the terms of the Receivables Purchase Agreement dated June 7, 2023, as amended, between GreenSeal and Stoke (the "**RPA**"), GreenSeal would pay to

Stoke a total of $501,205 (plus $98,630 in interest) in advance repayments (the "**Advance Repayments**"), which amount was 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 was received (the "**Stoke Funded Amount**"). The Advance Repayment amount is reflected in Exhibit "B" of the Affidavit of Jason Cervi affirmed July 8, 2024 (the "**Fifth Cervi Affidavit**"). The Advance Repayments are to be made in installments;

c) GreenSeal is permitted to use payments received on account of Stoke Purchase Orders (the "**Stoke Receipts**") other than the Stoke Funded Amount to fund its working capital needs pursuant to the projections reflected in Exhibit "A" of the Fifth Cervi Affidavit, provided however, that GreenSeal shall not use the 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 in the TARIO), subject to a three business day cure period and subject to GreenSeal making good faith efforts to notify the Monitor and the Information Liaison if it is anticipated that the GS A/R plus cash on hand will be less than the Adjusted Stoke Receivables Charge;

d) GreenSeal is not permitted to compromise, set off or reduce the GS A/R without the consent of the Information Liaison;

e) Stoke was granted a priority charge over the GS A/R and cash on hand to secure the Stoke Receipts used by GreenSeal, up to the maximum amount of $1.175 million, plus the Information Liaison's fees. The Stoke Receivables Charge would be reduced by any Advance Repayments (the remaining amount of the charge, being the "**Adjusted Stoke Receivables Charge**"); and

f) The Adjusted Stoke Receivables Charge has first priority over all GS A/R and cash on hand.

A copy of the TARIO is attached as **Exhibit "B"**.

7. As I understood at the time the TARIO was negotiated, GreenSeal would be permitted to use the Stoke Receivables, which are GreenSeal receivables that were purchased by Stoke, and Stoke's position would be protected through a super-priority charge to secure the amount of Stoke Receivables made available to GreenSeal to use as working capital. The charge ranks first in priority over all GS A/R (comprised of all outstanding accounts receivable of GreenSeal) and cash on hand.

8. I understood the purpose of the charge was to ensure that Stoke would never be under-collateralized, as GreenSeal would not be entitled to continue to use Stoke Receivables as working capital if the amount of collateral - receivables and cash - fell below the amount of Stoke Receivables.

9. While GreenSeal has made the Advance Repayments, the entire amount of the Stoke Receivables Charge has not been paid out, and as a result Stoke remains in first secured position in respect of the GS A/R and cash on hand pursuant to the Adjusted Stoke Charge.

10. Stoke and YNCU are the only significant secured creditors of GreenSeal. While Stoke is the first secured creditor over the GS A/R and cash on hand, YNCU is the first secured creditor in respect of all of the other assets and property of GreenSeal. Together, Stoke and YNCU are secured over all of GreenSeal's assets and property.

SETTLEMENT WITH CANADA REVENUE AGENCY

11. According to Stoke's records the total indebtedness of GreenSeal to Stoke is

$1,663,634.61 as at the date of this affidavit, which includes (i) amounts owing to Stoke under the Adjusted Stoke Receivables Charge, as well as (ii) receivables purchased by Stoke that were either collected by GreenSeal prior to the commencement of the CCAA proceeding and not paid to Stoke, or garnished by Canada Revenue Agency ("**CRA**") directly from GreenSeal's customers in relation to amounts owed by GreenSeal to CRA (the "**Garnished Stoke Receivables**"), and (iii) Stoke's legal fees and cost of the Information Liaison.

12. Stoke has engaged in discussions with CRA regarding the return of the Garnished Stoke Receivables and CRA has made an offer to Stoke to reimburse $930,982.09 (the "**CRA Settlement**"). While the offer was made on a without prejudice basis, CRA has disclosed the settlement amount to both GreenSeal and the Monitor.

13. While the settlement has not been definitively finalized, Stoke expects that the total GreenSeal indebtedness will be reduced by $930,982.09 upon payment of the CRA Settlement, leaving approximately $732,652.52 outstanding.

14. I understand that GreenSeal and the Monitor have sought clarification from Stoke's counsel of the amount of receivables actually garnished by CRA, as GreenSeal believes the amounts garnished to be greater than reported by CRA. I am advised by my counsel, Sharon Kour, that she has requested that CRA communicate with and provide information on the garnished amounts directly to the Monitor as Stoke has no visibility in respect of the amounts that may or may not have been garnished by CRA from GreenSeal customers.

SALE AND INVESTMENT SOLICITATION PROCESS

15. On July 26, 2024, the Applicants sought approval of a sale and investment solicitation process ("**SISP**") to market the assets of the Applicants.

16. Stoke opposed the approval of the SISP as originally drafted, on the basis that the assets to be sold included the GS A/R and cash over which Stoke was secured, and that due to the nature of accounts receivable, Stoke did not believe that any purchaser would pay full value for the receivables.

17. To protect its position, Stoke sought to include in the SISP a term permitting it to make a credit bid if no bid were to be received in the SISP that would pay Stoke in full, and assurances that such credit bid would not be refused by GreenSeal and Monitor in favour of other offers that would pay other creditors, but would have the effect of compromising Stoke's indebtedness.

18. The Court granted the SISP on two conditions. First, any creditor contemplating the possibility of making a credit bid shall provide a payout statement to the Applicants and Monitor. Second, any creditor would be entitled to make a credit bid in the prescribed circumstances (if the qualifying bid of a third party under the SISP would result in a shortfall to a creditor) and, *prima facie*, to have that bid accepted, subject only to recourse to the residual discretion of the Court in the event of unforeseen extraordinary circumstances. A copy of the endorsement of Penny J. dated July 26, 2024 is appended hereto as **Exhibit "C"**.

19. A copy of the Order dated July 26, 2024 (the "**SISP Order**") is appended hereto as **Exhibit "D"**. The SISP procedures appended to the SISP Order provide, among other things:

> 34. Any party or parties holding a valid, enforceable, and properly perfected security interest in the Property or Business (the "Credit Bidder(s)") may, subject in all respects to such party's compliance with the SISP Procedures, credit bid the amount of debt secured by such lien (the "Credit Bid(s)") as part of any transaction contemplated by the SISP Procedures; provided, however, that such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations: (i) owing to the DIP Lender as may be allocated to such party's security and collateral; (ii) owing pursuant to any charges granted by the Court in the CCAA Proceedings as may be allocated to such party's security and collateral; and (iii) secured by a security interest in the Property or Business that is to be acquired under such transaction that is senior to the security

> interest held in such Property or Business by the Credit Bidder(s) unless the holder or agent of any such senior security interest otherwise agrees.
>
> 35. Any creditor shall be entitled to make a Credit Bid in the prescribed circumstances and, prima facie, to have its Credit Bid accepted, subject only to recourse to the residual discretion of the Court in the event of unforeseen or extraordinary circumstances.

20. At the LOI Deadline (as defined in the SISP) on September 6, 2024, Stoke submitted a letter of intent ("**LOI**") pursuant to the SISP (the "**Stoke LOI**"). The Stoke LOI provided, among other things, a credit bid of the indebtedness of GreenSeal to Stoke, and an assumption of GreenSeal's indebtedness to YNCU, as well as the payment in cash of any priority payables.

21. Prior to the submission of the Stoke LOI, I had discussed the credit bid with YNCU and YNCU consented to Stoke submitting the Stoke Bid as a non-binding LOI to preserve the parties' positions in the SISP in the event no satisfactory offer was made for the GreenSeal assets. A copy of Stoke's LOI is attached as **Exhibit "E".**

22. The Bid Deadline (as defined in the SISP) expired on September 19, 2024. Pursuant to the SISP, bidders wishing to submit qualified bids were required to, among other things,

a) submit a bid in the form of an executed marked-up template share purchase agreement or an executed marked up template asset purchase agreement;

b) ensure the bid was irrevocable;

c) not make the bid conditional on financing or due diligence;

d) deliver a cash deposit equal to at least 10% of the purchase price with their bid; and

e) deliver the bid by the Bid Deadline on September 19, 2024.

23. On the Bid Deadline on September 19, 2024, the Monitor advised me and the Information Liaison to advise that no bids had been received.

24. On September 20, 2024, a call was convened with the Monitor, Information Liaison, Stoke's external legal counsel and myself to discuss Stoke's credit bid as no bids had been received by the Bid Deadline. Mid-way during this call, Mike Bell at the Monitor advised that he had just received a bid after the Bid Deadline, and that he would circulate the bid.

25. The Monitor circulated two bid later that day on September 20, 2024. The bids were each on the form of non-binding term sheets and one was marked up by hand. Neither term sheet indicated any payment to be made to Stoke in respect of its indebtedness. The term sheets (the "**Late LOIs**") are appended as **Confidential Exhibits "F"** and **"G"**. To avoid prejudicing the Applicants or the SISP, Stoke is seeking that the term sheets be filed under seal.

26. In the approximately two weeks since the expiry of the Bid Deadline, neither of the Late LOIs has been converted into an executable definitive agreement.

27. I understand that GreenSeal and the Monitor have been negotiating with the bidders who submitted the Late LOIs. I was involved in one discussion with one bidder, along with the Information Liaison. Ultimately, that bidder's offer was not acceptable to YNCU or Stoke.

28. Although Stoke was invited to negotiate with the second bidder and the Information Liaison attempted to facilitate a meeting, as at the date of this affidavit, the second bidder had yet to communicate with Stoke directly. I understand that the second bidder may be communicating with GreenSeal and/or the Monitor, and YNCU.

29. As at the date of this affidavit, the second bidder has not delivered an updated term sheet, nor has Stoke been advised that the second bidder intends to fully satisfy the indebtedness to Stoke. I am not aware of what that bidder's offer includes as the bidder has not communicated directly with Stoke, nor has Stoke been provided with any offers in writing from that bidder beyond their Late LOI.

30. My concern from the outset of the SISP is that GreenSeal has been permitted to utilize the Stoke Receivables to fund its restructuring in circumstances where it is likely that Stoke will not be paid in full in a SISP due to the nature of the receivables. It appears that Stoke's concern has materialized, and *two weeks* after the expiry of the Bid Deadline, no offer has been received that will pay Stoke out in full.

31. Stoke wishes to avoid the further deterioration of its security and collateral in circumstances where it is not likely to be paid out.

EXTENSION OF THE STAY OF PROCEEDINGS

32. Pursuant to the SISP Order, the stay of proceedings was extended to September 30, 2024. The SISP Order provided that the deadline for the sale approval motion was September 26, 2024, and the stay period extended beyond that date by a few days.

33. On September 24, 2024, GreenSeal's counsel wrote to Stoke's counsel requesting that Stoke agree to an extension of the stay of proceedings up to October 4, 2024 "in light of the Court's availability", suggesting that the Court had no availability prior to September 30, 2024 to hear a stay extension motion. A copy of the email from Justin Kanji to Caitlin Fell dated September 24, 2024 is appended hereto as **Exhibit "H"**.

34. At that point, no offers had been received in the SISP that would satisfy the indebtedness to Stoke.

35. That evening, Stoke's counsel wrote to GreenSeal's counsel advising that Stoke was considering the request but needed further information to understand its security position as a result of the stay extension, and given GreenSeal had failed to provide the most recent reporting package. A copy of the email from Sharon Kour to Mary Paterson and Justin Kanji dated September 24, 2024 is appended as **Exhibit "I"**.

36. Around this time, I was also engaged in discussions with YNCU about its position in respect of GreenSeal. As a result of the disappointing results of the SISP, the continuing erosion of Stoke's security, and no bid resulting from the SISP that was satisfactory to YNCU and Stoke, I advised YNCU that Stoke wished to appoint the Information Liaison as Chief Restructuring Officer to supervise GreenSeal and to ensure that accounts receivable were collected and each creditor's security position preserved.

37. YNCU agreed that it would be appropriate to appoint the Information Liaison as CRO. Accordingly, on September 25, 2024, Stoke's counsel wrote to GreenSeal's counsel to advise that with the extension of the stay, Stoke would like to appoint the Information Officer as CRO to replace current management. Stoke's counsel proposed that the CRO could work with the Monitor to pursue a transaction beneficial to the secured creditors. A copy of the email from Sharon Kour to Justin Kanji is appended hereto as **Exhibit "J"**.

38. GreenSeal refused to consider the request to appoint the CRO. On September 26, 2024, GreenSeal's counsel wrote to Stoke's counsel advising that there were two bidders "interested in acquiring GreenSeal as a going concern" and that if negotiations could be concluded "the hearing to approve the resulting transaction is scheduled for Friday, October 4 at 2 pm, 8 days from now." In the email, GreenSeal's counsel also asserted that Stoke's suggestion that the Information Liaison be appointed as CRO was an indication of bad faith, along with other allegations against Stoke. A copy of the email from Randal Van de Mosselaer to Sharon Kour dated September 26, 2024 is included in **Exhibit "J"**, referenced above.

39. Stoke's counsel responded that day to confirm that if there was in fact a transaction that would pay Stoke out in full that would be approved by the Court on October 4, 2024, the appointment of the CRO would not be necessary. However, in the event that a transaction could not be approved by then, Stoke would be looking to appoint the CRO. A copy of the email from

Caitlin Fell to Randal Van de Mosselaer dated September 26, 2024 is included in **Exhibit "J"**, referenced above.

40. Later that day, the Monitor sent an email to Stoke's counsel acknowledging Stoke's intention to bring a motion to appoint a CRO on October 4, 2024 if it was not paid out in a transaction under the SISP. The Monitor provided its views in respect of the extension and proposed to write to the Court requesting that the stay be extended to October 4, 2024. A copy of the email from Trevor Courtis to Caitlin Fell dated September 26, 2024 is included in **Exhibit "J"**, referenced above.

41. I am advised by Stoke's counsel, Caitlin Fell, that she had various discussions with both the Monitor's counsel and GreenSeal's counsel on September 26, 2024 and the next day about the stay extension.

42. On September 27, 2024, GreenSeal's counsel wrote to Stoke's counsel seeking to confirm that all parties were in agreement to extend the stay. A copy of the email from Justin Kanji to Sharon Kour dated September 27, 2024 is included in **Exhibit "J"**, referenced above.

43. Stoke's counsel responded to confirm that Stoke was in agreement with the stay extension to October 4, 2024 on the condition that GreenSeal use the extension to advance a bid to pay out the secured creditors, and that if there is a bid satisfactory to YNCU and Stoke, that GreenSeal would seek to have that bid approved on October 4, 2024. Failing which Stoke would seek the appointment of a receiver or CRO, whether or not bidder negotiations were ongoing. The CRO would be able to advance any continuing bidder negotiations once appointed. A copy of the email from Sharon Kour to Justin Kanji is included in **Exhibit "J"**, referenced above.

APPOINTMENT OF THE CRO

44. I believe that it is unlikely that GreenSeal will be in a position to present a bid for approval on Friday, October 4, 2024. Among other things, I am not aware of any revised term sheets, nor any definitive asset purchase agreement or share purchase agreement that is executable and meets the threshold to be considered a Qualified Bid (as that term is defined in the SISP).

45. To my knowledge no bidder has submitted a binding offer, nor has the Monitor advised that it has received any deposit from any bidder for GreenSeal or its assets.

46. I continue to be concerned that GreenSeal's accounts receivable are deteriorating and that cash is being used in operations that may benefit the Atlas entities, but not GreenSeal or its secured creditors.

47. Two weeks have elapsed since the Bid Deadline and beyond continuing negotiations with one bidder that has not indicated that they will pay Stoke in full, there is no further restructuring opportunity for GreenSeal.

48. Stoke wishes to take steps to protect its position. At this time, given the results of the SISP, no other party beyond Stoke and YNCU have any economic interest in GreenSeal or its assets. No other creditors or stakeholders will receive any recovery if YNCU and Stoke are not made whole.

49. Accordingly, I believe that the interests of Stoke and YNCU ought to be given more weight than any other stakeholder at this juncture.

50. To that end, Stoke seeks the appointment of a CRO, with the consent of YNCU, to replace GreenSeal's management and to take the steps necessary to preserve the secured parties' positions and move matters forward in the interest of both the debtor company *and* the secured

creditors and advance any offers that may arise from the SISP.

51. The proposed CRO is Howard Steinberg of Steinberg Advisory Corp., who is currently appointed as Information Liaison, pursuant to the TARIO. Mr. Steinberg has provided valuable assistance to the creditors of GreenSeal in monitoring GreenSeal's receivables.

52. As Information Liaison, Mr. Steinberg is well qualified to act as CRO and has been reviewing and supervising GreenSeal's sales and receivables in his court-appointed capacity. I have been advised by YNCU that it supports the appointment of Mr. Steinberg as the CRO.

53. The fees and disbursements of the CRO and its agents, delegates, representatives and advisors are proposed to be secured by a first priority charge over the assets of GreenSeal up to a maximum aggregate amount of $135,000 (the "**CRO Charge**"). YNCU and Stoke, the only secured creditors with a financial interest in the assets of GreenSeal, support the CRO Charge.

54. I swear this affidavit in support of Stoke's motion to appoint the CRO and for no other or improper purpose.

SWORN REMOTELY by DAVID GOLDSTEIN at the City of Ojai, California before me in the City of Toronto, in the Province of Ontario, this 3d day of October 2024, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely.*	))))))))	
Signed by: Simran Joshi 0D0B645B9A9E494		DocuSigned by: David Goldstein B4EFB46373C4454
A Commissioner for taking Affidavits. Name: Simran Joshi LSO#89755A		**DAVID GOLDSTEIN**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **DAVID GOLDSTEIN** AFFIRMED REMOTELY BY **DAVID GOLDSTEIN**
STATED AS BEING LOCATED IN THE CITY OF OJAI, IN THE STATE OF CALIFORNIA THIS
3RD DAY OF OCTOBER, 2024

Signed by:

Simran Joshi

0D0B645B9A9E494

A COMMISSIONER FOR TAKING
AFFIDAVITS
SIMRAN JOSHI
LSO# 89755A

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
Edward Park	CRA	edward.park@justice.gc.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Mary Paterson	CCAA Applicants (Atlas Group)	mpaterson@osler.com
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

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.

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF **DAVID GOLDSTEIN** AFFIRMED REMOTELY BY **DAVID GOLDSTEIN**
STATED AS BEING LOCATED IN THE CITY OF OJAI, IN THE STATE OF CALIFORNIA THIS
3RD DAY OF OCTOBER, 2024

Signed by:
Simran Joshi
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A COMMISSIONER FOR TAKING
AFFIDAVITS
SIMRAN JOSHI
LSO# 89755A

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 of the Monitor dated July 2, 2024, the second supplement to the first report of the Monitor dated July 5, 2024, and third supplement to the first report of the Monitor dated July 9, 2024 (the "**Third Supplement**"), 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 and subject to GreenSeal making good faith efforts to notify the Monitor and the Information Liaison if it is anticipated that the GS A/R plus cash on hand will be 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 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.

Penny J.

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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

OSLER, HOSKIN & HARCOURT LLP
100 King Street West, 1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Randal Van de Mosselaer (LSA# 9923)
Tel: 403.260.7060
Email: rvandemosselaer@osler.com

Mary Paterson (LSO# 51572P)
Tel: 416.862.4924
Email: mpaterson@osler.com

Justin Kanji (LSO# 88178O)
Tel: 416.862.6642
Email: jkanji@osler.com

Lawyers for the Applicants

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF **DAVID GOLDSTEIN** AFFIRMED REMOTELY BY **DAVID GOLDSTEIN**
STATED AS BEING LOCATED IN THE CITY OF OJAI, IN THE STATE OF CALIFORNIA THIS
3RD DAY OF OCTOBER, 2024

Signed by:
Simran Joshi
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A COMMISSIONER FOR TAKING
AFFIDAVITS
SIMRAN JOSHI
LSO# 89755A

SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-24-00722386-00CL **DATE:** July 26, 2024

NO. ON LIST: 2

TITLE OF PROCEEDING: Atlas Global Brands Inc. et al

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Mary Paterson	Atlas Global Brands Inc. et al	mpaterson@osler.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Monica Faheim	Counsel for DIP Lender	mfaheim@millerthomson.com
Leanne Williams Divi Dev	Counsel for Your Neighborhood Credit Union	lwilliams@tgf.ca ddev@tgf.ca
Barbara VanBunderen	AgriRoots	barbara.vanbunderen@siskinds.com
Jared Rosenbaum Sharon Kour	Counsel for Stoke Finance Canada Corp	jrosenbaum@reconllp.com skour@reconllp.com

Other:

Name of Person Appearing	Name of Party	Contact Info

Trevor Courtis	**Counsel for the Monitor, Ernst & Young Inc.**	tcourtis@mccarthy.ca
Greg Adams	**Court-appointed monitor, Ernst & Young Inc.**	greg.j.adams@parthenon.ey.com

ENDORSEMENT OF JUSTICE:

[1] The Applicants seek approval of a SISP, a KERP, payment of a prefiling debt necessary to maintain the Applicants' ability to carry on business and an extension of the stay until September 30, 2024.

[2] With the exception of the credit bid issue discussed below, there is no opposition to the orders sought. The Monitor supports granting the orders sought.

The Credit Bid Process

[3] The central issue in dispute is the terms and conditions of any potential credit bid by existing creditors.

[4] The draft SISP order filed by the Applicants would provide an opportunity for a creditor to make a credit bid in certain circumstances. One such circumstance involves a situation where the qualifying bid of a third party under the SISP would result in a shortfall to a creditor.

[5] The Applicants and the Monitor seek to preserve their discretion to approve any credit bid subject to their good faith consideration of that bid. Stoke seeks a term of the order requiring the Applicants and the Monitor to accept a credit bid if one is made in the prescribed circumstances. Part of the dispute involves uncertainty around the amount that would be sought by a creditor in respect of enforcement costs.

[6] In my view the solution to this imbroglio is two-fold. First, any creditor contemplating the possibility of making a credit bid shall provide the Applicants and the Monitor with a payout statement breaking out the claimed principal, interest and costs of enforcement. This shall be done promptly, using estimates of future enforcement costs if necessary. These amounts will be updated if and when a credit bid is actually made. I expect the parties to sort out the question of the reasonableness of these payout statements well in advance of the deadline for third party bids. I may be spoken to if further direction is required.

[7] Second, any creditor shall be entitled to make a credit bid in the prescribed circumstances and, *prima facie*, to have that credit bid accepted, subject only to recourse to the residual discretion of the court in the event of unforeseen or extraordinary circumstances.

[8] With this resolution of the disputed issue, the Applicants' motion is granted.

Stay Extension

[9] The Applicants are acting in good faith and with due diligence. The SISP process requires time to be carried out. The stay extension request is reasonable in the circumstances. The stay extension to September 30, 2024 is granted.

The SISP

[10] A sales process is warranted at this time. A sale would tend to benefit the entire community of stakeholders. Subject to the adjustment to the credit bid process, in which I have attempted to accommodate the objection raised by Stoke, no other viable process has been put forward. The SISP particulars meet the requirements of fairness, transparency and process integrity that are hallmarks of the successful SISP.

[11] The SISP is approved.

The KERP

[12] The proposed KERP in this case recognizes the concerns of the creditors and effectively balances their interests and the objective, shared by all parties, of maximizing value. Other than two relatively modest payments, the benefits of the KERP to the effected employees are only realized to the extent a transaction is concluded that pays out all the secured creditors in full. The secured creditors are not, to this extent, prejudiced and management still has a significant incentive to maximize value.

[13] The requested KERP order is granted.

Sealing Order

[14] In connection with the KERP, a limited sealing order is sought to protect the privacy interests of the effected employees. I am satisfied that the *Sherman Estate* factors have been met. The sealing order is granted.

Payment of Pre-filing Licence Fees

[15] The payment of $70,000 in arrears to Control Union was necessary to maintain the Applicants' certification to sell cannabis products internationally. To implement the SISP, the Applicants must be able to conduct this business. The loss of these certifications could have lead to significant financial and operational difficulties. The Monitor and the DIP Lender consented to this payment.

[16] The Control Union payment is approved.

[17] In conclusion, the motion is granted, with the adjustment to the credit bid process outlined above.

[18] A revised order reflecting the adjustment to the credit bid process may be submitted for my signature.

Penny J.

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF **DAVID GOLDSTEIN** AFFIRMED REMOTELY BY **DAVID GOLDSTEIN**
STATED AS BEING LOCATED IN THE CITY OF OJAI, IN THE STATE OF CALIFORNIA THIS
3RD DAY OF OCTOBER, 2024

Signed by:
Simran Joshi
0D0B645B9A9E494...

A COMMISSIONER FOR TAKING
AFFIDAVITS
SIMRAN JOSHI
LSO# 89755A

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	FRIDAY, THE 26th
	)	
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.

SISP APPROVAL ORDER

THIS MOTION, 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**") for an order approving, among other things, (i) an extension of the Stay Period (as defined in the Initial Order); (ii) the proposed sale and investment solicitation process (the "**SISP**") as attached hereto at Schedule "A"; (iii) the key employee retention plan ("**KERP**") of the Applicants; and (iv) payment to a critical supplier, was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the affidavit of Jason Cervi sworn July 24, 2024 and the Exhibits thereto the "**Seventh Cervi Affidavit**"), the third confidential affidavit of Jason Cervi sworn July 24, 2024 and the Exhibit thereto (the "**Third Confidential Cervi Affidavit**"), the affidavit of Howard Steinberg sworn July 25, 2024, the affidavit of David Goldstein sworn July 25, 2024, the affidavit of Jason Cervi sworn July 26, 2024, the affidavit of Justin Kanji sworn July 26, 2024, the Second Report of Ernst & Young Inc. ("**EY**"), in its capacity as monitor of the Applicants (the "**Monitor**"), dated July 25, 2024 and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and those other parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Asiah Sadiq sworn July 25, 2024.

SERVICE AND DEFINITIONS

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.

2. **THIS COURT ORDERS** that, unless otherwise defined, each capitalized term in this Order has the meaning given in the SISP, if not defined therein, or the Third Amended and Restated Initial Order dated July 9, 2024 (the "**TARIO**").

STAY EXTENSION

3. **THIS COURT ORDERS** that the Stay Period is hereby extended until and including September 30, 2024.

PAYMENT TO CRITICAL SUPPLIER

4. **THIS COURT ORDERS** that, subject to the consent of the Monitor and the DIP Lender, the Applicants shall be entitled but not required to pay all pre-filing licence fees associated with the preservation of its Control Union Medical Cannabis Standard certifications.

APPROVAL OF THE SISP

5. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) is hereby approved and the Applicants and the Monitor are hereby authorized to implement the SISP pursuant to its terms.

6. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective affiliates, partners, directors, employees, consultants, advisors, experts, accountants, counsel and agents (collectively, "**Assistants**") are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this SISP Order, as applicable.

7. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind or nature to any person or entity as a result of implementing or otherwise in connection with the SISP, except to the extent that any such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor or their respective Assistants, as applicable, in performing their respective obligations under the SISP (as determined by this Court).

8. **THIS COURT ORDERS** that in respect of the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the Initial Order and any other Order of this Court in this proceeding.

9. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the Property or be deemed to take possession of the Property, including pursuant to any provision of the Cannabis Legislation.

PROTECTION OF PERSONAL INFORMATION

10. **THIS COURT ORDERS** that, pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicants and the Monitor are authorized and permitted to disclose personal information of identifiable individuals ("**Personal Information**") to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Applicants' past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP, and if it does not complete a sale, shall return all such information to the Applicants and the Monitor, as applicable, or in the alternative destroy all such information and confirm same to the Applicants or the Monitor, as applicable. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the Personal Information provided

to it that is related to the assets and/or business acquired pursuant to the sale in a manner which is in all material respects identical to the prior use of such information by the Applicants, and shall return all other Personal Information to the Applicants and the Monitor, as applicable, or ensure that all other Personal Information is destroyed and confirm same to the Applicants or the Monitor, as applicable.

KEY EMPLOYEE RETENTION PLAN

11. **THIS COURT ORDERS** that the KERP as described in the Third Confidential Cervi Affidavit, certain additional details of which are attached in Exhibit "A" thereto, is hereby approved and the Applicants are authorized and directed to make payments in accordance with the terms of the KERP.

12. **THIS COURT ORDERS** that the key employees referred to in the KERP other than the employees of GreenSeal (the "**KERP Beneficiaries**") shall be entitled to the benefit of and are hereby granted a charge on the Property of the Applicants other than GreenSeal, which charge: a) shall not exceed an aggregate amount of $811,500; and b) shall be subordinate to all other secured claims as finally determined, against the Property of the Applicants other than GreenSeal that exist as of the date of this Order (the "**Secured Claims**"), as security for amounts payable to the KERP Beneficiaries pursuant to the KERP (the "**KERP Charge**"). The KERP Charge shall have the priority set out in this paragraph 12 and paragraph 14 herein. For greater certainty, in the event of any discrepancy, inconsistency or conflict between this paragraph 12 and paragraph 14 regarding the priority of the KERP Charge to the other Charges and the Secured Claims, this paragraph 12 shall prevail.

13. **THIS COURT ORDERS** that the key employees of GreenSeal referred to in the KERP (the "**GreenSeal KERP Beneficiaries**") shall be entitled to the benefit of and are hereby granted

a charge on the Property of GreenSeal, which charge: a) shall not exceed an aggregate amount of $228,500; and b) shall be subordinate to all other secured claims as finally determined, against the Property of GreenSeal that exist as of the date of this Order (the "**GreenSeal Secured Claims**"), as security for amounts payable to the GreenSeal KERP Beneficiaries pursuant to the KERP (the "**GreenSeal KERP Charge**"). The GreenSeal KERP Charge shall have the priority set out in this paragraph 12 and paragraph 14 herein. For greater certainty, in the event of any discrepancy, inconsistency or conflict between this paragraph 12 and paragraph 14 regarding the priority of the GreenSeal KERP Charge to the other Charges and the GreenSeal Secured Claims, this paragraph 12 shall prevail.

PRIORITY OF KERP CHARGE

14. **THIS COURT ORDERS** that the KERP Charge and the GreenSeal KERP Charge shall have the benefit of paragraphs 54 to 59 of the TARIO and constitute a "Charge". The KERP Charge and the GreenSeal KERP Charge shall rank in priority to all unsecured claims, such that the priorities of the Stoke Receivables Charge, Administration Charge, DIP Lender's Charge, Bridge DIP Charge, Directors' Charge, GreenSeal Directors' Charge, KERP Charge and GreenSeal KERP Charge as among them, shall be as follows:

> First – Stoke Receivables Charge (on the GS A/R to the maximum amount of $1,175,000 plus the Information Liaison's Fees less the Advance Repayments);
>
> 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);

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

Sixth – KERP Charge (to the maximum amount of $811,500 after payment in full of the Secured Claims); and

Sixth – GreenSeal KERP Charge (to the maximum amount of $228,500 after payment in full of the GreenSeal Secured Claims).

SEALING ORDER

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

GENERAL

16. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

17. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all persons against whom it may be enforceable.

18. **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.

19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside of Canada, 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.

20. **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 proceeding for the purpose of having this proceeding recognized in a jurisdiction outside Canada.

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

Penny J.

Schedule "A"

[See attached]

SALE AND INVESTMENT SOLICITATION PROCESS

Introduction

On June 20, 2024, Atlas Global Brands Inc., GreenSeal Cannabis Company, Ltd. ("**GreenSeal**"), GreenSeal Nursery, Ltd., AgMedica BioScience Inc., Wellworth Health Corp., 5047346 Ontario Inc., 8050678 Canada Inc. and Tavivat Naturals Inc. (collectively, the "**Applicants**" or the "**Company**) sought and obtained an initial order (as amended from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act* ("**CCAA**" and the proceedings commenced thereby, the "**CCAA Proceedings**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). Capitalized terms used but not defined herein shall have the same meaning as given to them in the Initial Order.

Pursuant to the Initial Order, among other things: (i) Ernst & Young Inc. was appointed as the Monitor in the Applicants' CCAA Proceedings (in such capacity, the "**Monitor**"); and (ii) a stay of proceedings was granted in favour of the Applicants.

On July 2, 2024, the Court granted an Amended and Restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 26, 2024 for all Applicants other than GreenSeal (ii) approving a debtor-in-possession loan facility in the amount of $5,000,000 (inclusive of the Bridge Loan Facility (as hereinafter defined)); (iii) approving a debtor-possession bridge loan facility in the amount of $3,750,000 (the "**Bridge Loan Facility**"); (iv) relieving the Company from certain securities reporting obligations; and (v) relieving the Company from the obligation to call and hold an annual meeting of the Company's shareholders.

On July 5, 2024, the Court granted a Second Amended and Restated Initial Order under the CCAA, among other things: (i) amending the scope of the DIP Lender's Charge to account for the DIP Lender's interest, fees and expenses; and (ii) amending the scope of Bridge DIP Charge to account for the Bridge DIP Lender's interest, fees and expenses.

On July 9, 2024, the Court granted a Third Amended and Restated Initial Order under the CCAA, among other things: (i) approving the Stoke Receivables Charge against the GS A/R; and (ii) appointing the Information Liaison for GreenSeal. Also on July 9, 2024, the Court adjourned the applications against GreenSeal for the appointment of a receiver brought by Your Neighbourhood Credit Union ("**YNCU**") and Stoke Canada Finance Corp. ("**Stoke**") (collectively, the "**GreenSeal Creditors**").

On July 26, 2024, the Court granted an order, among other things (the "**SISP Approval Order**"), approving the implementation of a sale and investment solicitation process on the terms set forth herein (the "**SISP**") to solicit interest in and opportunities for a sale, or investment in, all or part of the Company's property, assets and undertakings (the "**Property**") and/or its business (the "**Business**") (such transaction, a "**Transaction**").

Opportunity

1. The Company and the Monitor shall implement the SISP procedures set out herein (the "**SISP Procedures**") in accordance with the terms hereof and the SISP Approval Order. Interested parties who wish to have their bids considered shall participate in the SISP in accordance with these SISP Procedures.

2. The SISP is intended to 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 (the "**Opportunity**").

3. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Applicants, the Monitor or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders.

4. All interested parties are encouraged to submit bids based on either the form of share purchase agreement or asset purchase agreement in the Data Room (as defined below). Interested parties shall be permitted to make any changes, amendments, additions or deletions to such forms of share purchase agreement or asset purchase agreement as they consider appropriate.

5. These SISP Procedures contemplate consultation with Shalcor Management Inc. (the "**DIP Lender**"), 2596690 Ontario Inc. ("**AgriRoots**"), each of the GreenSeal Creditors, and the Information Liaison (collectively, the "**Consultation Parties**") at various stages. Notwithstanding anything else in these SISP Procedures, such consultation, and the provision of confidential information about the status of the SISP and any potential or actual bids or Transactions shall only occur to the extent the Consultation Party confirms in writing that they do not intend to participate as a bidder in the SISP (provided that the DIP Lender, AgriRoots, YNCU or Stoke are not precluded from submitting a credit bid prior to the Successful Bid(s) Selection Deadline if (i) no Qualified Bids are received by the Qualified Bid Deadline which repay all amounts outstanding under their respective facilities, (ii) the SISP is terminated for any reason, (iii) the Applicants and the Monitor consent, or (iv) the approval of the Court is obtained). The Consultation Parties shall keep all confidential information disclosed to them and the content of all consultations strictly confidential and shall not disclose it to anyone other than the Applicants and the Monitor. The Consultation Parties shall act in good faith and reasonably at all times in respect of this SISP. All confidential information shall be destroyed or returned immediately after the termination of the SISP.

Key Dates

6. The key dates for the SISP are as follows, as such dates may be modified or extended in accordance with the terms of this SISP, the DIP Term Sheet, the Bridge DIP Term Sheet, or orders of the Court:

Date	Milestone
July 26, 2024	Court issues the SISP Approval Order
July 29, 2024	Commencement of SISP and distribution of Teaser Letter (as defined below)
September 6, 2024, at 5:00 p.m. (prevailing Eastern Time) ("**LOI Deadline**")	Deadline for submission of non-binding LOI (as defined below)
September 19, 2024, at 5:00 p.m. (prevailing Eastern Time) ("**Bid Deadline**")	Deadline for submission of Qualified Bids (as defined below)
September 20, 2024, at 11:59 p.m. (prevailing Eastern Time) ("**Successful Bid(s) Selection Deadline**")	Deadline for selection of the Successful Bid (as defined below)
September 26, 2024 (prevailing Eastern Time) or such other time as the Court may advise ("**Court Sale Approval Motion Date**")	Hearing of the Sale Approval Motion (as defined below)
October 7, 2024, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicants, with the consent of the Monitor (the "**Outside Date**")	Deadline for completion of the transaction(s) represented by the Successful Bid

7. Any extensions or amendments to the deadlines above will be communicated to all Known Potential Bidders, Potential Bidders or Qualified Bidders (as each term is defined herein), as applicable, in writing and such extensions or amendments shall be posted on the website the Monitor maintains in respect of the CCAA Proceeding at www.ey.com/ca/atlasglobal (the "**Monitor's Website**").

Solicitation of Interest

8. As soon as reasonably practicable following the issuance of the SISP Approval Order the Applicants will (to the extent they have not already done so), with the assistance of the Monitor:

(a) prepare an initial list of persons who may have an interest in the Opportunity (the "**Known Potential Bidders**"), including (i) parties that have communicated to the Applicants or the Monitor that they have an interest in the Opportunity, (ii) strategic and financial parties in Canada or other jurisdictions that the Applicants or the Monitor reasonably determine may be interested in the Opportunity, and (iii) any other parties reasonably suggested by the Consultation Parties or any other stakeholder as a potential bidder who may be interested in the Opportunity;

(b) cause a notice of the SISP (and such other relevant information which the Applicants, in consultation with the Monitor, consider appropriate) (the "**Notice**") to be published in the Globe and Mail (National Edition) and any other publication in Canada as the Applicants, with the consent of the Monitor, consider appropriate, if any;

(c) issue a press release setting out the information contained in the Notice and such other relevant information which the Applicants, in consultation with the Monitor, consider appropriate for dissemination in Canada; and

(d) prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants, with the approval of the Monitor (the "**NDA**").

9. The GreenSeal Creditors may, on a timely basis, identify any parties to the Monitor which shall be included in the list of Known Potential Bidders.

10. The Applicants will send the Teaser Letter and NDA to all Known Potential Bidders by no later than July 29, 2024, and to any other party who requests a copy of the Teaser Letter and NDA or who is identified by the Applicants or the Monitor as a potential bidder or who is reasonably suggested by the Consultation Parties or any other stakeholder as a potential bidder as soon as reasonably practicable after such request, identification or suggestion, as applicable.

11. The Monitor will post the Notice of the SISP, SISP Procedures and Teaser Letter on the Monitor's Website by no later than July 29, 2024.

Phase 1: Letters of Intent

12. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must deliver to the Monitor at the address specified in Appendix "A" (including by email) prior to the LOI Deadline:

(a) an executed NDA;

(b) written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicants, in consultation with the Monitor, to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid; and

(c) a letter of intent ("**LOI")** that sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed transaction (asset sale, share purchase, investment etc.) (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) description of any conditions or approval required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the Applicants' employees; (vi) any other terms or conditions that the interested party believes are material to the Transaction; and (vii) any other information as may be reasonably requested by the Applicants, in consultation with the Monitor.

13. A Potential Bidder that (i) has satisfied the requirements set out in paragraph 12, and (ii) the Monitor, in consultation with the Applicants and the Consultation Parties, has determined is likely (based on the availability of financing, experience and other considerations) to be able to consummate a Transaction pursuant to a Qualified Bid, may be deemed to be a "**Qualified Bidder**".

14. At any time during the SISP, the Monitor, in consultation with the Applicants and the Consultation Parties, may decide to eliminate a Qualified Bidder from the SISP by providing written notice of such decision to such Qualified Bidder, and in which case, such bidder will be eliminated from the SISP and will no longer be a "Qualified Bidder" for the purposes of the SISP.

15. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and evaluation of a potential Transaction, and must agree that they are not relying on any express or implied representations or warranties from the Applicants or the Monitor in respect of the Property or Business.

Due Diligence

16. The Applicants, in consultation with the Monitor, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they may deem appropriate.

17. Due diligence access may include management presentations, access to any electronic data room ("**Data Room**") and other matters which a Qualified Bidder may reasonably request and as to which the Applicants may agree, in consultation with the Monitor.

18. The Monitor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. All due diligence and information requests must be directed to the Monitor.

19. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders.

20. The Applicants and the Monitor reserve the right to limit any Qualified Bidder's access to any confidential information (including any information in any Data Room) and to creditors, customers, landlords, suppliers or other stakeholders of the Applicants, where, in the opinion of the Applicants, in consultation with the Monitor, such access could negatively impact the SISP, the ability to maintain the confidentiality of the Applicants' confidential or competitive information, the Business, or the Property. For the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Applicants, in consultation with the Monitor, determine such information to represent proprietary or sensitive competitive information.

<u>Phase 2: Receipt of Qualified Bids</u>

21. A Qualified Bidder that wishes to make a formal binding offer to acquire all, substantially all, or a portion of the Property, or to purchase the shares of one or more of the Applicants, or to make an investment in, restructure, reorganize or refinance the Business/the Company, must deliver a binding bid to the Monitor at the address specified in Appendix "A" (including by email), so as to be received not later than the Bid Deadline.

22. Subject to paragraph 26, a bid so submitted will be considered a qualified bid (a "**Qualified Bid**") only if it complies with all the following requirements:

    (a) <u>Identification of Qualified Bidder</u>. The bid identifies the Qualified Bidder and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction.

    (b) <u>Written Submission of Modified SPA or Modified APA and Commitment to Close</u>. The bid is submitted in the form of an executed mark-up of the template share purchase agreement (the "**Modified SPA**") or executed mark-up of the template asset purchase agreement (each a "**Modified APA**") reflecting such Qualified Bidder's proposed changes to the template purchase agreement (together with a blackline of the Modified SPA or Modified APA against the applicable template purchase agreement), and a written and binding commitment to close on the terms and conditions set forth therein.

    (c) <u>Irrevocable</u>. The bid includes a letter stating that the Qualified Bidder's offer is irrevocable and open for acceptance until the earlier of (a) the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder; and (b) the Outside Date.

    (d) <u>Contingencies</u>. The bid is not conditional on obtaining financing or any board of directors or similar governing body or equity holder approval or on the outcome or review of due diligence.

    (e) <u>Proof of Financial Ability to Perform</u>. The bid contains written evidence upon which the Applicants, in consultation with the Monitor, may reasonably conclude that the Qualified Bidder has the necessary financial ability to close the contemplated Transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated Transaction.

    (f) <u>Deposit</u>. The bid is accompanied by a cash deposit, to be held by the Monitor in a non-interest-bearing account in accordance with the terms hereof in an amount equal to at least ten percent (10%) of the purchase price or investment contemplated therein.

    (g) <u>Acknowledgments and Representations</u>. The bid includes acknowledgements and representations of the Qualified Bidder that, in each case except as expressly stated in the definitive transaction agreement(s) signed by the Applicants, (i) it has had an opportunity to conduct any and all due diligence and it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business and/or the Property in making its bid (ii) it is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, made by any person or party, including the Applicants, the Monitor, and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transactions, this SISP, or any information provided in connection therewith; and (iii) it is making its bid on an "as is, where is" basis and without surviving representations or warranties of any kind by the Applicants, the Monitor or any of their respective employees, officers, directors, agents, advisors and other representatives.

(h) Closing. The bid provides for Closing to occur no later than the Outside Date; and

(i) Deadline. The bid is received by the Bid Deadline.

23. Following the Bid Deadline, the Monitor, in consultation with the Applicants and the Consultation Parties, will assess each bid submitted by a Qualified Bidder pursuant to paragraph 21 to determine whether such bids comply with the requirements set out in paragraph 22 and whether such bids constitute a Qualified Bid.

24. The Monitor may, in consultation with the Applicants and the Consultation Parties, aggregate separate non-overlapping bids from unaffiliated Qualified Bidders to create one "Qualified Bid".

Evaluation of Competing Bids

25. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.

26. The Monitor, in consultation with the Applicants, may waive strict compliance with any one or more of the requirements specified above and deem any such non-compliant bid to be a Qualified Bid.

27. A Qualified Bid will be valued based upon numerous factors as may be considered relevant by the Applicants and the Monitor, in consultation with the Consultation Parties, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid; the net value provided by such bid; the claims likely to be created by such bid in relation to other bids; the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s); the proposed transaction documents; the effects of the bid on the stakeholders of the Company; factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions); the assets included or excluded from the bid, any related restructuring costs; and the likelihood and timing of consummating such transactions, each as determined by the Applicants and the Monitor in consultation with the Consultation Parties.

Selection of Successful Bid(s)

28. Prior to the Successful Bid(s) Selection Deadline, the Monitor, in consultation with the Applicants and the Consultation Parties, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated between the Monitor, in consultation with the Applicants and the Consultation Parties, and the applicable Qualified Bidder, and

may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid(s) (the "**Successful Bid(s)**", and the Qualified Bidder(s) making such Successful Bid(s), the "**Successful Bidder(s)**") for any particular Property or the Business in whole or part. The acceptance and subsequent closing of any Successful Bid(s) by the Applicants, in consultation with the Monitor and the Consultation Parties, shall be subject to approval by the Court.

29. No Qualified Bid(s) shall be identified as a Successful Bid(s) in respect of the Property of the Applicants, excluding the Property of GreenSeal, without the express approval of the DIP Lender and AgriRoots, which approval shall not be unreasonably withheld, delayed, or conditioned.

30. No Qualified Bid(s) for any of the Property of GreenSeal shall be identified as a Successful Bid(s) over same without the express written consent of the applicable GreenSeal Creditor having a first security interest over such Property of GreenSeal which approval shall not be unreasonably withheld, delayed, or conditioned.

31. The Applicants shall have no obligation to enter into a Successful Bid, and reserve the right, in consultation with the Monitor and the Consultation Parties, to reject any or all Qualified Bid(s) and/or Credit Bid(s).

32. In the event it is not apparent which of the Qualified Bidders have the Successful Bid(s), the Monitor, in consultation with the Applicants and the Consultation Parties, may direct such Qualified Bidder(s) to participate in an auction (the "**Auction**") to be conducted and administered by the Monitor in accordance with the Auction Procedures Letter (defined below). The identification of any Successful Bid(s) by the Monitor, in consultation with the Applicants, and with the consent of the Consultation Parties, shall be subject to approval by the Court.

33. In the event that it is determined that there is to be an Auction in respect of some or all of the Property or Business, the Auction shall be governed by an auction procedures letter ("**Auction Procedures Letter**") to be prepared by the Monitor and sent to all applicable Qualified Bidders setting out, among other things, (a) the date, time and location of the Auction (including whether in person or by videoconference); (b) the amount of the starting bid; and (c) the initial minimum overbid.

Credit Bidding

34. Any party or parties holding a valid, enforceable, and properly perfected security interest in the Property or Business (the "**Credit Bidder(s)**") may, subject in all respects to such party's compliance with the SISP Procedures, credit bid the amount of debt secured by such lien (the "**Credit Bid(s)**") as part of any transaction contemplated by the SISP Procedures; provided, however, that such transaction shall also provide for the indefeasible and irrevocable repayment in full in cash on the date of closing of any such transaction of any and all obligations: (i) owing to the DIP Lender as may be allocated to such party's security and collateral; (ii) owing pursuant to any charges granted by the Court in the CCAA Proceedings as may be allocated to such party's security and collateral; and (iii) secured by a security interest in the Property or Business that is to be acquired under such transaction that is senior to the security interest held in such Property or Business by

the Credit Bidder(s) unless the holder or agent of any such senior security interest otherwise agrees.

35. Any creditor shall be entitled to make a Credit Bid in the prescribed circumstances and, *prima facie*, to have its Credit Bid accepted, subject only to recourse to the residual discretion of the Court in the event of unforeseen or extraordinary circumstances.

Sale Approval Motion Hearing

36. The hearing of the motion pursuant to the CCAA for the Court to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), if any, shall take place on or before the Court Sale Approval Motion Date.

37. As part of the Sale Approval Motion, the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid.

38. All Qualified Bids, other than the Successful Bid, if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid by the Court.

Closing the Successful Bid

39. The Company and the Successful Bidder shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the Court ("**Closing**").

Confidentiality, Stakeholder/Bidder Communication and Access to Information

40. All discussions regarding any bid or Transaction contemplated herein should be directed through the Monitor. Under no circumstances should any Potential Bidder or Qualified Bidder contact or communicate with the management of the Applicants or any creditor, customer, landlord, supplier or other stakeholder of the Applicants without the prior written consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP process. For greater certainty, nothing herein shall preclude a person from contacting potential bidders, with the agreement of the Monitor, to advise that the Applicants have commenced a SISP and that they should contact the Monitor if they are interested in participating in the SISP.

41. If it is determined by the Monitor, with the consent of the Applicants, that it would be worthwhile to facilitate a discussion between a Qualified Bidder and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Monitor with the consent of the Applicants may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Monitor, with the consent of the Applicants. The Applicants and Monitor must be provided with the opportunity and shall be entitled to be present at all such communications or meetings.

General

42. Notwithstanding the other provisions of the SISP Procedures, the Applicants may at any time bring a motion, in consultation with the Monitor and the Consultation Parties, to seek approval of a stalking horse agreement in respect of some or all of the Property or Business, which stalking horse agreement may include a Credit Bid by one or more of the Consultation Parties, or to establish further or other procedures.

43. If there is a Successful Bid, the applicable deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Sale Approval Motion will be applied to the purchase price or other consideration to be paid or investment amount to be made by the Successful Bidder, as applicable, upon closing of the approved transaction and will be non-refundable. Any deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder not later than ten (10) business days after the closing of the Transactions contemplated in the Successful Bid.

44. If a Successful Bidder breaches its obligations under the terms of the SISP, its deposit shall be forfeited to the Applicants as liquidated damages and not as a penalty.

45. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between any member of the Company and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicants.

46. Without limiting the preceding paragraph, the Applicants, the Monitor and the Consultation Parties shall not have any liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Applicants, the Monitor or the Consultation Parties, as applicable, and as determined by the Court. Further, no person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder shall have any claim against the Applicants, the Monitor or the Consultation Parties in respect of the SISP for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Applicants or the Monitor, as applicable, and as determined by the Court.

47. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any bid, due diligence activities, completion of a Successful Bid and any negotiations or other actions whether or not they lead to the consummation of a transaction.

48. All bidders shall be deemed to have consented to the jurisdiction of the Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.

49. For the avoidance of doubt, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA, or any other statute or as otherwise required at law in order to implement a Successful Bid.

50. The Monitor, in consultation with the Applicants and the Consultation Parties, shall have the right at any time to modify (including extending any one or more of the deadlines set out herein) or end the SISP if, in their reasonable business judgment, such modification or termination will enhance the process or better achieve the objectives of the SISP.

* * * * *

APPENDIX "A"

To The Legal Counsel of the Applicants:

Osler, Hoskin & Harcourt LLP

Attention: Randal Van de Mosselaer / Justin Kanji
Email: rvandemosselaer@osler.com / jkanji@osler.com

To The Monitor:

Ernst & Young Inc.

Attention: Karen Fung / Greg Adams
Email: Karen.K.Fung@parthenon.ey.com / Greg.J.Adams@parthenon.ey.com

With a copy to:

To The Monitor's Counsel

McCarthy Tétrault LLP

Attention: Trevor Courtis
Email: tcourtis@mccarthy.ca

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

SISP APPROVAL ORDER

OSLER, HOSKIN & HARCOURT, LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Randal Van de Mosselaer (LSA# 9923)
Tel: 403.260.7060
Email: rvandemosselaer@osler.com

Mary Paterson (LSO# 51572P)
Tel: 416.862.4924
Email: mpaterson@osler.com

Justin Kanji (LSO# 88178O)
Tel: 416.862.6642
Email: jkanji@osler.com mailto:

Fax: 416.862.6666

Lawyers for the Applicants