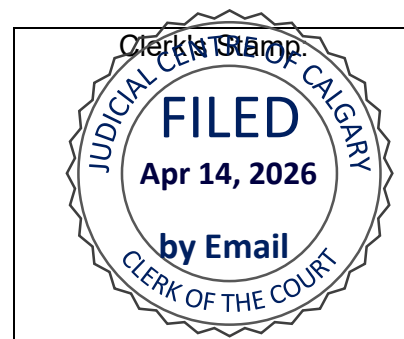


COURT FILE NUMBER 25-3336652
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COURT COURT OF KING'S BENCH OF
ALBERTA

JUDICIAL CENTRE CALGARY



MATTER IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
RSC 1985, C B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF IGNITE ALLIANCE CORP.

APPLICANT IGNITE ALLIANCE CORP.

DOCUMENT **BRIEF OF LAW**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTIES FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue SW
Calgary, AB T2P 1G1

Lawyers: Ryan Algar
David LeGeyt
Jessica MacKinnon

Phone: (403) 260-0126 / 0210 / 0112

Email: ralgar@bdplaw.com
dlegeyt@bdplaw.com
jmackinnon@bdplaw.com

File No. 69910-19

**Hearing via Webex before the Honourable Justice C.M. Jones
on the Commercial List, on April 23, 2026, commencing at 11:30 am**

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I. INTRODUCTION

1. This Brief is filed in support of an application (the "**Application**") by Ignite Alliance Corp. ("**Ignite**" or the "**Company**") seeking the following:

- (a) an Order:
 - (i) abridging the time for service of the Application and the supporting materials, as necessary, and deeming service thereof to be good and sufficient;
 - (ii) pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"),¹ extending the period of time within which Ignite is required to file a proposal to its creditors (the "**Stay Period**") up to and including June 20, 2026 (the "**Second Stay Extension**");
 - (iii) approving the conduct and activities of the Proposal Trustee;
 - (iv) approving the fees and disbursements of the Proposal Trustee and its legal counsel;
 - (v) authorizing the Proposal Trustee to make an interim distribution or distributions as described in the Second Report of the Proposal Trustee (the "**Second Report**") (such relief being a "**Distribution Order**");
 - (vi) granting releases (the "**Releases**") in favour of the current director and the officers of Ignite (collectively, the "**Released D&Os**"), the current employees of Ignite (the "**Employees**"), the legal counsel and advisors to each of Ignite and MNP Digital Inc. ("**MNP**" or the "**Purchaser**"), and the Proposal Trustee and its legal counsel (collectively, the "**Released Parties**"); and

¹ RSC 1985, c B-3. [TAB 1]

- (vii) directing one of Ignite's suppliers, TD Synnex, to (such relief being the "**TD Synnex Relief**"):
 - a. comply with the Services Order, including by providing Ignite access to the Blocked Account;
 - b. provide the requested information with respect to the Blocked Account to the Proposal Trustee; and
 - c. pay costs in respect of this aspect of the Application;

- (b) a sale approval and vesting order (the "**SAVO**"), among other things:
 - (i) pursuant to Section 65.13 of the BIA, approving the sale transaction (the "**Transaction**") contemplated in the Asset Purchase Agreement dated April 8, 2026 (the "**APA**") with MNP on the terms set forth in therein;
 - (ii) authorizing Ignite to take all necessary steps in order to complete the Transaction;
 - (iii) to the extent necessary, and pursuant to Section 84.1 of the BIA, directing the assignment of any Assumed Contract (as defined in the APA) to the Purchaser;
 - (iv) pursuant to Part 6, Division 4 of the Alberta *Rules of Court*,² temporarily sealing the following documents on the Court record (such relief being a "**Sealing Order**"):
 - a. Affidavit No. 3 of Steven Taylor, sworn April 13, 2026 (the "**Confidential Affidavit**"), which attaches an unredacted copy of the APA as an Exhibit thereto; and
 - b. the confidential supplement to the Second Report (the "**Confidential Supplement**", and together with the Confidential Affidavit, the "**Confidential Information**"); and

² Alta Reg. 124/2010, [Part 6, Division 4](#) (the "**Rules**"). [TAB 2]

- (c) such further and other relief as may be sought by Ignite and this Honourable Court may deem appropriate.

II. FACTS

2. The facts relied upon in support of this Application are set out in Affidavits of Steven Taylor sworn on February 23, 2026 ("**First Taylor Affidavit**") and April 13, 2026 ("**Second Taylor Affidavit**") and together with First Taylor Affidavit and the Confidential Affidavit, the "**Taylor Affidavits**") and the Second Report.³

3. Since at least August 2024, Ignite has been considering options to restructure or otherwise stabilize its business as a whole (the "**Business**") and, since December 2024, has been engaged in a strategic process to explore a refinancing, equity raise, or potential sale of either the Managed Services Division or the Business.⁴

4. Since commencing the Pre-Filing Process, Ignite, together with the assistance of Kluane, has explored multiple opportunities and various transaction structures to address its capital requirements, including by divesting all or part of the Business, seeking additional investments or refinancings of its senior debt obligations.⁵

5. Ultimately, and as a result of the Pre-Filing Process, Ignite entered into the MNP Term sheet, pursuant to which it agreed to commence the NOI Proceedings and ultimately executed the APA. A partially redacted copy of the APA is attached to the Second Taylor Affidavit as Exhibit "A".⁶

6. At a high level, the key terms of the APA include the following (each as defined therein):
- (a) MNP (referred to therein as the "Purchaser") will acquire the Purchased Assets, which generally include, among other things, all of Ignite's:
 - (i) Accounts Receivables;
 - (ii) Assumed Equipment;

³ Capitalized terms used but not otherwise defined herein have the respective meanings ascribed to them in the APA, the Taylor Affidavits or the Second Report, as applicable.

⁴ Second Taylor Affidavit at para 13.

⁵ See Second Taylor Affidavit at paras 13-32 for a detailed summary of the Pre-Filing Process.

⁶ An unredacted copy of the APA is attached as an Exhibit to the Confidential Affidavit.

- (iii) Inventory;
 - (iv) Books and Records; and
 - (v) other goodwill and intangible assets;
- (b) MNP has agreed to provide substantially all of the Employees with offers of continued employment;
- (c) conditions to closing include, among other things:
- (i) the Court granting the SAVO;
 - (ii) if necessary, an order directing the assignment of the Assumed Contracts (which will, if sought, form part of the SAVO); and
 - (iii) the Release Order granting releases in favour of the Released Parties;
- each in a form acceptable to the Purchaser;
- (d) a deposit in an amount equal to 10% of the Base Purchase Price, which MNP has paid;
- (e) the Purchase Price under the APA is an amount equal to:
- (i) the Base Purchase Price, subject to a downward adjustment to reflect, among other things, changes in: (A) estimated Unearned Revenue related to cash received for goods and services not yet delivered; and (B) estimated annualized monthly recurring revenue, in each case as compared to certain agreed upon thresholds; plus
 - (ii) an additional amount equal to for Accounts Receivable collected within 90-days following Closing; and
- (f) closing is set to occur on the first Friday following 10 business days after the date in which all conditions to closing have been satisfied.⁷

⁷ Second Taylor Affidavit at para 36.

7. Ignite, the Proposal Trustee and Kluane all agree that the Transaction is the best option available to Ignite in the circumstances, because it:

- (a) will result in better recovery for Ignite's stakeholders than a liquidation;
- (b) will result in continued employment for approximately 50 Employees;
- (c) will see the repayment of significant portion of the CRA Arrears; and
- (d) protects Ignite's customers from the interruptions that would result if Ignite abruptly ceased operations.⁸

8. Concurrently with the approval of the Transaction, Ignite is seeking approval to authorize the Proposal Trustee to make certain distributions to Ignite's creditors.

9. The proposed Distribution Order provides that, after retaining such reserves as the Proposal Trustee considers reasonably necessary, the Proposal Trustee may make distributions from the Sale Proceeds to:

- (a) satisfy the Charges;
- (b) make distributions to Ignite's creditors; and
- (c) pay the reasonable fees and expenses incurred in connection with the administration of the NOI Proceedings, including amounts owed to suppliers and vendors that provided goods and services after the Filing Date.

III. ISSUES

10. This Application raises the following issues, namely should this Honourable Court:

- (a) grant the Second Stay Extension;
- (b) approve the conduct and activities of the Proposal Trustee, as set out in the Reports;
- (c) approve the fees of the Proposal Trustee and its counsel;

⁸ See Second Taylor Affidavit at para 38 and Second Report.

- (d) approve the APA and the Transaction;
- (e) approve the Distribution Order;
- (f) approve the Releases in favour of the Released Parties;
- (g) grant the TD Synnex Relief; and
- (h) grant the Sealing Order.

IV. ARGUMENT

A. The Second Stay Extension Should be Approved

11. On February 20, 2026 (the "**Filing Date**"), Ignite filed a Notice of Intention to Make a Proposal (the "**NOI**") under Section 50.4 of the BIA⁹ and, pursuant to the March 2, 2026 Order of Justice M.A. Borque (the "**March 2 Order**"), was granted an initial extension of the period of time to file a proposal until May 6, 2026 (the "**First Stay Extension**").

12. Ignite now seeks the Second Stay Extension to extend the Stay Period until June 20, 2026. Prior to the expiry of any extension granted under Section 50.4(9) of the BIA, an insolvent person may apply to the court for a further extension for a time not exceeding 45 days, if the court is satisfied that the following criteria have been met:

- (a) the insolvent person has acted, and is acting, in good faith and due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
- (c) no creditor would be materially prejudiced if the extension being applied for were granted.¹⁰

13. Following the granting of the First Stay Extension, Ignite has been diligently complying with the various requirements under Subsection 50.4(9) of the BIA, including among other things:

- (a) working with the Proposal Trustee and BD&P generally, and in particular, with respect to:

⁹ BIA, s 50.4(9). [TAB 1]

¹⁰ *Ibid.* [TAB 1]

- (i) exploring and considering the various strategies available to Ignite in the context of these NOI Proceedings;
 - (ii) on a weekly basis, preparing and providing the Proposal Trustee with reporting on the Company's actual receipts and disbursements, cash flow projections, and identifying issues with respect to Ignite's financial condition; and
 - (iii) preparing the second cash flow forecast for the period April 12 to June 20, 2026, to be attached to the Second Report;
- (b) communicating and engaging with stakeholders, employees, contractors, vendors with respect to the NOI Proceedings;
 - (c) reporting to ATB in its capacity as interim lender and its senior secured creditor;
 - (d) reviewing its operating expenses, pursuing the collection of accounts receivable and taking other steps to ensure Ignite remains financially viable during the NOI Proceedings; and
 - (e) conducting discussions with respect to the Transaction and executing the APA.¹¹

14. As more particularly set out in the Taylor Affidavits and in the Second Report, Ignite is seeking the Second Stay Extension and other relief in order to advance the NOI Proceedings, close the Transaction and preserve and enhance the value of Ignite's Business for the benefit of Ignite's stakeholders.¹²

15. This Court has previously granted in orders in proposal proceedings where the debtor company sought the extension in connection with closing a sale under an approval and vesting order but where a proposal would not ultimately be made to the debtor's creditors.¹³

16. Section 50.4(9) does not explicitly require that the 45-day extension runs from the hearing date, and deadlines in Division I of Part III of the BIA are not, in any case, to be interpreted in a

¹¹ Second Taylor Affidavit at para 9.

¹² Second Taylor Affidavit at para 10.

¹³ See, for example, *Greenfire Oil and Gas Ltd. And Greenfire Hangingstone Operating Corporation (Re)* (22 January 2021), [25-2679073](#), Judicial Centre of Calgary (Alta QB, Horner J) at para 3. **[TAB 3]**; *Greenfire Oil and Gas Ltd. And Greenfire Hangingstone Operating Corporation (Re)* (12 March 2020), [25-2679073](#), Judicial Centre of Calgary (Alta QB, Nixon J) at para 3. **[TAB 4]**

manner that detrimentally affects the parties as a result of technicalities of court scheduling.¹⁴ Similar extension orders have been granted in other NOI proceedings before this Court, and the same relief was granted in respect of the First Stay Extension.¹⁵

17. The net proceeds received by the Company pursuant to the Transaction will be distributed to the stakeholders in accordance with their respective legal priorities in accordance with the Distribution Order. If granted, the Second Stay Extension will, among other things, enable Ignite to close the Transaction, which is preferable to the alternative of Ignite making an assignment into bankruptcy before it can transition the Business to the Purchaser.¹⁶

18. Ignite is not aware of any creditor who will be prejudiced by the granting of the Second Stay Extension.¹⁷

B. Approval of Activities and Fees

19. The approval of a court officer's activities and reports is relief that is "routinely granted".¹⁸ Ignite seeks approval of the Proposal Trustee's activities and conduct as set out in the Reports.

20. The activities of the Proposal Trustee described in the Reports were all necessary and undertaken in good faith pursuant to the Proposal Trustee's duties and powers, and were, in each case, in the best interests of the Company and its stakeholders generally.¹⁹

21. Ignite understands that:

- (a) the Proposal Trustee and its counsel have charged standard hourly rates that are consistent with market rates for insolvency services of this nature rendered by other firms in Calgary; and
- (b) the Proposal Trustee will confirm its view in the Second Report that that these amounts are appropriate and commercially reasonable in the circumstances and were validly incurred in accordance with the provisions of the BIA.

¹⁴ *Kids Farm Inc. (Re)*, [2011 NBQB 240](#) at paras 13-14, 84 CBR (5th) 91. **[TAB 5]**

¹⁵ *Petrolama Energy Canada Inc. Re* (10 August 2022), [25-2851343](#), Judicial Centre of Calgary (Alta QB, Horner J) at para 16. **[TAB 6]**

¹⁶ Second Taylor Affidavit at para 53.

¹⁷ Second Taylor Affidavit at para 11.

¹⁸ *Target Canada Co. (Re)*, 2015 [ONSC 7574](#) at paras 2 and 23. **[TAB 7]**

¹⁹ See the Second Report.

C. The APA and the Transaction Should be Approved

22. Subsection 65.13(1) of the BIA authorizes this Court to approve a sale of a debtor company's assets outside of the ordinary course of business.²⁰ When determining whether to approve such a sale, the Courts are required to consider the non-exhaustive list of factors set out at Subsection 65.13(4) of the BIA, namely:

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- (b) whether the trustee approved the process leading to the proposed sale or disposition;
- (c) whether the trustee filed a report with the Court stating that, in its opinion, the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- (d) the extent to which the creditors were consulted;
- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.²¹

23. In *Komtech*, the Ontario Superior Court of Justice confirmed that the presentation of a proposal to creditors is not a condition to the Court's authority to approve a sale of assets under Section 65.13 of the BIA.²²

24. Further, in *OEL Projects*, this Court cited *Komtech* as authority for the proposition that "a transaction could be approved under Section 65.13, even when the insolvent party would not be in a position to actually make a proposal."²³

25. In addition to the criteria under Section 65.13, the oft-cited *Soundair* factors, which the Alberta Court of Appeal has recognized as the leading principles for determining whether to

²⁰ BIA, s. 65.13(1). [TAB 1]

²¹ *Ibid*, s 65.13(4). [TAB 1]

²² *Komtech Inc. (Re)*, [2011 ONSC 3230](#) [*Komtech*] at para 33. [TAB 8].

²³ *OEL Projects Ltd. (Re)*, [2020 ABQB 365](#), [*OEL Projects*] at para 30. [TAB 9]

approve the sale of assets in insolvency proceedings,²⁴ are also to be considered in approving a sale of an insolvent person's assets:

- (a) whether the receiver (or in this case, Ignite) has made a sufficient effort to get the best price and has not acted improvidently;
- (b) the interests of all parties;
- (c) the efficacy and integrity of the process by which offers are obtained; and
- (d) whether there has been unfairness in the working out of the process.²⁵

26. Where court approval is sought for a "quick flip" or "pre-pack" sale, the Court should still consider the *Soundair* principles, but with the specific consideration to the economic realities of the business and the specific transaction in question.²⁶ This Court has confirmed that, where a pre-pack transaction is *prima facie* appropriate, the transaction itself is then evaluated against the *Soundair* test and the factors outlined in Section 65.13.

27. In particular, Courts have approved pre-pack sales where:

- (a) such a sale is the only realistic way to provide maximum recovery for a creditor who stands in a clear priority of economic interest to all others; and
- (b) a delay of the transaction will erode the realization of the security of the creditor with the sole economic interest.²⁷

28. As set out by Justice Morawetz in *Tool-Plas*, while a "quick flip" transaction is not the usual transaction, in certain circumstances, it may be the best, or only alternative. In considering whether to approve a "quick flip" transaction, courts should consider the impact on various parties and assess whether their respective positions and the proposed treatment that they will receive in the transaction would realistically be any different if an extended sales process was followed.²⁸

²⁴ *Athabasca Workforce Solutions Inc. v Greenfire Oil & Gas Ltd.*, [2021 ABCA 66](#) [*Greenfire*] at para 22. [TAB 10]

²⁵ *Royal Bank of Canada v Soundair Corp.*, [\[1991\] OJ No 1137](#), 83 DLR (4th) 76 (ONCA) [*Soundair*] at para 16. [TAB 11]

²⁶ *Elleway Acquisitions Limited v 4358376 Canada Inc.*, [2013 ONSC 7009](#) [*Elleway*] at para 33. [TAB 12]; see also *Re Sanjel Corporation*, [2016 ABQB 257](#) at para 70. [TAB 13]

²⁷ *Elleway* at para 33. [TAB 12]; see also *Greenfire* at para 23. [TAB 10]

²⁸ *Tool-Plas Systems Inc., Re.* (2008), [48 CBR \(5th\) 91](#) (Ont SCJ) [*Tool-Plas*] at paras 15-18. [TAB 14]

29. Most recently, the Quebec Superior Court set out additional factors to consider, including:

- (a) good faith and absence of an improper purpose;
- (b) heightened level of advanced disclosure;
- (c) a robust assessment by the Proposal Trustee;
- (d) broad level of support from a variety of stakeholders; and
- (e) absence of an objective reason to delay approval of the transaction.²⁹

30. In the case at hand, the pre-pack nature of the Transaction is appropriate for, among others, the following reasons:

- (a) Ignite seeks approval of the Transaction in good faith, as the Transaction was pursued following the Pre-Filing Process, which was fulsome, included Kluane, explored different avenues and took place over approximately 18 months;
- (b) Ignite does not have the liquidity required to run a further marketing process;
- (c) MNP is an arm's length party;
- (d) Ignite disclosed that it was pursuing the Transaction to its stakeholders in its materials in respect of the First Extension Application and has received no other offers during the NOI Proceedings;
- (e) as discussed below, the Proposal Trustee supports the Transaction; and
- (f) while other creditors may have no recovery in the Proposed Transaction, this outcome is also likely in a liquidation.

31. Further, Ignite respectfully submits that the factors listed at Section 65.13(4) of the BIA and the *Soundair* principles are satisfied for the following reasons:

- (a) ***Whether the Sales Process leading to the transaction was reasonable in the circumstances*** – The Pre-Filing Process was a fulsome process that took place over approximately 18 months, including with the assistance of Kluane. Ignite

²⁹ *Proposition de SRTX inc.*, [2026 QCCS 570](#) at para 27. [TAB 15]

explored refinancing (including through Schedule I Banks and private Lenders), equity transactions and divestitures of both a portion of, or the entirety of Ignite's Business.³⁰

Ultimately, approximately 50 parties were canvassed and six EOIs Ignite were received during the Pre-Filing Process, and MNP was the only party with interest that was prepared to proceed with a reasonable transaction.³¹ The Proposal Trustee has expressed that the Company's assets were adequately marketed. Ignite's evidence is that it has fully canvassed the market and that the Transaction reflects the highest and best offer in the circumstances.³²

- (b) ***Whether the Proposal Trustee approved the process leading to the proposed sale or disposition*** - The Proposal Trustee evaluated the Pre-Filing Process, noted the Company's "extensive efforts" and deemed it to be sufficient.³³ It has concluded that further marketing efforts are not in the best interest of the Company as, among other things, its assets were adequately exposed during the Pre-Filing Process. As is set out above, given Ignite does not have the funds to re-market its assets, and the failure of Ignite to close the MNP Transaction will result in a default under the Cash Management System which is Ignite's only current source of liquidity, the Proposed Transaction will result in the best recovery for Ignite's stakeholders in the circumstances.
- (c) ***Whether the Proposal Trustee filed a Report to the Court stating that in their opinion the sale would be more beneficial to the creditors than a sale under a bankruptcy*** - The Proposal Trustee determined that the Transaction is more advantageous to Ignite's stakeholders than a liquidation and therefore is supportive of same.

The Purchase Price in the APA is likely to significantly exceed the liquidation value Ignite's assets. As noted by the Proposal Trustee, the liquidation value is uncertain due to the only liquid asset being accounts receivable (outside of cash and minimal

³⁰ Second Taylor Affidavit at paras 13-32.

³¹ Second Taylor Affidavit at paras 23-34.

³² See the Second Report; the Confidential Supplement; and the Second Taylor Affidavit at paras 38-39.

³³ See the Second Report.

unencumbered inventory), whose realizable value is uncertain without ongoing operations.³⁴

- (d) ***The extent to which creditors were consulted*** - Ignite's first secured creditor and Priority Lender, ATB, is supportive of the Transaction. Ignite's other secured creditors Ingram Micro and TD Synnex are on the Service List in these proceedings and have not objected to the Proposed Transaction. The super-priority claim of the CRA will be fully satisfied by the proceeds of the Transaction.

- (e) ***The effects of the proposed sale on the creditors and other interested Parties*** - If approved, as mentioned above, the Transaction would result in the Principal Source Amounts being repaid in full, with the net proceeds being distributed in accordance with the creditors' respective legal priorities. Ignite's senior secured creditor, ATB, supports the Transaction and no other creditors have voiced opposition.³⁵

In addition, the Transaction preserves the jobs of approximately 50 Employees, who are also having their prior service recognized (which would not occur in a liquidation scenario) and eliminates the disruption to the business of Ignite's customers that would occur if Ignite abruptly ceased operations.³⁶

- (f) ***Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value*** - The Proposal Trustee and Kluane believe that Ignite has made sufficient efforts to obtain the best price for the Business. The Purchase Price under the Transaction is fair and reasonable in the circumstances and the Transaction was the only firm offer received by the Company during the Pre-Filing Process.

32. In light of the foregoing, Ignite respectfully submits that the *Soundair* factors are met as: (i) Ignite made sufficient efforts to obtain the best price; (ii) Ignite has not acted improvidently; (iii) the interests of the parties have been properly considered; (iv) the process has been carried out with efficacy and integrity; and (v) there is no unfairness in the circumstances.

³⁴ Second Report.

³⁵ Second Taylor Affidavit at para 39.

³⁶ Second Taylor Affidavit at para 38.

33. As a result, Ignite respectfully submits that the Transaction is the only viable option in the circumstances and will result in superior recovery for Ignite's creditors as compared to a liquidation. Given Ignite's significant cash flow constraints, no viable alternative exists. Ignite does not have sufficient funds to pay for or last through a re-marketing process.

D. The Distribution Should be Approved

34. Courts often permit interim distributions in the context of insolvency proceedings.³⁷ In *SemCanada*, Justice Romaine acknowledged that interim distributions are not without precedent, but consideration should be given to any stakeholders that may be prejudiced by the distribution.³⁸

35. As more recently set out in *First Source Financial Management*:

The court routinely grants orders authorizing interim distributions in insolvency proceeding...

In determining whether it is appropriate to authorize an interim distribution the court may consider: (a) whether the proposed recipient's security is valid and enforceable; (b) whether the amounts that are owed to the proposed recipient exceed the proposed interim distribution amount; and (c) whether the proposed interim distribution would result in interest savings...³⁹ [citations omitted]

36. The proposed Distribution Order provides that the Proposal Trustee may make distributions from the Sale Proceeds after retaining such reserves as the Proposal Trustee considers reasonably necessary.

37. The Proposal Trustee is of the view that the relief sought by the Company in connection with the Distribution Order is reasonable and appropriate in the circumstances and respectfully supports the granting of the Distribution Order for the following reasons:

- (a) the proposed Distribution Order will permit the timely distribution of the Sale Proceeds to stakeholders and creditors with recognized priority claims without waiting for the conclusion of the NOI Proceedings;

³⁷ [AbitibiBowater inc. \(Arrangement relatif à\)](#), 2009 QCCS 6461 [**Abitibi**] at para 71. [**TAB 16**]; *Ontario Securities Commission v Bridging Income Fund LP*, 2022 ONSC 4472 [**Bridging**] at para 8. [**TAB 17**]

³⁸ *SemCanada Crude Company (Companies' Creditors Arrangement Act) (Re)*, [2009 ABQB 90](#) [**SemCanada**] at para 27. [**TAB 18**]

³⁹ *First Source Financial Management v Chacon Strawberry Fields*, [2024 ONSC 7229](#) [**First Source Management**] citing *Bridging and Abitibi* at paras 44-45. [**TAB 19**]

- (b) the Proposal Trustee's legal counsel, MLTA, has reviewed ATB's security documentation and has confirmed that ATB holds valid and enforceable security over substantially all of the Company's assets;
- (c) the distribution framework appropriately contemplates payment of priority claims, including the CRA Deemed Trust Claim;
- (d) the proposed Distribution Order contemplates that the Proposal Trustee will retain sufficient reserves to satisfy the Charges and to fund the continued administration of the NOI Proceedings, ensuring that the estate is not prejudiced by the proposed distributions;
- (e) the relief sought is consistent with relief commonly granted in insolvency proceedings where a sale transaction has been completed and proceeds are available for distribution and is designed to minimize further professional fees associated with unnecessary court appearances; and
- (f) in the Proposal Trustee's view, the proposed distribution framework is fair and reasonable and is not expected to materially prejudice any stakeholder.⁴⁰

E. The Releases Should be Approved

38. It is well-established in Canadian insolvency law that courts have the jurisdiction to sanction third-party releases⁴¹ and that they are treated substantially the same under the CCAA and BIA with no principled basis for treating them differently in the two proceedings.⁴²

39. In the context of restructuring transactions, it is becoming common for third-party releases to be approved in favour of parties to a restructuring, their professional advisors as well as their directors, officers, and other third parties who assist the petitioner(s) or the Court throughout the conduct of an insolvency proceeding and who, by doing so, contribute to the success of an insolvency proceeding.⁴³

⁴⁰ Second Report.

⁴¹ *Metcalfe & Mansfeld Alternative Investments II Corp. (Re)*, [2008 ONCA 587](#) [*Metcalfe*] at para 78. [TAB 20]; see also *SemCanada* at para 27. [TAB 18]

⁴² *Kitchener Frame Limited (Re)*, [2012 ONSC 234](#) at para 78. [TAB 21]

⁴³ *Arrangement relatif à Blackrock Metals Inc.*, [2022 QCCS 2828](#) at para 128. [Tab 22]; *Blackrock Metals Inc. Re* (7 January 2022), [500-11-060598-212](#), District of Montreal (QC SC Paquette J) at para 17. [Tab 23]; *Walter Energy Canada Holdings, Inc. (Re)*, [2018 BCSC 1135](#) [*Walter Energy*] at para 33(a). [Tab 24];

40. The Releases propose to release the Released Parties from claims arising in connection with any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Closing Time or arising in connection with or relating in any manner whatsoever to the APA, the Transaction, or the conduct of the NOI Proceedings (collectively, the "**Released Claims**").

41. With respect to the Releases in favour of the Released D&Os, the Release Order includes releases from any and all claims (including but not limited to claims for tax liabilities) that any person may have or be entitled to assert against the Released D&Os, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity, and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to commencement of these NOI Proceedings in respect of Ignite and its Business, operations, assets, property or affairs of Ignite and/or these NOI Proceedings (collectively, the "**D&O Released Claims**").

42. The relevant factors for the Court to consider in determining whether to approve third-party releases include:

- (a) whether the released claims are rationally connected to the purpose of the transaction;
- (b) whether the transaction can succeed without the releases;
- (c) whether the parties being released contributed to the transaction;
- (d) whether the releases benefit the debtors as well as the creditors generally;
- (e) whether the creditors have knowledge of the nature and effect of the releases;
- (f) whether the releases are fair, reasonable and not overly broad; and
- (g) whether the releases conflict with the remedial purpose of the statute.⁴⁴

Royal Helium Re (6 October 2025), [2501-02606](#), [**Royal Helium**] Judicial Centre of Calgary (Alta KB, Johnston J.) at paras 14-15. [Tab 25]

⁴⁴ *Lydian International (Re)*, [2020 ONSC 4006](#) [**Lydian**] at para 54. [TAB 26]; *Delta 9 Cannabis Inc (Re)*, [2025 ABKB 52](#) [**Delta 9**] at para 30. [TAB 27]

43. This is a discretionary analysis. It is not necessary that all the aforementioned factors be present in every case and no single factor will be determinative.⁴⁵ Some factors may assume greater weight in one case than in another.⁴⁶

44. Further, releases in favour of third parties are regularly granted where the evidence establishes that:

- (a) the third parties have acted in good faith and with due diligence throughout a restructuring;
- (b) their continued cooperation and availability are integral to stabilizing operations, advancing a restructuring or transaction, and implementing post-closing steps; and
- (c) the releases are rationally connected to, and necessary for, the restructuring outcome.⁴⁷

45. For the reasons that follow, Ignite respectfully submits that the Release Order should be granted.

The Released Parties Have Acted in Good Faith and Due Diligence Throughout These NOI Proceedings

46. Ignite has acted in good faith and with due diligence prior to commencing and, as confirmed by the Proposal Trustee, throughout these NOI Proceedings, in order to position Ignite for success in these NOI Proceedings.⁴⁸ Similarly, the Released Parties have acted in good faith and with due diligence throughout the restructuring in order to stabilize operations and advance a value-maximizing transaction for the benefit of Ignite's stakeholders.

47. Prior to the NOI Proceedings, the Released D&Os took steps to negotiate and enter into a payment plan with the CRA with respect to Ignite's arrears in respect of unremitted source deductions and unpaid GST, which included the reduction of the CRA Arrears by over \$1.4 million.⁴⁹ The Released D&Os also explored non-insolvency sales, refinancings and outside

⁴⁵ [Lydian](#) at para 54. [TAB 26]

⁴⁶ *Re Green Relief Inc.*, [2020 ONSC 6837](#) [*Green Relief*] at para 28. [TAB 28]

⁴⁷ *9354-9186 Québec inc v Callidus Capital Corp*, [2020 SCC 10](#) [*Callidus*] at paras 49–51. [TAB 29]

⁴⁸ Second Report.

⁴⁹ First Taylor Affidavit at para 28.

investments. Through the efforts of the Released D&Os, Ignite has made post-filing ordinary course remittances to the CRA on a go-forward basis.⁵⁰

48. Ignite's employees and the Released D&Os have acted in good faith and with due diligence throughout the restructuring, continuing to perform their ordinary duties and supporting the day-to-day operations of the Business during a period of financial uncertainty. They have been instrumental in maintaining business continuity, preserving enterprise value, and supporting the restructuring for the benefit of the estate and its stakeholders.

The Releases Are Rationally Connected to the Purpose of the Transaction

49. The overarching purpose of the Transaction is to preserve and maximize Ignite's enterprise value by transferring the Business as a going concern to a financially stable purchaser, thereby avoiding liquidation, maintaining operational continuity, preserving employment, and achieving an orderly exit for the Business from the NOI Proceedings for the benefit of Ignite's stakeholders, including its customers.

50. Ignite has agreed to seek the Releases, which are a closing condition under the APA, and critically, will enable Released Parties who are continuing on with the Purchaser (including the Purchaser itself) to focus on the Business going forward rather than being subject to potential claims related to Ignite's pre-filing obligations.

51. Furthermore, given the reality that no other offers materialized during the thorough Pre-Filing Process or were submitted on an unsolicited basis during the NOI Proceedings, the Transaction represents the most timely and efficient resolution to the NOI Proceedings.

52. Typically, the failure to obtain approval of a transaction would require re-marketing, further negotiations, additional costs, and delays with little chance of corresponding benefit. Here, the situation would be more dire as the failure to obtain approval of the Transaction would constitute a default under the Cash Management system and would put Ignite's sole source of liquidity at risk, almost certainly leading to a liquidation.

⁵⁰ *Ibid* at para 27.

The Continued Cooperation and Availability of the Released Parties Remains Integral to Stabilizing Ignite's Operations, Advancing the Restructuring and Implementing Post-Closing Steps in Respect of the Transaction

53. The continued participation of the Released Parties has been, and will continue to be, integral to completing the Transaction and implementing post-closing steps. The Releases will encourage the Released Parties to continue acting without exposure to claims arising from their good-faith participation and are appropriately limited to claims connected to that role.

54. Ignite's employees will also be instrumental in assisting with post-closing transition steps, including the orderly transfer and continuation of the Business as a going concern. In these circumstances, the Releases are rationally connected to, and necessary for, the restructuring outcome, as they protect employees from claims arising from their good-faith participation in these proceedings and enable them to focus on maintaining the Business for the Purchaser.

55. The respective professional advisors will also be integral to implementing the Transaction and any post-closing steps.

The Transaction Cannot Succeed Without the Releases

56. In *Delta 9*, this Court held that releases being a condition precedent of a transaction demonstrated that the releases were required and important, and that without them, the closing of the transaction would be at serious risk.⁵¹ While court's should not grant releases simply due to them being a condition precedent to a transaction, the condition precedent is a strong indicator that a transaction cannot succeed without them.⁵²

57. Similarly, in the case at bar, the Purchaser does not have to close the Transaction unless the Release Order is granted.

The Released Parties Contributed to the Transaction

58. When considering whether a releasee has made a significant contribution to a transaction, courts have looked at the dedication, time and effort that a releasee contributed both prior to and throughout the insolvency proceedings, including with regard to the conduct of a pre-filing strategic process and the maintenance of a business as a going concern.

⁵¹ *Delta 9* at para 121. [TAB 27]

⁵² *Ibid.* [TAB 27]

59. The Ontario Superior Court in *Acerus* specifically commented on proposed released parties' contributions which resulted in a going concern sale under an RVO structure:

The Released Parties made significant contributions to the applicants' restructuring, both prior to and throughout the CCAA proceedings. Among other things, the extensive efforts of the directors and management of the applicants were instrumental to the conduct of the pre-filing strategic process, the pre-filing SISF, the court-approved SISF and the continued operations of the applicants during the CCAA proceedings. The proposed transactions will maintain the applicants as a going concern; in this sense at least, the CCAA proceedings have had a successful outcome for the benefit of at least some of the applicants' stakeholders. This is an outcome which is, as discussed above, better than any other reasonably available alternative. The Released Parties have contributed time, energy and resources to achieve this outcome; they are deserving of the Release.⁵³

60. The Court's comments in *Acerus* are equally applicable to Ignite and the Released Parties.

61. The Released Parties, and in particular the Released D&Os, have been integral to the day-to-day operations of the Business, the Pre-Filing Process, the NOI Proceedings and the negotiation of the Transaction, which will allow the Business to largely continue its operations as a going concern and maximize the value of Ignite's assets for key stakeholders. In particular, the Released D&Os have significantly contributed to the NOI Proceedings and the Transaction by, among other things:

- (a) initiating and advancing transaction structures and the Pre-Filing Process through exploring multiple opportunities and engaging independent and reputable advisors;
- (b) negotiating with, and ultimately finalizing the APA which will see MNP acquire the Business as a going concern and secure offers of employment to effectively all of Ignite's employees;
- (c) engaging the Proposal Trustee to assist Ignite in preparing for the NOI Proceedings;
- (d) negotiating and obtaining court approval of the Cash Management System which replaced the need for interim financing and financed Ignite's working capital requirements and capital expenditures during the NOI Proceedings; and

⁵³ *Acerus Pharmaceuticals Corporation (Re)*, [2023 ONSC 3314](#) [*Acerus*] at para 38(b). [TAB 30]

- (e) reviewing its operating expenses, pursuing the collection of accounts receivables and taking other steps to ensure Ignite remains financially viable during the NOI Proceedings.⁵⁴

62. Specifically with respect to Mr. Taylor, despite resignations in 2024 of all other directors, he continued on in his role with Ignite while it navigated its difficult financial situation. As the sole remaining director, Mr. Taylor played a critical role in planning and negotiating the successful going concern restructuring of the Business. But for the continued participation of Mr. Taylor, the Transaction would not be possible and, as a sole remaining director, Mr. Taylor faces additional personal risks and scrutiny.

63. Among other things, Mr. Taylor has contributed to a successful restructuring through:

- (a) **Cost Savings Efforts.** In 2023 as part of an effort to help Ignite manage its financial difficulties, Mr. Taylor reduced his salary by 20%.⁵⁵ Mr. Taylor was also integral in taking measures to streamline operations to save costs and to focus on the most profitable aspects of Ignite's Business;⁵⁶
- (b) **Reducing CRA Arrears.** The Tax Liability arose despite good faith attempts to maintain Ignite as a going concern business and not for the personal benefit of Ignite's directors. Mr. Taylor has worked with Ignite's CFO since mid-2024 to materially reduce the CRA Arrears, a problem largely attributable to Ignite's prior CFO – Mr. Taylor's efforts have resulted in an overall CRA Arrears reduction of \$1,446,535. As a result, it is anticipated that the proceeds of the Transaction will fully eliminate the Source Principal Amount (i.e. the deemed trust portion of the CRA arrears);
- (c) **Ignite Restructuring Efforts.** Mr. Taylor has been working diligently since at least August of 2024 to seek a refinancing or otherwise turn things around for Ignite. While certain challenges, including the CRA Arrears, made it impossible to secure refinancing and complete a full turnaround of Ignite's Business, he has worked to secure the best outcome in the circumstances for the benefit of Ignite's

⁵⁴ First Taylor Affidavit at para 56.

⁵⁵ First Taylor Affidavit at para 23.

⁵⁶ First Taylor Affidavit at para 29.

stakeholders, including the approximately 50 Employees who will have continued employment with MNP following the closing of the Transaction; and

- (d) **Personal Risks.** Mr. Taylor has taken significant personal financial risks in order to secure the best outcome for Ignite's stakeholders. Commencement of the NOI Proceedings was a term of the MNP Term Sheet. However, Ignite also required additional liquidity through the NOI Proceedings. Mr. Taylor negotiated the Forbearance Agreement, which has provided Ignite with liquidity during the NOI Proceedings and allowed it to continue operations as a going concern via the Cash Management System.⁵⁷ However, ATB only agreed to continue the Cash Management System (and provide the critical \$200,000 Operating Bulge) on the condition that Mr. Taylor increase his personal guarantee of the ATB Indebtedness by \$200,000 to a total principal amount of \$455,000.⁵⁸ Without his commitment to the restructuring and willingness to increase his personal exposure, the Transaction would not be possible and it is likely that Ignite would have ended up in a liquidation scenario, which would have been worse for all of Ignite's stakeholders.

64. Accordingly, for the foregoing reasons, Ignite respectfully submits that the Released Parties have significantly contributed to the Transaction.

The Releases Benefit Ignite as well as its Creditors Generally

65. If approved, the Transaction will result in the deemed trust portion of the Tax Liability being repaid in full, and the remaining proceeds will be distributed to creditors in accordance with their respective legal priorities.

66. There is a strong presumption that a transaction which results in a debtor emerging as a going concern will create the greatest net benefit to the debtor, employees, creditors and other firms that do business with the debtor.⁵⁹

67. While Ignite will not emerge as a going concern, the Business will, and the more traditional SAVO structure should not lead to less favourable results than if the Transaction was

⁵⁷ First Taylor Affidavit at para 42.

⁵⁸ First Report at page 11.

⁵⁹ *Canada v Canada North Group Inc.*, [2021 SCC 30](#) at para 20. [TAB 31]

implemented under a Reverse Vesting Order (where D&O releases are typically sought outside of a plan, but where the business of a debtor is continued on by the purchaser).⁶⁰ If this Court does not approve the Releases, the entire Transaction and its considerable benefits will be at risk.

68. The D&O Released Claims specifically will benefit Ignite's creditors and other stakeholders by protecting Ignite and the Business against indemnity claims, provide certainty with respect to the D&O Charge, minimizing other potential claims, and thus maximizing the proceeds of the Transaction. The preservation and maximization of a debtor's assets are well-established core objectives of Canada's insolvency statutes.⁶¹

Ignite's Creditors Have Knowledge of the Nature and Effect of the Releases

69. In *Acerus*, the Court approved broad third-party releases and noted that creditors had knowledge of the nature and effect of the releases because all creditors on the Service List were served with materials relating to the motion.⁶²

70. Similarly, Ignite's materials will be served on the Service List created in the NOI Proceedings and thus all stakeholders will have an opportunity to make submissions at the Application with respect to the Releases.

71. Ignite has already received the Initial Stay extension and Ignite's stakeholders have been aware that Ignite would be seeking approval of the Transaction since at least February 23, 2026 when Ignite served its materials in support of the March 2 Order and as such have had ample time to retain counsel in respect of these NOI Proceedings should they have deemed necessary to do so.

The Releases are Fair, Reasonable, not Overly Broad and Include an Exception for Insured Claims

72. When determining whether the releases are fair, reasonable, and not overly broad, courts have considered the following factors, among other things:

⁶⁰ See, for example, [Royal Helium](#) at paras 3-6. [TAB 27]; [Acerus](#) at para 19. [TAB 30]

⁶¹ [Callidus](#) at para 40. [TAB 29]

⁶² [Acerus](#) at para 38(f). [TAB 30]

- (a) the extent of the release and whether it appropriately carves out all necessary claims;⁶³
- (b) the conduct of the proposed releasees;⁶⁴ and
- (c) the effect of the releases on stakeholders.⁶⁵

73. The Releases are fair, reasonable, not overly broad and are sufficiently balanced to allow Ignite and the Released Parties to move forward with the Transaction and work to conclude these NOI Proceedings.

74. The D&O Released Claims do not extend to: (i) any gross negligence or willful misconduct on the part of any of the Released D&Os; (ii) any claim that is not permitted to be released pursuant to Subsection 50(14) of the BIA; and (iii) any action, application or other proceeding in respect of any claim or liability which is an insured claim.

75. Further, the Releases include an exception for the Insured Claims.

76. The Release language provides that any person is permitted to pursue an action in respect of any claim or liability, including the Tax Liability, which is an insured claim (the "**Insured Claims**") under any insurance policy (collectively, the "**Insurance Policies**"), including under the D&O's insurance policy maintained by Ignite in the amount of \$5,000,000 issued by Zurich Insurance Corporation (the "**D&O Insurance Policy**") to the point of determination of liability.

77. A person asserting an Insured Claim is entitled to recover solely from the proceeds under the Insurance Policies, to the extent available, in respect of any such Insured Claim, and recovery of such Insured Claim is limited solely to such proceeds, without any additional rights of enforcement, recovery, or recourse as against Ignite or any of the Released Parties, and such person has no right to make any claim or seek any recoveries from Ignite or any of the Released Parties, other than enforcing the person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable Insurance Policies.

78. Further, the limit on the D&O Insurance Policy exceeds the amount of the Tax Liability.

⁶³ [Green Relief](#) at paras 61-64. [TAB 28]; [Acerus](#) at para 38(c). [TAB 30]; *ENTREC Corporation (Re)*, [2020 ABQB 751 \[ENTREC\]](#) at paras 8(k). [TAB 32]; [Walter Energy](#) at para 33(c). [TAB 24]

⁶⁴ [Delta 9](#) at para 137. [TAB 27]

⁶⁵ [Ibid](#) at para 140. [TAB 27]

The Releases are Aligned with the Remedial Objectives of the BIA

79. In *Cadillus*, the Supreme Court of Canada confirmed that "Canada's insolvency statutes pursue an array of overarching remedial objectives" and these objectives include: "providing for timely, efficient and impartial resolution of a debtor's insolvency; preserving and maximizing the value of a debtor's assets; ensuring fair and equitable treatment of the claims against a debtor; protecting the public interest; and, in the context of a commercial insolvency, balancing the costs and benefits of restructuring or liquidating the company."⁶⁶

80. The maximization of overall value for stakeholders is a fundamental objective of the BIA.⁶⁷

81. Implementing a streamlined transaction under the BIA, coupled with the continuation of the Business, is more efficient and cost-effective and will allow for far greater recoveries as compared to a liquidation.

82. The policy rationale supporting third-party releases in favour of directors and officers applies to situations where a debtor is pursuing a going concern sale transaction⁶⁸ and where ongoing management involvement is integral to stabilizing operations, preserving enterprise value, completing the transaction, and ensuring an orderly transition for employees and other stakeholders.⁶⁹

83. The Transaction is in the public interest as it preserves the Business as a going concern and avoids the disruption associated with a liquidation. In particular, it maintains employment for approximately 50 employees, preserves operational continuity, and supports continued economic activity. In these circumstances, the Transaction advances the remedial objectives of insolvency law by balancing creditor recoveries with the broader interests of employees and the community.

84. For all the foregoing reasons, the Releases are necessary, fair, and appropriate in the circumstances and should be granted.

F. The Confidential Information Should be Sealed

85. The Company seeks to seal the Confidential Information.

⁶⁶ [Callidus](#) at para 40. [TAB 29]

⁶⁷ [Ibid](#) at para 42. [TAB 29]

⁶⁸ *Long Run Exploration Ltd (Re)*, [2024 ABKB 710 \[Long Run\]](#) at paras 18–19. [TAB 33]

⁶⁹ [ENTREC](#) at paras 7–9. [TAB 32]

86. Pursuant to Part 6, Division 4 of the *Rules*, the Court has the discretionary authority to order that a document filed in a civil proceeding is confidential, may be sealed, and not form part of the public record of the proceedings.⁷⁰

87. A sealing order may be granted where the applicant demonstrates that: (a) Court openness poses a serious risk to an important public interest; (b) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and (c) as a matter of proportionality, the benefits of the order outweigh its negative effects.⁷¹

88. In the insolvency context, it is common when assets are being sold pursuant to a court process to seal various bids and other commercially sensitive material, such as valuations, in case a further bidding process is required should the transaction being approved falls through.⁷²

89. The publication or dissemination of such confidential information at this time could negatively impact these proceedings, in the event that the Proposed Transaction does not close and the subject assets need to be re-marketed.

90. The proposed form of Sealing Order contemplates that Confidential Information will remain sealed until (a) the earlier of six months following (i) the closing of the Transaction or (ii) Ignite making an assignment into bankruptcy or (b) further order of the Court. For that reason, the salutary effects of a sealing order outweigh any negative effects to the principles of Court openness.

91. The proposed Sealing Order is the least restrictive and prejudicial alternative to prevent the dissemination of commercially sensitive information.

G. TD Synnex Relief

92. As set forth in the Second Taylor Affidavit, Ignite's relationship with TD Synnex is critical for its ongoing operations. Unfortunately, Ignite has experienced significant difficulty engaging with TD Synnex, notwithstanding TD Synne's awareness of the NOI Proceedings generally but also the specific terms of the Services Order.

⁷⁰ The *Rules*, [Part 6, Division 4](#). [TAB 2]

⁷¹ *Sherman Estate v Donovan*, [2021 SCC 25](#) at para 38. [TAB 34]

⁷² [Long Run](#) at paras 116-119. [TAB 33]

93. Further, upon an initial review, the Prepayment Arrangement and the Preferential Payments appear to have occurred during the time periods to which Sections 95 and 96 of the BIA apply but given (i) the nature of the Blocked Account and (ii) the failure of TD Synnex to engage with the Proposal Trustee and provide proof of its security, Ignite is seeking a direction from this Court for TD Synnex to provide information as required by the Proposal Trustee.

94. Ignite requires the assistance of this Court to, among other things:

- (a) ensure that the Blocked Account will function properly;
- (b) ensure that TD Synnex will deliver information reasonably required by the Proposal Trustee;
- (c) enable Ignite and/or the Proposal Trustee to determine whether or not the Prepayment Arrangement and/or the Preferential Payments constitute preferences or transfers at undervalue pursuant to the provisions of the BIA.

V. CONCLUSION AND REQUESTED RELIEF

95. For all the foregoing reasons, Ignite respectfully requests that the proposed Orders be granted in the form provided to the Court.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of April, 2026.

BURNET, DUCKWORTH & PALMER LLP,

Per: 
Ryan Algar / David LeGeyt / Jessica MacKinnon
Counsel for the Applicant, Ignite Alliance Corp.

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