

CITATION: MPX International Corporation, 2022 ONSC 4555
COURT FILE NO.: CV-22-684542-00CL
DATE: 2022-08-05

SUPERIOR COURT OF JUSTICE - ONTARIO

**RE: 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 MPX INTERNATIONAL CORPORATION, BIOCANNABIS PRODUCTS
LTD., CANVEDA INC., THE CING-X CORPORATION, SPARTAN WELLNESS
CORPORATION, MPXI ALBERTA CORPORATION, MCLN INC., AND SALUS
BIOPHARMA CORPORATION**

BEFORE: Chief Justice G.B. Morawetz

COUNSEL: *Sean Zweig, Mike Shakra and Thomas Gray*, for the Applicant

Kyle Plunkett and Tamie Dolny, for the Court-appointed Monitor, KSV
Restructuring Inc.

Kenneth Kraft and Sara-Ann Wilson for the proposed DIP Lender

Howard Wolch, for Ninth Square Capital Corporation

**HEARD and
DETERMINED:** August 4, 2022

REASONS: August 5, 2022

ENDORSEMENT

[1] The Applicants brought this motion for:

- (1) An amended and restated initial order (the "Amended and Restated Initial Order"), among other things:
 - a. increasing the Directors' Charge and the DIP Lenders' Charge (each as defined in the initial order dated July 25, 2022 (the "Initial Order")) to \$410,000 and \$2,670,000, respectively;
 - b. elevating the priority of the Charges such that the Charges shall rank in priority to all Encumbrances (as defined in the Amended and Restated Initial Order);
 - c. extending the Stay Period to October 21, 2022 (the "Stay Extension");

- d. authorizing the Applicants to incur no further expenses in relation to the Securities Filings.

[2] The Applicants also seek an order (the “SISP Approval Order”), approving the sale and investment solicitation process (the “SISP”) for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Applicants.

[3] There was no opposition to the motion.

[4] The evidentiary basis to support the requested relief is set out in the Affidavit of Jeremy Blumer, sworn July 28, 2022, and in the First Report of the Monitor (the “First Report”). The First Report contained a Cash Flow Forecast for the period of the requested Stay Extension.

[5] Having reviewed the evidence, I am satisfied that the Applicants have acted, and are acting, in good faith and with due diligence such that the request for the Stay Extension is reasonable in the circumstances.

[6] I am also satisfied that it is appropriate to increase the amount of the Directors’ Charge and the DIP Lenders’ Charge in the amounts requested and to elevate the priority of the Charges such that the Charges rank in priority to all Encumbrances. In arriving at this conclusion, I have taken into account the legal analysis set out in the Applicants’ factum starting at paragraph 30.

[7] The Applicants also sought authorization to incur no further expenses in relation to certain Securities Filing requirements. The Applicants submit that incurring the time and costs associated with the Securities Filings would detract from their restructuring efforts, and in addition, stakeholders will not be prejudiced, given that detailed financial and other information of the Applicants will continue to be publicly available through materials filed in these proceedings. In my view, this request is reasonable in the circumstances.

[8] With respect to the request to approve the SISP, the legal basis to support this relief is set out in the factum starting at paragraph 43. I am satisfied that the SISP should be approved. In arriving at this conclusion, I have taken into account that precautions have been put in place such that neither the Applicants nor the Monitor shall provide the Debenture Trustee (on behalf of the Debentureholders) with any information relating to the Binding Offers, unless and until the Debenture Trustee confirms to the Applicants and the Monitor that, if the Debentureholders submit a credit bid in the SISP, such bid shall not be for an amount greater than the amount owing under the Debentures.

[9] Finally, counsel for Ninth Square Capital Corporation (“Ninth Square”) made submissions during the hearing. It is my understanding that Ninth Square is involved in litigation with MPXI. Ninth Square has raised concerns with respect to the integrity of the document production process. Ninth Square requested a paragraph be inserted in the order to the effect that MPXI shall retain all documents that MPXI reasonably believes may be relevant to the issues in the action commenced by Ninth Square. I declined to include this provision in the order. MPXI and the Monitor are aware of the obligation for MXPI to preserve all relevant documentation. In addition, no evidence was

put forward that would allow me to make such an order at this time. If circumstances change, this issue can be reassessed.

[10] In the result, the motion is granted and the Amended and Restated Initial Order has been signed.



Chief Justice G.B. Morawetz

Date: August 5, 2022