



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CL-25-00753544-0000

NO. ON LIST: 4

TITLE OF PROCEEDING: AGGREGATED INVESTMENTS INC. vs MERA CANNABIS CORP et al

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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ENDORSEMENT OF JUSTICE CAVANAGH:

- [1] The Applicant ("Aggregated") seeks an initial order pursuant to the CCAA (the "Initial Order") in respect of the Respondents (collectively, the "Mera Group"). The Mera Group is currently indebted to Aggregated for more than \$87.6 million (with interest, costs and expenses continuing to accrue).
- [2] The Mera Group has not made its required payments to Aggregated since June 2023.² For the last 12 months, the Mera Group has incurred a quarterly deficit of approximately \$1.9 million, before accounting for its repayment obligations to Aggregated. The Mera Group's obligations to Aggregated in respect of interest alone are approximately \$1 million per month. The Mera Group is insolvent.
- [3] The Mera Group consents to the relief sought on this initial application.
- [4] The facts are set out in the Affidavit of Darren Karasiuk sworn October 17, 2025 and the affidavit of Jerry Drennan sworn October 17, 2025. The Proposed Monitor filed a Pre-Filing Report dated October 21, 2025.
- [5] The Mera Group is a fully integrated group of cannabis companies. They cultivate, extract, produce and test cannabis products. They employ approximately 180 people.
- [6] Mera owns the lands municipally known as 27 Sparling Road, St. Thomas, Ontario (the "Sparling Facility"). The other members of the Mera Group operate from leased premises. In addition to those real estate interests, Aggregate's best information is that the Mera Group's other assets are comprised of approximately: (a) \$16 million in property, plant, and equipment; (b) \$11.6 million in inventory; and (c) \$3.7 million in receivables.
- [7] The Mera Group hold licenses associated with their various cannabis operations, each of which is essential for the Mera Group's continued operations and is non-transferrable.
- [8] Mera has attempted to expand into the European Union and achieved certification under the European Union Guidelines for Good Manufacturing Practices to sell cannabis products into the EU market. Despite the Mera Group's projections of approximately \$5.9 million sales in the second quarter of 2025, there have been no successful sales to the EU market.
- [9] Following inspections from the EU GMP regulator in late July 2025, the Mera Group lost its EU GMP certification. During the period when it is not EU GMP certified, it cannot sell cannabis products to the EU market. This was a Material Adverse Change (as defined in the Debenture, defined below) and a default under the Debenture.

- [10] Pursuant to an Amended and Restated Convertible Debenture dated March 2, 2022, and amendments thereto (as amended, the "Debenture"), Aggregated made several credit facilities available to Mera. The balance of the Mera Group guaranteed Mera's obligations under the Debenture.
- [11] Each of the Mera Group entities granted a security interest in their present and after acquired personal property to Aggregated as security for their obligations under the Debenture or applicable guarantee. Mera also granted Aggregated a \$29 million mortgage over the Sparling Facility as further security for its obligations under the Debenture.
- [12] The Mera Group has been unable to meet its obligations to Aggregated as they come due or achieve regular positive cash flow.
- [13] By letters dated September 24, 2025, Aggregated demanded that the Mera Group repay the amounts owing to it and delivered notices under s.244 of the BIA. The Mera Group's indebtedness to Aggregated remains outstanding.

Are the criteria for relief under the CCAA satisfied?

- [14] The Mera Group entities are each an "insolvent person" and a "debtor company" to which the CCAA applies.
- [15] A creditor may bring an application for an initial order under the CCAA in respect of a debtor company. *See MJardin Group, Inc (Re)*, 2022 ONSC 3338, at para 21.
- [16] Aggregated is the senior secured creditor of the Mera Group. It has lost all confidence in the Mera Group's management, who have been unable to achieve positive cash flow despite the significant advances made by Aggregated under the Debenture.
- [17] Aggregated seeks an urgent order pursuant to the CCAA in respect of the Mera Group to bring stability to the Mera Group's operations and permit the proposed CRO, in consultation with the Monitor, to identify potential restructuring solutions for the Mera Group and/or to seek approval a sale and investment solicitation process in respect of the Mera Group.
- [18] I am satisfied that the initial stay should be granted. This will preserve the *status quo* and allow for operations to be stabilized and negotiations to occur, followed by requests for expanded relief on proper notice to affected parties at the full Comeback Hearing.

Should the Proposed Monitor and Chief Restructuring Officer ("CRO") be appointed?

- [19] The proposed Monitor, EY, satisfies the statutory requirements and is not prohibited from acting as Monitor in respect of the Mera Group. EY has familiarized itself with the business of the Mera Group since October 6, 2025, and has significant experience acting as a court officer in insolvency and restructuring proceedings, including those in the cannabis sector. It is qualified to act as Monitor in these CCAA proceedings.
- [20] Aggregate seeks an order appointing a CRO as an officer of this Court in respect of the Mera Group on the terms sought in the Initial Order.
- [21] Section 11 of the CCAA authorizes this Court to make "any order that it considers appropriate in the circumstances".
- [22] I am satisfied that it is appropriate to appoint Darren Karasiuk as the CRO for the following reasons:

- a. he has many years of experience in the cannabis industry, he is familiar with the operations of the Mera Group, and he has served in CRO roles, or similar ones, in the past;
- b. Aggregated, the primary and senior secured creditor of the Mera Group, has lost confidence in the Mera Group's management and is of the view that Mr. Karasiuk's expertise is necessary to achieve a positive outcome in these CCAA proceedings;
- c. there is no indication that any other creditors will be prejudiced by the appointment of the CRO, but they will have an opportunity to make submissions on this appointment at the Comeback Hearing, if so; and
- d. the proposed grant of powers to the CRO is analogous to a grant of "super monitor" powers to a court-appointed monitor. In this case, however, it would not be practical or appropriate to grant such powers to EY because the Mera Group operates in the cannabis industry and EY does not have the necessary approvals to act as a "responsible person" under the relevant cannabis regulations during this proceeding. Mr. Karasiuk, however, does have such approvals.

[23] Where a CRO is appointed, it is appropriate to extend to them the same type of protections that would be extended to a monitor under the CCAA.

[24] The Proposed Monitor supports the appointment of the CRO as both reasonable and necessary in the circumstances.

Should the proposed charges and related relief be granted?

[25] I am satisfied that the Proposed Monitor, its counsel, counsel to the Mera Group and the CRO should be granted a Court-ordered charge on the Mera Group's property as security for their respective fees and disbursements relating to services rendered in respect of this proceeding (the "Administration Charge"). The Administration Charge is proposed to have first- ranking priority over all other encumbrances on the Mera Group's assets and property. In consultation with the Proposed Monitor, Aggregated proposes that the Administration Charge for the first ten days of this proceeding be limited to \$200,000.

[26] I am satisfied that the proposed beneficiaries of the Administration Charge are necessary to the success of these CCAA proceedings and each proposed beneficiary will be performing distinct functions. The amount of the proposed Administration Charge is commensurate with the size, scope and complexity of the business of the six members of the Mera Group. I accept that the quantum of the proposed charge is fair and reasonable having regard to the demands on the beneficiaries of the Administration Charge between the date of the Initial Order and the Comeback Hearing. The Proposed Monitor supports the proposed Administration Charge as required and reasonable in the circumstances.

Should the DIP Facility and the DIP Charge be approved?

[27] To fund the Mera Group's ordinary course operations and these CCAA proceedings, Aggregated seeks the approval of a debtor-in-possession financing facility (the "DIP Facility") to be provided by Aggregated (in that capacity, the "DIP Lender") in accordance with the term sheet (the "DIP Term Sheet").

[28] The DIP Term Sheet provides for a credit facility in the maximum aggregate principal amount of \$400,000 to be advanced during the first ten days of these CCAA proceedings. The proposed

Monitor has opined that the terms of the DIP Term Sheet are reasonable and that the interest rate described therein is at the lower end of the range of similar financing.

- [29] Aggregated (in its capacity as DIP Lender) is prepared to continue to fund the Mera Group on the terms set out in the DIP Term Sheet, but only within the proposed CCAA proceeding. The Mera Group has been cash flow negative for the last twelve months and, without further funding (which was provided by Aggregated in the past) will not be able to continue operations.
- [30] As required by s.11.2(5) of the CCAA, the proposed interim financing is limited to what is reasonably necessary for the continued operations of the Mera Group in the ordinary course of business up to the Comeback Hearing.
- [31] Other than Aggregated, the only secured creditor of the Mera Group who is likely to be affected by the DIP Charge is His Majesty the King in Right of Canada as represented by the Minister of National Revenue in respect of its tax lien registered on title to the Sparling Facility which is subordinate to Aggregated's charge on that property. This creditor is on notice of the relief requested.
- [32] Bank of Montreal, who has registered a security interest pursuant to the *Personal Property Security Act*, RSO 1990, c P10, is on notice but the form of Initial Order to be sought does not seek to create a charge in priority over the cash collateral in Bank of Montreal's possession.
- [33] I am satisfied that the DIP Facility and the DIP Charge should be approved.

Should the D&O Charge be approved?

- [34] The CCAA authorizes the Court to grant a charge over the assets of the Mera Group as security for the indemnity provided by the company to its directors and officers in respect of certain statutory obligations (a "D&O Charge"). The purpose of such a charge is to keep the directors and officers in place during the restructuring by providing them with protections against liabilities they could incur during the restructuring. See *Canwest Global Communications Corp (Re)*, 2009 CanLII 55114, at para 48 (ONSC).
- [35] In consultation with the Proposed Monitor, Aggregated understands that the exposure to personal liability in the circumstances of this case may amount to as much as \$1 million in the first ten days having regard to the Mera Group's (a) payroll-related costs and the timing of same, (b) an estimate of goods and services or other applicable sales taxes and (c) post-filing cannabis excise duties.
- [36] I am satisfied that the requested D&O Charge, which has been sized to limit the potential exposure during the initial stay and does not cover wilful misconduct or gross negligence, is appropriate so that the Mera Group may benefit from the ongoing assistance of its director and officers, who have experience with the business and industry. The Proposed Monitor is of the view that the D&O Charge is required and reasonable in the circumstances.

Disposition

- [37] Order to issue in form of Order signed by me today.
- [38] The Comeback Hearing will be held on November 3, 2025.