



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-23-00703350-00CL

DATE: **22-AUG-2023**

NO. ON LIST: 6

TITLE OF PROCEEDING: ALEAFIA HEALTH INC. et al.

BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Miranda Spence	Applicants	mspence@airdberlis.com
Samantha Hans	Applicants	shans@airdberlis.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Sean Zweig & Josh Foster	Ad Hoc Committee of the Convertible Debentureholders	zweigs@bennettjones.com fosterj@bennettjones.com
Martino Calvaruso	Monitor	mcalvaruso@osler.com
Virginie Gauthier	Red White & Bloom Brands Inc.	virginie.gauthier@gowlingwlq.com
Saneea Tanvir	1260356 Ontario Limited and Royal Group Resources Ltd.	stanvir@mccarthy.ca

Noah Goldstein Murtaza Tallat	Observer, KSV Restructuring Inc. as Monitor	ngoldstein@ksvadvisory.com mtallat@ksvadvisory.com
Chris Burr	Board of Directors	chris.burr@blakes.com

ENDORSEMENT OF JUSTICE CONWAY:

- [1] All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated August 17, 2023.
- [2] The Applicants bring this motion for an order approving a SISP, approving the Stalking Horse Agreement, preserving the Licenses during the extended Stay of Proceedings, and extending the Stay Period to October 31, 2023. The Monitor supports all of the relief sought.
- [3] As a result of negotiations between stakeholders – in particular the Ad Hoc Committee of Debentureholders – the motion is now proceeding on an unopposed basis. Counsel for the Applicants advised the court that changes have been made to how the SISP will be conducted to ensure that it proceeds in an independent manner, which has addressed the concerns of the Ad Hoc Committee, as confirmed by its counsel in court. Counsel for the board of directors and the secured creditor 1260356 Ontario Limited also voiced their support for the relief sought.
- [4] I reviewed the terms of the Stalking Horse Agreement and the timelines in the SISP. I am satisfied that the SISP process, accompanied by the Stalking Horse Agreement, is warranted to adequately canvass the market for the benefit of all stakeholders and should be approved.
- [5] With respect to the *status quo* order for the Licenses, the Monitor’s counsel advised that CRA has expressly told the Monitor that it does not oppose the order. It did not attend or file any opposing materials. While Health Canada did not expressly advise the Monitor, it has been served and did not oppose. The *status quo* order is consistent with those granted in *Just Energy*, *Abbey Resources*, *Original Traders* and *Tantalus* and will mitigate the risk of destruction of value that revoking the Licenses would have on the business. I am granting the *status quo* order.
- [6] The stay extension to October 31, 2023 is granted. The Applicants have acted and are continuing to act in good faith and with due diligence. The Updated Cash Flow Forecast indicates that the Applicants will have sufficient liquidity to fund their business during the extended period. The Monitor confirms that no creditor will be materially prejudiced by the extension.
- [7] Order to go as signed by me and attached to this Endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.

