

**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 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**

Applicants

MOTION RECORD

July 28, 2022

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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CORPORATION, MPXI ALBERTA CORPORATION, MCLN INC., AND SALUS
BIOPHARMA CORPORATION**

Applicants

**NOTICE OF MOTION
(Returnable August 4, 2022)
(Amended and Restated Initial Order and SISP Approval Order)**

The Applicants will make a motion before the Honourable Chief Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on Thursday, August 4, 2022 at 10:30 a.m. or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard via videoconference as a result of the COVID-19 pandemic. Zoom details will be provided by the Court.

THE MOTION IS FOR:

1. An amended and restated initial order (the “**Amended and Restated Initial Order**”) substantially in the form attached at Tab “3” of this motion record, among other things:
 - (a) abridging the time for service and filing of this notice of motion and the motion record and dispensing with service on any person other than those served;

- (b) increasing the Directors' Charge and the DIP Lenders' Charge (each as defined in the initial order of this Court dated July 25, 2022 (the "**Initial Order**")) to \$410,000 and \$2,670,000 (plus interest, fees and costs), respectively;
- (c) elevating the priority of the Charges such that the Charges shall rank in priority to all Encumbrances (each as defined in the Amended and Restated Initial Order);
- (d) extending the Stay Period (as defined below) until and including October 21, 2022 (the "**Stay Extension**");
- (e) authorizing the Applicants to incur no further expenses in connection with any Securities Filings (as defined below) and providing that none of the directors, officers, employees, and other representatives of MPXI nor the Monitor (as defined below) shall have any personal liability for any failure by MPXI to make Securities Filings;

2. An order (the "**SISP Approval Order**") substantially in the form attached at Tab "4" of this motion record, approving, among other things, 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. Such further and other relief as this Court deems just.

THE GROUNDS FOR THIS APPLICATION ARE:

Background

4. On July 25, 2022, this Court granted protection to the Applicants under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the Initial Order;

5. Pursuant to the Initial Order, among other things:

- (a) KSV Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”);
- (b) a stay of proceedings was granted in favour of the Applicants, the Non-Applicant Stay Parties¹ (together with the Applicants, the “**MPXI Entities**”), and their respective directors and officers, until and including August 4, 2022 (the “**Stay Period**”);
- (c) the Applicants were authorized to borrow under a debtor-in-possession credit facility (the “**DIP Loan**”) pursuant to a term sheet dated July 25, 2022 with certain Debentureholders (as defined in the affidavit of Jeremy Blumer sworn July 25, 2022), who may be joined by any other Debentureholders up to their pro-rata amount (collectively, the “**DIP Lenders**”), whereby the DIP Lenders agreed to provide the DIP Loan in the maximum principal amount of \$2,670,000, of which \$1,200,000 was made available to the Applicants during the initial Stay Period; and

¹ The Non-Applicant Stay Parties are: MPX Australia Pty Ltd.; MPXI UK Limited; MPXI Lesotho (Pty) Ltd.; Highland Farms (Pty) Ltd.; MPXI Malta Operations Limited; MPXI Malta Property Limited; Alphafarma Operations Limited; MPXI Malta Holding Limited; MPXI SA Pty Ltd.; First Growth Holding Pty Ltd.; Salus Biocetical (Thailand) Co., Ltd.; Salus International Management Ltd.; Holyworld SA; and MPXI Labs SA (collectively, the “**Non-Applicant Stay Parties**”). MPXI also has a minority interest in Prime Pharmaceutical Corporation, which in turn controls Primapharm Funding Corporation. MPXI is not involved in the day to day operations of either of these companies, and neither are Applicants or Non-Applicant Stay Parties.

(d) the Administration Charge (as defined in the Initial Order), the Directors' Charge and the DIP Lenders' Charge were granted;

6. MPXI is a public company listed on the Canadian Securities Exchange (the "CSE"). It wholly owns all of the other Applicants, and is the ultimate parent company to the Non-Applicant Stay Parties, which are located in Canada and internationally, including Thailand, Malta and Switzerland;

7. The Applicants have struggled with cash flow since the beginning of the COVID-19 pandemic, and were facing significant liquidity issues, including the inability to meet payroll scheduled to be paid on or around July 29, 2022;

8. As a result of these issues, the Applicants determined it was in their best interest, and the best interests of their stakeholders, to commence these CCAA proceedings (the "**CCAA Proceedings**") to effect a restructuring through the SISP;

Increases to the Directors' Charge and the DIP Lenders' Charge

9. Pursuant to the Initial Order, the Directors' Charge and DIP Lenders' Charge were granted up to a maximum of \$145,000 and \$1,200,000, respectively. These charges, among other things, were required to: (i) obtain the DIP Loan urgently needed by the Applicants; and (ii) ensure the participation of the Applicants' directors and officers in the CCAA Proceedings;

10. In the Initial Order, the Directors' Charge and DIP Lenders' Charge were each limited to only what was reasonably necessary during the initial Stay Period. Pursuant to the Amended and Restated Initial Order, the Applicants now seek to increase the quantum of the Directors' Charge and DIP Lender's Charge up to a maximum of \$410,000 and \$2,670,000 (plus interest, fees and

costs), respectively, and to have the Charges rank in priority to all Encumbrances (each as defined in the Initial Order);

11. The increased quantum of the Directors' Charge was calculated based on an estimate of the maximum potential liability the directors and officers could have during the CCAA Proceedings, and is supported by both the Monitor and the DIP Lenders;

12. The increased quantum of the DIP Lenders' Charge is based on the go-forward funding needs of the Applicants to continue to operate in the ordinary course and corresponds with the maximum available amount under the DIP Loan. Absent the proposed increase to the DIP Lenders' Charge, the Applicants will not be able to make draws under the DIP Loan in excess of \$1,200,000;

Priority of Charges

13. The Initial Order provides that the beneficiaries of the Charges, including the DIP Lenders, are entitled to seek priority for their respective Charge over any Encumbrance in favour of any persons not previously served with notice of the hearing in respect of the Initial Order;

14. Pursuant to the Amended and Restated Initial Order, the Applicants are seeking to have the Charges rank in priority to all Encumbrances;

15. The parties holding such Encumbrances will be given notice of the within motion;

The Stay Extension

16. The Initial Order granted the Applicants an initial stay of proceedings until and including August 4, 2022;

17. Since the granting of the Initial Order, the Applicants have been acting and continue to act in good faith and with due diligence to, among other things, stabilize their business, apprise their stakeholders of the CCAA Proceedings and develop the SISP;

18. The Applicants require an extension of the Stay Period. Pursuant to the Amended and Restated Initial Order, the Applicants seek an extension of the Stay Period until and including October 21, 2022;

19. It is just, convenient, necessary and in the best interests of the Applicants and their stakeholders that the Stay Period be extended until October 21, 2022 as it will allow the Monitor, with the assistance of the Applicants, to complete the SISP (if approved by this Court), which will ultimately preserve and maximize the value of the Applicants' business for their stakeholders;

20. The Applicants are forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through the end of the extended Stay of Proceedings;

Relief from Reporting and Filing Obligations

21. The Initial Order relieved MPXI from the obligation to call its annual general meeting of shareholders. At this juncture, the Applicants need to focus their efforts and budget on restructuring;

22. The Applicants are now seeking authorization for MPXI to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (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), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (the “**Securities Provisions**”);

23. The Applicants also seek to protect the directors, officers, employees, and other representatives of MPXI and the Monitor from any personal liability for any failure by MPXI to make any Securities Filings required by the Securities Provisions;

24. Given that detailed financial and other information of the Applicants will continue to be publicly available through materials filed in these CCAA Proceedings, stakeholders will not be prejudiced by the Applicants focusing their efforts on restructuring rather than incurring time and costs associated with the Securities Filings;

The SISP²

25. The Applicants are seeking approval of the SISP. Under the SISP, the Monitor, with the assistance of the Applicants, will solicit interest in, and opportunities for, a sale or investment in the MPXI Entities’ assets and business, in whole or in part;

26. The SISP contains three milestones, which contemplate the restructuring, recapitalization or other form of reorganization of the business and affairs of the MPXI Entities as a going concern or a sale of all, substantially all or one or more components of the Property and the Business of the MPXI Entities. The milestones consist of:

- (a) the solicitation of interest from parties, through which the Monitor will apprise the market of the SISP and prepare the Teaser Letter. Parties wishing to participate in

² Terms in this section not otherwise defined herein have the meanings ascribed to them in the SISP.

the SISP that execute a NDA and provide additional information as required pursuant to the SISP (“**Qualified Bidders**”) will then be given access to the Data Room and provided with due diligence information. This phase will be commenced by the Monitor no later August 5, 2022;

- (b) the Binding Offer Deadline at 5 pm Eastern Time on September 8, 2022, pursuant to which Qualified Bidders will be invited to make a formal offer to purchase or invest in the Property or the Business by submitting a Binding Sale Offer or a Binding Investment Offer; and
- (c) the deadline to notify Qualified Bidders of the selection of a Successful Bid(s), which is September 12, 2022;

27. After the Binding Offer Deadline, if none of the Binding Offers are acceptable to the DIP Lenders, the Applicants, with the consent of the Monitor and the DIP Lenders, may terminate the SISP and accept a credit bid (or such other bid) from the Debenture Trustee on behalf of the Debentureholders, the Debentureholders or the DIP Lenders for the Business and the Property;

28. The SISP was designed to be broad and flexible. It is supported by the Monitor and the DIP Lenders. The flexibility afforded to the Monitor and the Applicants will ensure that the Applicants’ restructuring process is fair, equitable, and maximizes stakeholder value;

OTHER GROUNDS:

29. The provisions of the CCAA and the inherent and equitable jurisdiction of this Court;

30. Rules 1.04, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended and sections 106 and 137(2) of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

31. Such further and other grounds as counsel may advise and this Court may permit;

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

- (a) the Affidavit of Jeremy Blumer, sworn on July 28, 2022, and the exhibits attached thereto;
- (b) the First Report of the Monitor, to be filed;
- (c) such further and other evidence as counsel may advise and this Court may permit.

July 28, 2022

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CORPORATION, MPXI ALBERTA CORPORATION, MCLN INC., AND SALUS BIOPHARMA CORPORATION**

Court File No.: CV-22-00684542-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

NOTICE OF MOTION
(Amended and Restated Initial Order and
SISP Approval Order)

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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Applicants

**AFFIDAVIT OF JEREMY BLUMER
(Sworn July 28, 2022)**

I, Jeremy Blumer, of the town of Oakville, in the Province of Ontario, **MAKE OATH
AND SAY:**

1. I am a director and the Chief Financial Officer of MPX International Corporation (“**MPXI**”), the parent company of BioCannabis Products Ltd. (“**BioCannabis**”), Canveda Inc. (“**Canveda**”), The CinG-X Corporation (“**CinG-X**”), Spartan Wellness Corporation (“**Spartan**”), MPXI Alberta Corporation (“**MPXI Alberta**”), MCLN Inc. (“**MCLN**”), and Salus BioPharma Corporation (“**Salus BioPharma**”) (each individually, an “**Applicant**”, and collectively with MPXI, the “**Applicants**”). MPXI is also the ultimate parent company to several other non-Applicant affiliates¹ (each subsidiary of MPXI individually a “**Subsidiary**” and together the “**Subsidiaries**”, and collectively with MPXI, the “**Company**”). As such, I have personal

¹ The non-Applicant affiliates are: MPX Australia Pty Ltd.; MPXI UK Limited; MPXI Lesotho (Pty) Ltd.; Highland Farms (Pty) Ltd.; MPXI Malta Operations Limited; MPXI Malta Property Limited; Alphafarma Operations Limited; MPXI Malta Holding Limited; MPXI SA Pty Ltd.; First Growth Holding Pty Ltd.; Salus Bioceutical (Thailand) Co., Ltd.; Salus International Management Ltd.; Holyworld SA; and MPXI Labs SA (collectively, the “**Non-Applicant Stay Parties**”). MPXI also has a minority interest in Prime Pharmaceutical Corporation, which in turn controls Primapharm Funding Corporation. MPXI is not involved in the day to day operations of either of these companies, and neither are Applicants or Non-Applicant Stay Parties.

knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

2. All capitalized terms not otherwise defined herein have the meaning ascribed to them in: (a) the Initial Order of the Honourable Chief Justice Morawetz dated July 25, 2022 (the “**Initial Order**”) in the Applicants’ proceedings under the CCAA (the “**CCAA Proceedings**”), a copy of which is appended hereto as Exhibit “A”; (b) my previous affidavit sworn July 25, 2022, in support of the commencement of the CCAA Proceedings (the “**July 25 Blumer Affidavit**”), a copy of which is appended hereto (without exhibits) as Exhibit “B”; or (c) the SISP (as defined below), a copy of which is appended to the proposed SISP Approval Order (as defined below) as Schedule “A”, as applicable.

3. I swear this Affidavit in support of a motion by the Applicants for: (i) an amended and restated Initial Order (the “**Amended and Restated Initial Order**”); and (ii) an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Applicants.

4. The proposed Amended and Restated Initial Order, among other things:

- (a) increases the Directors’ Charge and the DIP Lenders’ Charge to \$410,000 and \$2,670,000 (plus interests, fees and costs), respectively;
 - (b) extends the Stay Period to and including October 21, 2022 (the “**Stay Extension**”);
- and

- (c) authorizes the Applicants to incur no further expenses in relation to the Securities Filings (as defined below) and provides that none of the Directors and Officers, employees and other representatives of the Applicants, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by the Applicants to make Securities Filings.

5. The proposed SISP Approval Order contemplates the Monitor, with the assistance of the Applicants, conducting a Court-supervised sale and investor solicitation process (the “SISP”) with a view to generating one or more transactions for the sale of, or investment in, the assets and business operations of the Applicants and the Non-Applicant Stay Parties (with the Applicants, the “MPXI Entities”) in order to maximize recovery for the Applicants’ stakeholders.

6. All references to monetary amounts in this affidavit are in Canadian dollars.

I. INTRODUCTION AND BACKGROUND

7. MPXI is a public company listed on the Canadian Securities Exchange (the “CSE”). It is the ultimate parent company to several companies in the cannabis industry in Canada and internationally, including Thailand, South Africa, Switzerland and Malta. Through its Subsidiaries, its business and operations focus on cannabis production and resale, management consulting for cannabis companies, and cannabis education.

8. Facing significant liquidity issues, including the inability to meet payroll scheduled to be paid on or around July 29, 2022, the Applicants obtained protection under the CCAA pursuant to the Initial Order on July 25, 2022. The facts underlying the Applicants’ financial circumstances

and need for CCAA protection are set out in the July 25 Blumer Affidavit and are not repeated herein.

9. Among other things, the Initial Order:

- (a) appointed KSV as Monitor;
- (b) granted an initial stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and their respective Directors and Officers, until and including August 4, 2022 (the “**Stay Period**”);
- (c) approved the Applicants’ ability to borrow under a debtor-in-possession credit facility (the “**DIP Loan**”) pursuant to a term sheet dated July 25, 2022 with certain Debentureholders, who may be joined by any of the Debentureholders up to their pro-rata amount (the “**DIP Lenders**”), whereby the DIP Lenders agreed to provide the DIP Loan in the maximum principal amount of \$2,670,000, of which \$1,200,000 was available during the initial Stay Period;
- (d) granted the Administration Charge, the Directors’ Charge, the DIP Lenders’ Charge; and
- (e) relieved MPXI of any obligation to call and hold its annual general meeting of shareholders (the “**AGM**”) until further order of this Court.

II. THE AMENDED AND RESTATED INITIAL ORDER

A. The Directors' Charge

10. As is customary in CCAA proceedings, the Initial Order granted a Directors' Charge in favour of the Directors and Officers up to a maximum of \$145,000, which reflected an estimate of potential liabilities the Directors and Officers could incur up to the date of the Comeback Hearing. The Amended and Restated Order contemplates increasing the quantum of the Directors' Charge to a maximum of \$410,000.

11. The Applicants believe that the increased quantum of the Directors' Charge is reasonable in the circumstances. It is calculated based on an estimate of the maximum potential liability the Directors and Officers could have during the CCAA Proceedings. I understand that the Monitor and the DIP Lender are supportive of the Directors' Charge and its increased quantum.

B. The DIP Lenders' Charge

12. Under the terms of the Initial Order, the amount of the DIP Loan to be funded prior to the Comeback Hearing was limited to the amount necessary to continue ordinary course operations during the Stay Period. As such, the DIP Lenders' Charge sought in connection with the Initial Order was limited to \$1,200,000.

13. In light of the go-forward funding needs of the Applicants, the Applicants are now seeking to increase the quantum of the DIP Lenders' Charge to a maximum of \$2,670,000 (plus interest, fees and costs), which is the maximum amount available to the Applicants under the DIP Loan.

14. Additional draws under the DIP Loan are conditional on the increase to the DIP Lenders' Charge being granted. Should the Amended and Restated Initial Order not be granted and the DIP Lenders' Charge not be increased, the Applicants and their stakeholders stand to suffer material prejudice including, but not limited to, the cessation of the Applicants' business.

C. Priority of the Charges

15. The Initial Order provides that the beneficiaries of the Charges, including the DIP Lenders, are entitled to seek priority for their respective Charge over any Encumbrance in favour of any person that was not previously served with notice of the hearing in respect of the Initial Order.

16. I am advised that the DIP Lenders require that the Amended and Restated Initial Order provide that the DIP Lenders' Charge rank in priority to all Encumbrances, including Encumbrances in favour of any person that was not previously provided with notice of the hearing in respect of the Initial Order. Accordingly, pursuant to the Amended and Restated Initial Order, the Applicants' are seeking to have the Charges rank in priority to all Encumbrances.

17. I am advised that the parties holding such Encumbrances will be given notice of the motion in respect of the Amended and Restated Initial Order and the SISP Approval Order.

D. Stay Extension

18. Under the Initial Order, the Court granted the initial Stay Period until and including August 4, 2022. Pursuant to the Amended and Restated Initial Order, the Applicants are seeking an extension of the Stay Period until and including October 21, 2022.

19. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, develop the SISP, and with the assistance of the Monitor, deploy a communications plan notifying key stakeholders of the CCAA Proceedings. Specifically, the communications plan has included:

- (a) disseminating a press release through The Newswire informing investors and other interested parties that the Applicants had obtained protection pursuant to the CCAA;
- (b) hosting virtual town hall meetings with the Applicants' employees;
- (c) hosting a virtual town hall with the Debentureholders, who are the principal secured creditors of the Applicants; and
- (d) notifying Health Canada of these proceedings.

20. It is necessary and in the best interests of the Applicants and their stakeholders that the Stay Period be extended until October 21, 2022, as it will allow the Monitor, with the assistance of the Applicants, to complete the SISP (if approved by this Court), which will ultimately preserve and maximize the value of the Applicants' business for their stakeholders.

21. As is demonstrated in the Cash Flow Forecast appended to the Monitor's Pre-Filing Report, the Applicants are forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through the end of the extended Stay Period.

E. Relief from Reporting and Filing Obligations

22. The Initial Order relieved MPXI of the obligation to call an AGM. The Applicants are now seeking further relief to dispense with certain securities filing requirements. The Amended and Restated Order contemplates that MPXI will be authorized to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (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), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (collectively, the “**Securities Filings**”). It also contemplates that none of the Directors and Officers, employees and other representatives of the Applicants, and the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by MPXI to make Securities Filings.

23. Just as it was inadvisable and unnecessary to hold the AGM, the Applicants believe that continuing to incur the costs related to the Securities Filings makes little sense in the circumstances. The Applicants need to focus their efforts and budget on restructuring, and the equity value of the Company at this time is suspect at best. Further, detailed financial and other information on the Applicants will continue to be publicly available through materials filed in these CCAA Proceedings. Finally, the language in the proposed Amended and Restated Order is sufficiently tailored to advancing these purposes, and is not overly broad. It does not 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 any Securities Filings required by the relevant securities provisions.

III. THE SISP

A. Overview

24. The SISP provides that the Monitor, with the assistance of the MPXI Entities, will solicit interest in, and opportunities for, a sale of, or investment in, all or part the MPXI Entities' assets and business operations. The SISP was designed to be broad and flexible.

25. Accordingly, the SISP contemplates one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the MPXI Entities as a going concern or a sale of all, substantially all or one or more components of the assets of the MPXI Entities (the "**Property**") and the MPXI Entities' business operations (the "**Business**") (each an "**Opportunity**"). Ultimately, the SISP will permit the MPXI Entities and their stakeholders to determine the avenues of restructuring available for the Business. A copy of the SISP is attached as Schedule "A" to the SISP Approval Order.

26. The SISP contains three milestones which are described below in the following table:

Milestone	Date
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA, Confidential Information Memorandum and access to Data Room	No later than August 5, 2022.
Binding Offer Deadline	September 8, 2022 at 5:00 PM EST

Milestone	Date
Deadline to notify Qualified Bidders of Successful Bid	September 12, 2022 at 5:00 PM EST

27. The milestones referred to in the above table are described in detail below.

28. I understand that the SISP (including the milestones contained in the SISP) is supported by the Monitor and the DIP Lenders. Specifically, the Monitor has advised and agrees that interested parties will have sufficient time to formulate and submit Binding Offers (as defined below).

B. Notification Process

29. The SISP requires the Monitor, with the assistance of the Applicants, to prepare a list of known potential bidders (“**Known Potential Bidders**”). These include:

- (a) parties that have approached the Monitor or the MPXI Entities indicating an interest in the Opportunity; and
- (b) local and international strategic and financial parties who the Monitor and the Applicants believe may be interested in purchasing all or part of the Business and Property or investing in the MPXI Entities pursuant to the SISP.

30. The Monitor will apprise the market of the SISP by arranging for notice of the SISP (the “**Notice**”) to be published in The Globe and Mail (National Edition) and such international publications and/or journal as the Monitor determines appropriate. Additionally, the Applicants will issue a press release setting out the information contained in the Notice and such other relevant information that the Applicants, in consultation with the Monitor, consider appropriate.

31. The Monitor, with the assistance of the Applicants, will prepare a process summary (the “**Teaser Letter**”), describing the Opportunity and the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP. The Monitor shall arrange to have each of the Notice and the Teaser Letter translated to Thai and Maltese, respectively, and advertised in the applicable jurisdictions to solicit interest.

32. The Applicants, with the assistance of the Monitor, will prepare a non-disclosure agreement (the “**NDA**”) in form and substance satisfactory to the Applicants and the Monitor. The Monitor will then send the Teaser Letter and the NDA to each Known Potential Bidder by no later than August 5, 2022. The Teaser Letter and the NDA will also be sent by the Monitor to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Monitor or the MPXI Entities as a potential bidder as soon as reasonably practicable.

33. All discussions regarding the SISP should be directed through the Monitor. Under no circumstances should the management of the MPXI Entities or any stakeholder of the MPXI Entities be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP. However, stakeholders are not precluded 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. Stakeholders or third parties may meet with relevant stakeholders or third parties.

C. Qualified Bidders

34. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide the Monitor and the Applicants with an NDA executed by it, and written confirmation of the identity

of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals of the Potential Bidder.

35. A Potential Bidder that has delivered the information above will be deemed to be a **“Qualified Bidder”** if the Monitor, in consultation with the Applicants, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP. All Qualified Bidders will receive a confidential information memorandum prepared by the Monitor and will be granted access to a virtual data room (**“Data Room”**). The DIP Lenders and the trustee appointed pursuant to the Debenture Indenture (the **“Debenture Trustee”**) will each be a Qualified Bidder. Each Qualified Bidder will be provided due diligence information by the Monitor relating to the Property and the Business.

36. At any time during the SISP, the Applicants may, in their reasonable business judgement and after consultation with the DIP Lenders and with the consent of the Monitor, eliminate a Qualified Bidder from the SISP, 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. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with one or more of the MPXI Entities.

D. Formal Binding Offers and Selection of Successful Bidder(s)

37. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the MPXI Entities or their Property or Business shall submit a binding offer (a **“Binding Offer”**, which includes a Binding Sale Offer and Binding Investment Offer, each as defined below) that

complies with all of the following requirements to the Monitor and the Applicants so as to be received by them no later 5 p.m. EST on September 8, 2022 (the “**Binding Offer Deadline**”). To be considered a Binding Offer, an offer must:

- (a) be submitted on or before the Binding Offer Deadline by a Qualified Bidder;
- (b) be made by way of binding, definitive transaction document(s) that is/are executed by the Qualified Bidder;
- (c) contain a clear indication of whether the Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property and/or Business (a “**Binding Sale Offer**”), or
 - (ii) make an investment in, restructure, reorganize or refinance the Business and/or one or more of the MPXI Entities (a “**Binding Investment Offer**”).

38. All Binding Offers will be subject to the approval of the Court. In addition, there are specific requirements for Binding Sale Offers and Binding Investment Offers.

39. A Binding Sale Offer must contain, among other things: (i) the purchase price, including details of any liabilities to be assumed by the Qualified Bidder and key assumptions supporting the valuation; (ii) a description of the Property subject to the transaction and any of the Property to be excluded; (iii) the proposed treatment of employees; (iv) the key terms and provisions to be included in any order approving the Binding Sale Offer, including whether such order would be a “reverse vesting order”; (v) evidence of the financial capability of the Qualified Bidder to consummate the transaction and the expected structure and financing of the transaction; (vi) any

anticipated approvals required to close the transaction; and (vii) any other information as reasonably requested by the Applicants or the Monitor.

40. A Binding Investment Offer must include, among other things, (i) the aggregate amount of the equity and/or debt investment to be made in the Business/the Applicants in Canadian dollars; (ii) key assumptions supporting the valuation; (iii) the key terms and provisions to be included in any order approving the Binding Investment Offer, including whether such order would be a “reverse vesting order”; (iv) the underlying assumptions regarding the pro forma capital structure; (v) a specific indication of the sources of capital for the Qualified Bidder and the structure and financing of the transaction; (vi) any anticipated approvals required to close the transaction; and (vii) any other information as reasonably requested by the Applicants or the Monitor.

41. The Monitor, with the consent of the Applicants, may waive strict compliance with any one or more of the requirements specified above. The completion of any Binding Offer shall be subject to the approval of the Court

E. Review of Binding Offers and Selection of Successful Bid(s)

42. The value of the Binding Offers will be assessed by the Applicants in consultation with the Monitor and the DIP Lenders. Binding Offers will be valued on a variety of factors, including:

- (a) the purchase price and the net value provided by such offer;
- (b) the identity, circumstances and ability of the Qualified Bidder to successfully complete the proposed transaction(s);
- (c) the proposed transaction documents;

- (d) the effects of the bid on the stakeholders of the MPXI Entities;
- (e) factors affecting the speed, certainty and value of the transaction;
- (f) the assets included or excluded from the offer;
- (g) any related restructuring costs; and
- (h) the likelihood and timing of consummating the proposed transaction.

43. The Applicants and the Monitor, in consultation with and with the approval of the DIP Lenders will: (i) review and evaluate each Binding Offer, provided that each Binding Offer may be negotiated among the Applicants, in consultation with the Monitor, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Binding Offer as a result of such negotiations; and (ii) identify the highest or otherwise best Binding Offer(s) (the “**Successful Bid(s)**”, and a Qualified Bidder making such Successful Bid, a “**Successful Bidder**”) for any particular Property or the Business of the MPXI Entities in whole or part. The determination of any Successful Bid by the Applicants, in consultation with the Monitor and the DIP Lenders, shall be subject to approval by the Court. The Monitor must notify each Qualified Bidder as to whether its Binding Offer has been selected as a Successful Bid by no later than September 12, 2022 or at such later time as the Monitor, in consultation with and with the approval of the Applicants and the DIP Lenders, deems appropriate.

44. The SISP gives the Applicants flexibility in determining whether to accept a Binding Offer. In consultation with the Monitor, the Applicants may aggregate separate Binding Offers to create one Binding Offer. The Applicants would have no obligation to enter into a Successful Bid, and after consultation with the Monitor and the DIP Lenders, may reject any or all Binding Offers.

45. To ensure that the Applicants have the latitude and flexibility to explore all possible restructuring options, the SISP provides that:

- (a) the Monitor may, with the consent of the Applicants and the DIP Lenders, at any time:
 - (i) in accordance with the SISP, pause, terminate, amend or modify the SISP;
 - (ii) remove any portion of the Business and the Property from the SISP; and
 - (iii) establish further or other procedures for the SISP;

- (b) the Applicants may, with the consent of the Monitor and in consultation with the DIP Lenders, at any time bring a motion to the Court to seek approval of:
 - (i) a sale of, or investment in, all or part of the Property or the Business whether or not such sale or investment is in accordance with the terms or timelines set out in the SISP; and/or
 - (ii) a stalking horse agreement in respect of some or all of the Property or Business and related bid procedures in respect of such Property or Business.

46. At the hearing of the motion to approve any transaction with a Successful Bidder (the “**Sale Approval Motion**”), the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid. All Binding Offers, other than the Successful Bid(s), if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid(s) by the Court.

F. Access to Information and Credit Bidding by Debentureholders and/or DIP Lenders

47. After the Binding Offer Deadline, if none of the Binding Offers are acceptable to the DIP Lenders, the Applicants, with the consent of the Monitor and the DIP Lenders, may terminate the SISP and accept a credit bid (or such other bid) from the Debenture Trustee on behalf of the Debentureholders, the Debentureholders or the DIP Lenders for the Business and the Property.

48. To ensure fairness, neither the Applicants nor the Monitor shall provide the Debenture Trustee (on behalf of the Debentureholders) or any Debentureholder (including in its capacity as a DIP Lender) with information relating to the Binding Offers, other than Subject Information², unless and until the Debenture Trustee and/or such Debentureholder(s) confirm to the Applicants and the Monitor in writing that if they submit a credit bid in the SISP, such bid shall not be for an amount greater than the amount owing under the Debentures, plus all amounts ranking in priority to the Debentures.

CONCLUSION

49. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, apprise their stakeholders of the CCAA Proceedings, and prepare the SISP, all with the assistance and oversight of the Monitor.

50. The Applicants have maintained their ordinary course operations and will continue to do so with the oversight and assistance of the Monitor though the commencement of the SISP. I believe that the relief sought and described herein is in the best interests of the Applicants and their

²“Subject Information” means, subject to the Monitor’s determination of whether it is appropriate to disclose: (i) the amount and form of consideration payable in respect of the outstanding obligations under the DIP Term Sheet and the Debentures; (ii) the transaction structure and the material conditions to closing contemplated in any Binding Offer; and (iii) any other information the Monitor considers appropriate.

stakeholders. Further, I understand that the Monitor and the DIP Lenders are supportive of the relief described herein and the Monitor does not believe that any stakeholder will be materially prejudiced by the granting of the Amended and Restated Initial Order or the SISP Approval Order.

51. I swear this affidavit in support of the of the Applicants' motion for the Amended and Restated Initial Order and the SISP Approval Order and for no other or improper purpose.

SWORN BEFORE ME over)
videoconference on this 28th day of July)
2022. The affiant was located in the Town of)
Oakville, in the Province of Ontario and the)
Commissioner was located in the City of)
Toronto, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



Thomas Gray

A Commissioner for Oaths in and for the
Province of Ontario



Jeremy Blumer

**THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF JEREMY BLUMER SWORN
THE 28TH DAY OF JULY, 2022**

A handwritten signature in black ink, appearing to be 'TG' with a long horizontal stroke extending to the right.

THOMAS GRAY
A Commissioner for taking affidavits, etc.



Court File No. CV-22-684542-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE CHIEF) MONDAY, THE 25th
)
JUSTICE MORAWETZ) DAY OF JULY, 2022
)

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
(collectively, the "**Applicants**")

INITIAL ORDER

THIS APPLICATION, made by 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 Zoom videoconference.

ON READING the affidavit of Jeremy Blumer sworn July 25, 2022 and the Exhibits thereto (the "**Blumer Affidavit**") and the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") dated July 25, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**") and together with the Applicants, the "**MPXI Entities**"), counsel for KSV, counsel for David Taylor, Alastair Crawford, Broughton Finance and Brahma Finance Limited (collectively, the "**Initial DIP Lenders**"), and such other parties listed on the Counsel Slip, and on reading the consent of KSV to act as Monitor (the "**Monitor**"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies. Although not Applicants, the Non-Applicant Stay Parties shall enjoy the benefits of the protections and authorizations provided under the terms of this Order.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, 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 business (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 they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the MPXI Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Blumer Affidavit or, with the consent of the Monitor and the Initial DIP Lenders, together with any other lender who participates in the DIP Facility (as defined below) (together, the "**DIP Lenders**"), 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 MPXI Entities 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 MPXI Entities, 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 (a “**Plan**”) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that 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 and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lenders, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order and all outstanding amounts related to honouring customer obligations whether existing before or after the date of this Order, incurred in the ordinary course of business and consistent with existing policies and procedures;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below); and
- (d) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, and subject to the Definitive Documents (as defined below), 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 prior to, on, or, 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 on or following the date of this Order.

Payments for amounts incurred prior to this Order shall require the consent of the Monitor and the DIP Lenders, or leave of this Court.

7. **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 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;
- (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 by the Applicants.

8. **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 applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly, on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease. 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.

9. **THIS COURT ORDERS** that, except as specifically permitted herein and in the Definitive Documents, 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

10. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to:

- (a) with the prior consent of the DIP Lenders, 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 \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lenders;
- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

NO PROCEEDINGS AGAINST THE MPXI ENTITIES OR THEIR RESPECTIVE PROPERTY

11. **THIS COURT ORDERS** that until and including August 4, 2022, 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 any MPXI Entity 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 MPXI Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any MPXI Entity or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

12. **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 any MPXI Entity 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 MPXI Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any MPXI Entity to carry on any business which the MPXI Entity is 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

13. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by any MPXI Entity, except with the written consent of the MPXI Entities and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

14. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with an MPXI Entity 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, security services, payroll services, insurance, transportation services, utility or other services to the Business or an MPXI Entity, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the MPXI Entities, and that the MPXI Entities 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 MPXI Entities in accordance with normal payment practices of the MPXI Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable MPXI Entity and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

15. **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 an MPXI Entity. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

16. **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 (or similar position) of any MPXI Entity with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of an MPXI Entity 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, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

17. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as a director or officer 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.

18. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$145,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 17 of this Order. The Directors' Charge shall have the priority set out in paragraphs 36 and 38 herein.

19. **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 director's and officer's insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 17 of this Order.

APPOINTMENT OF MONITOR

20. **THIS COURT ORDERS** that KSV 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 MPXI Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the MPXI Entities 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.

21. **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, including the management and deployment/use of any funds advanced by the DIP Lenders to the Applicants under the DIP Term Sheet;
- (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 the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lenders and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and, the DIP Lenders which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lenders;
- (d) advise the Applicants in their preparation of the Applicant's cash flow statements and reporting required by the DIP Lenders, which information shall be reviewed with the Monitor and delivered to the DIP Lenders and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lenders;
- (e) monitor all payments, obligations and any transfers as between the MPXI Entities;
- (f) receive funds advanced by the DIP Lenders and to disburse such funds to the Applicants pursuant to the terms of the DIP Term Sheet, including any actions or activities incidental thereto;
- (g) 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 MPXI Entities, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) 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

- (i) perform such other duties as are required by this Order or by this Court from time to time.

22. **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, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Act, 2001*, S.C. 2002, c. 22., the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, the *Alberta Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, the *Alberta Gaming, Liquor and Cannabis Regulation*, Alta. Reg. 143/996, or other such applicable federal, provincial or other 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.

23. **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*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Alberta Environmental Protection and Enhancement Act*, R.S.A. 2000, c. E-12, the *Alberta Water Act*, R.S.A. 2000, c. W-3 and the *Alberta Occupational Health and Safety Act*, S.A. 2020, c. O-2.2 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.

24. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lenders under this Order or at law, the DIP Lenders shall not incur any liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part.

25. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants, including without limitation, the DIP Lenders, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor 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 is 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.

26. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting in 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.

27. **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 for the Monitor and counsel for the Applicants on a weekly basis.

28. **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.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel 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 \$300,000, unless consented to by the DIP Lenders and permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 36 and 38 hereof.

DIP FINANCING

30. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lenders in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures.

31. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the Summary of Terms and Conditions for Credit Facility between the DIP Lenders and the Applicants dated as of July 25, 2022 (as may be amended from time to time, the "**DIP Term Sheet**"), filed.

32. **THIS COURT ORDERS** that the Applicants 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 Lenders pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders 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.

33. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lenders' Charge**") on the Property, which DIP Lenders' Charge shall not exceed the amount of \$1,200,000 or secure an obligation that exists before this Order is made. The DIP Lenders' Charge shall have the priority set out in paragraphs 36 and 38 hereof.

34. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lenders may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders' Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lenders' Charge, the DIP Lenders, upon 4 business days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lenders' Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lenders to the Applicants against the obligations of the Applicants to the DIP Lenders under the DIP Term Sheet, the Definitive Documents or the DIP Lenders' 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

35. **THIS COURT ORDERS AND DECLARES** that, unless otherwise agreed to by the DIP Lenders, the DIP Lenders shall be treated as unaffected in any Plan filed by any of Applicants under the CCAA, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act*, with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

36. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lenders' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First - Administration Charge (to the maximum amount of \$300,000);

Second - DIP Lenders' Charge (to the maximum amount of \$1,200,000); and

Third - Directors' Charge (to the maximum amount of \$145,000).

37. **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.

38. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and 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; provided that the Charges shall rank behind Encumbrances in favour of any Persons that have not been served with notice of this application. The Applicants and the beneficiaries of the Charges shall be entitled to seek priority of the Charges ahead of such Encumbrances on a subsequent motion on notice to those parties.

39. **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 Lenders and the beneficiaries of the Charges, or further Order of this Court.

40. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP

Lenders thereunder 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 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 the 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) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are 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 Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, 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.

41. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

CORPORATE MATTERS

42. **THIS COURT ORDERS** that MPX International Corporation be and is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

SERVICE AND NOTICE

43. **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; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000 (excluding individual employees, former employees with retirement savings plan entitlements, and retirees and other beneficiaries who have entitlements under any retirement savings plans), 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; provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

44. **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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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: <https://www.ksvadvisory.com/insolvency-cases/case/MPXI>.

45. **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. 81000-2175 (SOR/DORS).

46. **THIS COURT ORDERS** that, except with respect to any motion to be heard on the Comeback Date (as defined below), and subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the “**Service List**”) with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Toronto time) on the date that is two (2) days prior to the date such motion is returnable (the “**Objection Deadline**”). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicants.

47. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) if a hearing is necessary, the date and time of the hearing, (c) whether such hearing will be in person, by telephone or videoconference, or by written submissions only, and (d) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

GENERAL

48. **THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on August 4, 2022, at 10:30 a.m. (Toronto Time) or such other date as may be set by this Court upon the granting of this Order (the “**Comeback Date**”), provided, however, that the Chargees shall be entitled to rely on this Order as issued and entered and on the Charges and priorities set forth in paragraphs 36 and 38 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

49. **THIS COURT ORDERS** that, notwithstanding paragraph 48 of this Order, each of the Applicants, the DIP Lenders 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 of this Order hereunder.

50. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

51. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Switzerland, South Africa, Malta, Australia, Lesotho, Thailand or any other country, 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.

52. **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 the Monitor 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.

53. **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.



Chief Justice G.B. Morawetz

SCHEDULE "A"
NON-APPLICANT STAY PARTIES

MPX Australia Pty Ltd.
MPXI UK Limited
MPXI Lesotho (Pty) Ltd.
Highland Farms (Pty) Ltd.
MPXI Malta Operations Limited
MPXI Malta Property Limited
Alphafarma Operations Limited
MPXI Malta Holding Limited
MPXI SA Pty Ltd.
First Growth Holding Pty Ltd.
Salus Bioceutical (Thailand) Co., Ltd.
Salus International Management Ltd.
Holyworld SA
MPXI Labs SA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36*, AS AMENDED AND IN THE MATTER OF 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

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP

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Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)

Mike Shakra (LSO# 64604K)

Thomas Gray (LSO# 82473H)

Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the Applicants

**THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF JEREMY BLUMER SWORN
THE 28TH DAY OF JULY, 2022**

A handwritten signature in black ink, appearing to be 'TG' with a long horizontal stroke extending to the right.

THOMAS GRAY
A Commissioner for taking affidavits, etc.

**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 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**

Applicants

**AFFIDAVIT OF JEREMY BLUMER
(Sworn July 25, 2022)**

I, Jeremy Blumer, of the town of Oakville, in the Province of Ontario, **MAKE OATH
AND SAY:**

1. This affidavit is made in support of an Application by MPX International Corporation (“**MPXI**”), BioCannabis Products Ltd. (“**BioCannabis**”), Canveda Inc. (“**Canveda**”), The CinG-X Corporation (“**CinG-X**”), Spartan Wellness Corporation (“**Spartan**”), MPXI Alberta Corporation (“**MPXI Alberta**”), MCLN Inc. (“**MCLN**”), and Salus BioPharma Corporation (“**Salus BioPharma**”) (each individually, an “**Applicant**”, and collectively, the “**Applicants**”).

2. I am a director and the Chief Financial Officer of MPXI, which wholly-owns each of the other Applicants and which, directly or indirectly, wholly-owns or has an interest in several other non-Applicant affiliates¹ (each subsidiary of MPXI individually a “**Subsidiary**” and together the

¹ The non-Applicant affiliates are: MPX Australia Pty Ltd.; MPXI UK Limited; MPXI Lesotho (Pty) Ltd.; Highland Farms (Pty) Ltd.; MPXI Malta Operations Limited; MPXI Malta Property Limited; Alphafarma Operations Limited; MPXI Malta Holding Limited; MPXI SA Pty Ltd.; First Growth Holding Pty Ltd.; Salus Bioceutical (Thailand) Co., Ltd.; Salus International Management Ltd.; Holyworld SA; and MPXI

“**Subsidiaries**”, and collectively with MPXI, the “**Company**”). As such, I have personal knowledge of the Company and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

4. I swear this affidavit in support of an urgent Application by the Applicants for an Order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things:

- (a) declaring that the Applicants are parties to which the CCAA applies;
- (b) appointing KSV Restructuring Inc. (“**KSV**” or the “**Proposed Monitor**”) as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the “**Monitor**”);
- (c) approving the Applicants’ ability to borrow under a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Loan**”) to finance their critically required working capital requirements and other general corporate purposes, post-filing expenses and costs over the next ten (10) days;
- (d) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or

Labs SA (collectively, the “**Non-Applicant Stay Parties**”). MPXI also has a minority interest in Prime Pharmaceutical Corporation, which in turn controls Primapharm Funding Corporation. MPXI is not involved in the day to day operations of either of these companies, and neither are intended to be Applicants or Non-Applicant Stay Parties.

the Directors and Officers (as defined below), or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");

- (e) extending the benefit of the Stay of Proceedings to the Non-Applicant Stay Parties and their respective Directors and Officers;
- (f) relieving MPXI of any obligation to call and hold its annual general meeting of shareholders (the "**AGM**") until further Order of this Court; and
- (g) granting the following limited priority charges (collectively, the "**Charges**") over the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**"):
 - (i) the Administration Charge (as defined below) in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants;
 - (ii) the DIP Lenders' Charge in favour of the DIP Lenders (each as defined below); and
 - (iii) the Directors' Charge (as defined below) in favour of the Directors and Officers.

5. If the Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek approval of an amended and restated Initial Order, which, among other things, would:

- (a) extend the Stay of Proceedings;
- (b) increase the quantum of each of the DIP Lenders' Charge and the Directors' Charge;
- (c) approve a sale and investment solicitation process (the "SISP");
- (d) seek relief from certain securities reporting obligations; and
- (e) seek such other relief as may be required to advance the Applicants' restructuring.

II. OVERVIEW

6. MPXI is a reporting issuer listed on the Canadian Securities Exchange ("CSE"). It is the ultimate parent company to several companies in the cannabis industry in Canada and internationally, including Thailand, Malta and Switzerland. Through its Subsidiaries, its business and operations focus on production and resale, management consulting for cannabis companies, and cannabis education.

7. The Applicants are in a dire liquidity crisis and are not able to meet their obligations as they become due. Absent the approval of the additional financing proposed to be made available under the DIP Loan, the Company will not be able to fund its next payroll (which is paid in arrears) scheduled to be paid on or around July 29, 2022. Accordingly, there is significant urgency to this CCAA application and the relief sought pursuant to the Initial Order.

8. As a result, the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to implement the SISP that would

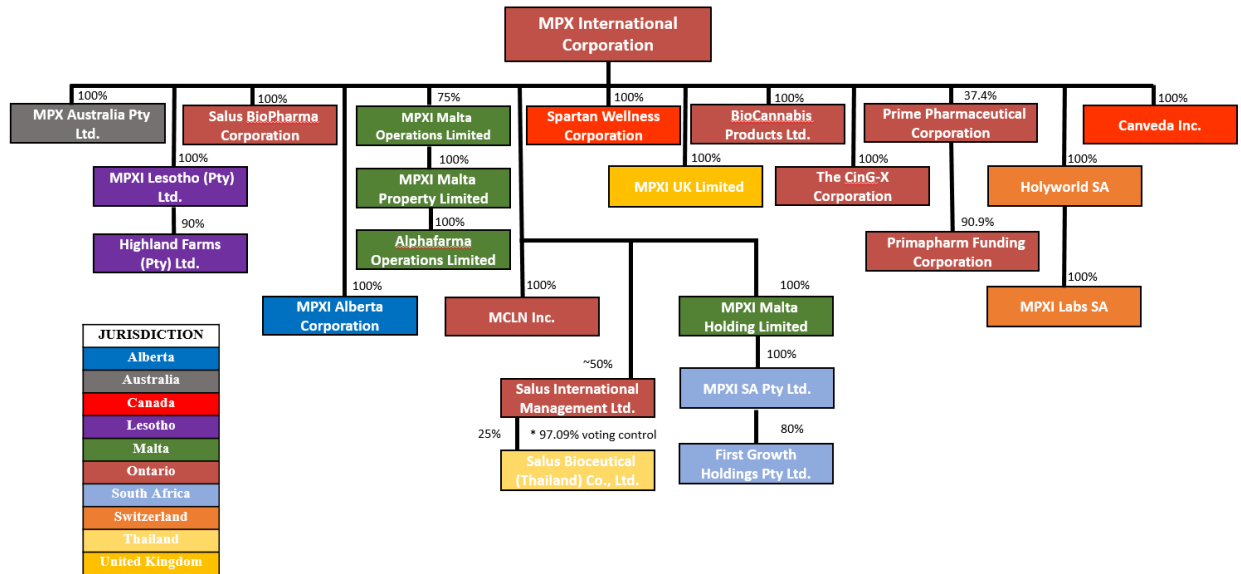
see the Company restructured and/or all or a portion of the Applicants' business and assets sold as a going concern.

9. Subject to certain conditions, including Court approval, certain of the Company's existing Debentureholders (as defined below) (collectively, and in such capacity, the "**DIP Lenders**") have agreed to provide additional financing through the DIP Loan to, among other things, provide the Applicants with the immediate access to funding needed to continue to operate and preserve the value of their operations while the SISP is conducted. As noted above, the relief in respect of the SISP is intended to be sought at the Comeback Hearing; no relief related to the SISP is being sought at this time.

10. The CCAA filing and the proposed SISP are intended to benefit all of the Company's stakeholders in Canada and internationally, including the Company's many employees, customers, suppliers and other contracting parties, Debentureholders, Health Canada, and the relevant provincial and foreign cannabis regulators.

III. CORPORATE STRUCTURE OF THE APPLICANTS

11. A copy of the Company's current corporate structure is attached hereto as Exhibit "A" and is reproduced below for ease of reference.



12. All of the Applicants are Canadian companies and, other than MPXI, are wholly-owned by MPXI. The Non-Applicant Stay Parties are registered in Canada, Lesotho, South Africa, Switzerland, Malta, Thailand, and the United Kingdom.

13. For the purpose of this affidavit and for greater certainty, all references to the Applicants include all of their predecessor entities.

A. MPXI

14. MPXI was incorporated under the name “2660528 Ontario Inc.” under the *Business Corporations Act* (Ontario), RSO 1990, c B.16 (“**OBCA**”) by articles of incorporation dated October 17, 2018, and it amended its articles to change its name shortly thereafter to “MPX International Corporation”. MPXI’s registered office, which is also its head office, is located at 5255 Yonge Street, Suite 701, Toronto, Ontario, Canada, M2N 6P4 (the “**Head Office**”). The Head Office functions as the head office for all of the Applicants. A copy of MPXI’s corporate profile report is attached hereto as Exhibit “B”.

15. At the time of its incorporation, MPXI was a subsidiary of MPX Bioceutical Corporation (“**MPX Bio**”). It was incorporated in order to effect a plan of arrangement (the “**Arrangement**”) among MPXI, MPX Bio and iAnthus Capital Holdings Inc. under the *Business Corporations Act* (British Columbia), SBC 2002, c 57, in accordance with the terms of an arrangement agreement entered into between iAnthus, MPX Bio and others, dated October 18, 2018.

16. MPXI was spun out of the business of MPX Bio as part of the terms of the Arrangement. The Arrangement contemplated that MPXI would acquire all of the non-U.S. business of MPX Bio. The U.S. business was acquired by iAnthus. The assets acquired by MPXI included BioCannabis, Canveda, CinG-X and Spartan.

17. The Arrangement was completed on February 5, 2019, and MPXI’s shares began trading on the CSE on February 6, 2019. At the time of the swearing of this affidavit, MPXI wholly-owns or has an interest in, directly or indirectly through the Subsidiaries, 23 companies across Canada, Australia, Lesotho, Malta, South Africa, Switzerland, the United Kingdom, and Thailand. MPXI wholly-owns each of the Applicants.

B. The Applicant Subsidiaries

(i) BioCannabis

18. BioCannabis was incorporated under the OBCA on December 11, 2014. Due to a clerical error, BioCannabis’ registered office is listed as 22 Adelaide Street West, Suite 2740, Toronto, Ontario, M5H 4E3. The Company is taking steps to have this corrected and replaced with the address of the Head Office. BioCannabis was the applicant for a cannabis licence which has since

been abandoned. BioCannabis currently has no material assets or operations. A copy of BioCannabis' corporate profile report is attached hereto as Exhibit "C".

(ii) *Canveda*

19. Canveda was incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44 (the "CBCA") on January 1, 2015 as "8423695 Canada Inc." and filed Articles of Amendment to change its name on October 19, 2018 to "Canveda Inc.". Canveda's registered office is the Head Office. Canveda is a licensed cultivator, processor, and seller under the *Cannabis Act*, S.C. 2018, c. 16, as amended and its related regulations (together, the "**Cannabis Act**"). It leases a cannabis facility at 760 Technology Drive, Peterborough, Ontario, which is its principal place of business. A copy of Canveda's corporate profile report is attached hereto as Exhibit "D".

(iii) *CinG-X*

20. CinG-X was incorporated under the OBCA on October 4, 2012. Due to a clerical error, CinG-X's registered office is listed as 22 Adelaide Street West, Suite 2740, Toronto, Ontario, M5H 4E3. The Company is taking steps to have this corrected and replaced with the address of the Head Office. CinG-X currently has no material assets or operations. A copy of CinG-X's corporate profile report is attached hereto as Exhibit "E".

(iv) *MCLN*

21. MCLN was incorporated under the OBCA in June 18, 2019 as 2702148 Ontario Inc., and it did business under the name KAAJENGA Cannabis (as it then was, "**KAAJENGA**"). MPXI acquired a 20% interest in KAAJENGA in July 2019, and acquired the remaining interest to become the sole shareholder of KAAJENGA in December 2019. Articles of Amendment were

filed to change the name of KAAJENGA to “MCLN Inc.” on September 15, 2020. MCLN’s registered office is the Head Office. MCLN is in the business of telehealth and cannabis education. A copy of MCLN’s a corporate profile report is attached hereto as Exhibit “F”.

(v) *MPXI Alberta*

22. MPXI Alberta was incorporated under the *Business Corporations Act* (Alberta), RSA 2000, c B-9 on December 6, 2019. MPXI Alberta’s registered office is located at 439 Rooney Crescent NW, Edmonton, AB, T6R 1C5. MPXI Alberta was incorporated to hold retail cannabis licenses for Alberta. However, this project has been abandoned, and MPXI Alberta currently has no material assets or operations. A copy of MPXI Alberta’s corporate profile report is attached hereto as Exhibit “G”.

(vi) *Salus BioPharma*

23. Salus BioPharma was incorporated under the OBCA October 29, 2019. Salus BioPharma’s registered office is the Head Office. Salus BioPharma was intended to develop pharma-grade cannabinoid-based medicinal products, preparations, and accessories. However, it currently has no material assets or operations. A copy of Salus BioPharma’s corporate profile report is attached hereto as Exhibit “H”.

(vii) *Spartan*

24. Spartan was incorporated under the CBCA on June 1, 2017 and filed Articles of Amendment dated July 19, 2017 with respect to its share structure. MPXI acquired Spartan pursuant to the Arrangement. Spartan’s registered office is located at the Head Office. Spartan’s business is focused on helping veterans reduce dependencies on highly addictive and unsafe

opioids by directing them towards medical cannabis. A copy of Spartan's corporate profile report is attached hereto as Exhibit "I".

(viii) *Non-Applicant Stay Parties*

25. Aside from the Applicants, MPXI has partial interests in certain Canadian entities. MPXI currently holds 10,000,000 out of the 20,000,180 common shares of Salus International Management Ltd. ("**Salus International**"), which was incorporated under the OBCA on June 19, 2020 as "2761780 Ontario Inc." and filed articles of amendment dated September 16, 2020 to change its name to "Salus International Management Ltd.". MPXI also holds 5,000,000 out of 9,900,000 of the issued and outstanding warrants of Salus International, which are convertible into common shares. However, pursuant to recently completed short-term financing (which is discussed in more detail below), MPXI has granted certain options that would allow investors to purchase nearly 50% of the common shares and warrants of Salus International held by MPXI.

26. Salus International controls voting shares representing over 97% of the votes of a Thai corporation, Salus Bioceutical (Thailand) Co., Ltd. ("**Salus Bioceutical**"), and has the right to appoint four out of the six directors pursuant to a unanimous shareholders agreement executed August 7, 2020. Salus Bioceutical is a key and valuable asset for MPXI, and its continued operations will be important for the Applicants to successfully restructure their affairs. As discussed in more detail below, if the DIP Loan is approved, funds will immediately be sent to satisfy Salus Bioceutical's working capital needs.

27. MPXI also holds 37.4% of Prime Pharmaceutical Corporation, which in turn holds more than 90% of the shares of Primapharm Funding Corporation. Both of these companies were incorporated under the laws of Ontario. MPXI is not involved in the day-to-day operations of either

of these companies, and as such, neither of these entities are intended to be Applicants or Non-Applicant Stay Parties.

28. In addition to the Canadian entities, the Non-Applicant Stay Parties are registered in the following jurisdictions:

- (a) **Australia:** MPX Australia Pty Ltd.;
- (b) **Lesotho:** MPXI Lesotho (Pty) Ltd. and Highland Farms (Pty) Ltd.;
- (c) **Malta:** MPXI Malta Operations Limited, MPXI Malta Property Limited, Alphafarma Operations Limited and MPXI Malta Holding Limited;
- (d) **Switzerland:** Holyworld SA and MPXI Labs SA;
- (e) **South Africa:** MPXI SA Pty Ltd. and First Growth Holdings Pty Ltd.;
- (f) **Thailand:** Salus Bioceutical; and
- (g) **United Kingdom:** MPXI UK Limited.

29. Most of these Non-Applicant Stay Parties are essentially holding companies without any material assets or operations. The Non-Applicant Stay Parties with material operations and assets are discussed in more detail below.

30. Notwithstanding that these parties are not Applicants, as described in further detail below, the Applicants believe that it is critical to the best interests of the Applicants and their stakeholders to extend the benefits of the Stay of Proceedings to the Non-Applicant Stay Parties. The rationale and support for such requested relief is set out in further details below. In short, the Non-Applicant

Stay Parties are highly integrated with the Applicants and will benefit from the DIP Loan, should it be approved by this Court, which will facilitate going concern operations and will maximize the value of the entire corporate group.

IV. BUSINESS OF THE COMPANY

A. The Cannabis Industry in Canada

31. The cannabis industry has evolved, and continues to evolve, rapidly in Canada. Licenses to cultivate, process and/or sell cannabis, among other things, are regulated under the Cannabis Act.

32. On October 17, 2018, recreational use of cannabis was legalized in Canada. On that date, the Cannabis Act, which regulates retail cannabis for recreational adult-use, medical cannabis and industrial hemp in Canada, came into effect. Additionally, cannabis was removed as a controlled substance from the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, and the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 was repealed.

33. On October 17, 2019, the Cannabis Act was amended to broaden the scope of legal cannabis products, to include edible cannabis, cannabis extracts and cannabis topicals.

34. The cannabis industry continues to be a highly regulated industry, with the Cannabis Act regulating the possession, cultivation, production, distribution, sale, research, testing, import, export and promotion of cannabis.

B. The Company's Business

35. MPXI is a multinational diversified cannabis company in the business of developing and operating assets across the international cannabis industry with an emphasis on cultivating, manufacturing and marketing products which include cannabinoids as their primary active ingredient. MPXI's business is conducted through its Subsidiaries. A high-level description of the business of the Applicants and the Non-Applicant Stay Parties is discussed below.

1. Business of the Applicants

36. The Applicants' operations are largely based in Ontario, Canada. As discussed above, the Head Office is located in Toronto. MPXI also maintains an operational office in Ottawa. In addition, Canveda has a cannabis facility in Peterborough. The following is a summary of the material assets and business segments of the Applicants.

(i) Cannabis Facilities and Licenses

37. The Canadian cannabis "plant-touching" operations of the Company are conducted through Canveda. Canveda is a licensed cultivator, processor, and seller under the Cannabis Act, and maintains a fully constructed 12,000 square foot facility located in Peterborough, Ontario that produces high quality cannabis flower (the "**Canveda Facility**"). As described in more detail below, the Canveda Facility is leased from Satara Financial Corporation ("**Satara**").

38. Canveda produces and distributes three main types of products: (i) cannabis flower; (ii) cannabis extract and related products; and (iii) cannabis derivatives, including edibles and concentrates. MPXI owns several recognized medicinal and recreational cannabis brands and products that are produced and distributed by Canveda. These recreational brands are available in

the Provinces of Alberta, British Columbia, Ontario, and Saskatchewan. Its recreational brand portfolio includes: (i) flower and pre-roll products; (ii) vapes; (iii) edibles; (iv) oils and capsules; and (v) soft gels.

39. Canveda holds the following licenses (collectively, the “**Canveda Licenses**”):

- (a) a license issued by Health Canada to produce, sell, and export all categories of authorized Canadian cannabis products, including topicals, extracts and edibles (the “**Health Canada License**”). The Health Canada License was most recently amended to allow for the production and sale of certain “Cannabis 2.0” products, including extracts, vapes, tablets, and topical creams. The Health Canada License expires June 11, 2023. The Health Canada License is attached hereto as Exhibit “J”;
- (b) a license issued by the Canada Revenue Agency authorizing Canveda to purchase excise stamps for the purposes of collecting and remitting excise duty on cannabis products that expires on October 16, 2022, which is attached hereto as Exhibit “K”;
- (c) a license issued by the Alberta Gaming, Liquor & Cannabis Commission authorizing Canveda to market cannabis products in Alberta as a Cannabis Representative that expires on March 18, 2024, which is attached hereto as Exhibit “L”; and
- (d) a license issued by the Saskatchewan Liquor and Gaming Authority authorizing Canveda to supply cannabis to Saskatchewan from its Peterborough location. The email confirmation of this license is attached hereto as Exhibit “M”.

(ii) *Telehealth and Cannabis Educational Business*

40. Two of MPXI's Subsidiaries – Spartan and MCLN – focus on telehealth and cannabis education. Spartan's business is focused on helping veterans suffering from various ailments, mostly psychological, to reduce or eliminate dependencies on highly addictive and unsafe opioids by directing them towards medical cannabis. Spartan has educational agreements with several cannabis license holders. In addition, Spartan assists veterans through Veteran Affairs Canada to increase the amount of medical cannabis purchases for which they can be reimbursed.

41. MCLN operates the Medical Cannabis Learning Network platform, which among other things, functions as: (i) a private on-line educational platform that provides information about the use of medical cannabis; (ii) a telemedicine medium providing patient access to medical practitioners for advice and cannabis prescriptions from Spartan; and (iii) a sales platform for licensed cannabis sellers. MCLN earns educational and consultation fees from licensed cannabis producers and distributors that subscribe to its services. MPXI has fully integrated the Medical Cannabis Learning Network technology into Spartan to allow Spartan to expand its service beyond veterans.

(iii) *Other Applicants*

42. As discussed above, BioCannabis, CinG-X, MPXI Alberta, and Salus BioPharma currently do not have any material assets or operations.

2. *Business of the Non-Applicant Stay Parties*

43. Aside from the Applicants, the Company has material assets, including certain leased facilities and licenses, as follows:

(i) *Operations in Thailand*

44. Salus International, which is registered under the OBCA, was incorporated to provide design, planning, financing, training, and on-going operational support to cannabis initiatives, partnerships, and joint ventures in southeast Asia. Its revenue is generated primarily from fees charged for the supply of management services.

45. Salus International is a party to a management services agreement (the “**Management Services Agreement**”) with Salus Bioceutical, a Thailand-based medical cannabis company that Salus International jointly owns and over which it controls over 97% of the votes. Pursuant to the Management Services Agreement, Salus International provides design, construction and technical support services, as well as ongoing management support. In exchange for a combination of management fees, handling and interest charges and a percentage of net income, Salus International receives at least 90% of the net income of Salus Bioceutical. The Management Services Agreement is attached hereto as Exhibit “N”.

46. Salus Bioceutical is a joint venture between Salus International and various Thai investors. It is involved in the cultivation, processing and distribution of high-quality, EU-GMP compliant, medical-grade cannabis products such as CBD distillate, isolate powder, and water-soluble isolate for the medical community in Thailand.

47. From March 2021 to September 2021, Salus International raised approximately US\$10 million pursuant to a private placement from investors, primarily in Thailand. The purpose of this private placement was to provide financial backing to Salus Bioceutical in the form of an interest-bearing, secured loan to fully fund the first two phases of the development of a cannabis production facility.

48. In partnership with Salus International, Salus Bioceutical recently opened an 800 m² cannabis/hemp production plant (the “**Thai Facility**”), which is expected to have an annual capacity for the extraction of over 200,000 kilograms of biomass, and production of over 50,000 liters of CBD oil or 90,000 kilograms of isolate powder and water-soluble CBD isolate. The Thai Facility is leased pursuant to two Land and Construction Lease Contracts, and Salus Bioceutical also leases office space in Bangkok, Thailand.

49. Salus Bioceutical holds several licenses and certificates allowing it to produce cannabis-related products. Among these is a hemp extraction license, which allows Salus Bioceutical to operate and extract hemp flower legally under the laws of Thailand, making it one of the first companies in Thailand with complete licensing for CBD manufacturing. Salus Bioceutical plans to initially produce EU-Good Manufacturing Practice (“**EU-GMP**”) compliant, medical-grade cannabis products such as CBD distillate, isolate powder, and water-soluble CBD isolate for domestic sales, and branch out into various other market sectors. EU-GMP Certification is the highest standard for pharmaceutical production in the world and it is issued by a designated competent authority in Europe to pharmaceutical facilities that have passed a rigorous regulatory inspection process. The Salus Bioceutical licenses are mostly in Thai, and accordingly have not been attached hereto as Exhibits.

50. Salus Bioceutical is an important Subsidiary with material assets and operations into which the Company has invested significant financial and other resources. Accordingly, it is critical for the Company that Salus Bioceutical be able to continue its operations without disruption. To do this, Salus Bioceutical will need to be able to immediately access funds advanced pursuant to the DIP Loan, and to receive the benefit of the Stay of Proceedings.

(ii) Operations in Switzerland

51. Holyworld SA is a wholly-owned Subsidiary that operates in Switzerland. Holyworld SA wholly owns MPXI Labs SA, a company that is in the cannabis extraction and distillation business in Switzerland. Holyworld SA leases a laboratory in Switzerland that can produce up to 30kg of high-quality distillate per month while operating a single shift (the “**HolyWeed Lab**”). The production from the HolyWeed Lab will be sold into the wholesale market and is also being used in “HolyWeed” branded products sold through the HolyWeed retail store in Geneva, the HolyWeed e-Commerce store, and online. HolyWeed branded products include cannabis oils, vaping products, and other cannabis accessories. Holyworld SA has struggled with cash flow resulting in material unpaid liability, and the Stay of Proceedings will be important in protecting Holyworld SA’s assets from counterparties.

(iii) Operations in South Africa

52. In February 2020, MPXI SA Pty Ltd. (“**MPXI SA**”), which is wholly-owned by MPXI Malta Holding Limited (a wholly-owned subsidiary of MPXI) acquired an 80% interest in First Growth Holdings (Pty) Ltd. (“**First Growth**”). On March 1, 2021, First Growth obtained a Licence to Cultivate Cannabis for Purposes of Producing Scheduled Substances (the “**South Africa Licence**”) under the *Medicines and Related Substances Act*, No. 101 of 1965 (South Africa) from the South African Health Products Regulatory Authority, which authorizes First Growth to cultivate and export cannabis at the facility it leases in Sonop, South Africa. The South Africa License is attached hereto as Exhibit “O”.

53. Although the commencement of its operations in South Africa has been delayed by the COVID-19 pandemic, First Growth has made significant progress towards the construction of a

half-hectare (53,000 sq. ft.) high-tech greenhouse on the Sonop farm (the “**First Growth Facility**”). The First Growth Facility is leased pursuant to an agreement between The Trustees for the time being of the Backberg Trust (as Lessor), First Growth (as Lessee), and MPXI (which guaranteed that First Growth will comply with all of its obligations pursuant to the lease agreement). Full development of the First Growth Facility contemplates for up to six (6) hectares (approximately 646,000 square feet) of advanced EU-Good Agricultural Practices (“**EU-GAP**”) certified greenhouse cultivation space and an EU-GMP certified extraction and processing laboratory. The biomass produced from the First Growth Facility is expected to primarily support the Company’s operations in Malta.

(iv) *Operations in Malta*

54. MPXI Malta Operations Ltd. (“**Malta Operations**”) is a Maltese company in which MPXI holds 75% of the voting shares.² Malta Operations was awarded a letter of intent from Malta Enterprise, the economic development agency for the Republic of Malta, to receive a license to import, extract, produce finished products and distribute cannabis and cannabis derivatives (the “**Malta License**”) for medicinal use in Malta and export to certain international markets, including the EU. The buildout of its “GMP-ready” facility in Malta has substantially been completed, including all site infrastructure, clean rooms and the environment required to support the attainment of an EU-GMP certification for flower packaging. The Malta Facility is leased by Malta Operations pursuant to a lease agreement with a Maltese company acting as the landlord.

² MPXI currently holds 75% of the voting shares of Malta Operations (all of which are “Class A Shares”), and an unrelated Maltese company holds the remaining 25% of the voting shares (all of which are “Class B Shares”). MPXI previously held 80% of the voting shares of Malta Operations, and the decrease in its percentage of shares held is a result of a clerical error. The Maltese company that holds the remaining shares has agreed to transfer 5% of the total voting shares in Malta Operations to MPXI to correct this error.

55. Following the substantial completion of the Malta Facility, Alphafarma Operations Ltd. (“**Alphafarma**”), a company wholly-owned by Malta Operations through MPXI Malta Property Limited, received EU-GMP Certification from the Medicines Authority of Malta (the “**MMA**”) to finish dried cannabis flower in jars for medicinal use at the Malta Facility. A copy of this license is attached hereto as Exhibit “P”. Alphafarma has negotiated a favourable supply agreement with a licensed producer of cannabis flower which is intended to be supplemented with additional biomass from the First Growth Facility once available.

56. Alphafarma has also received its License for the Production of Cannabis for Medicinal and Research Purposes, which allows Alphafarma to begin commercial production and export of finished medical cannabis flower products from Malta into markets across the EU and elsewhere. This license is attached hereto as Exhibit “Q”.

C. Employees

1. General Overview

57. The Company employs 43 people through MPXI, Canveda, and Spartan in Canada and an additional 70 employees internationally through certain of the Non-Applicant Stay Parties (collectively, the “**Employees**”). The Employees and their designations are detailed in the chart below:

Employee Designation	MPXI	Canveda	Spartan	Canada Total	Alphafarma	Salus Biocetical	Overall Total
<i>Full Time (Salaried)</i>	7	7	13	27	6	64	95

<i>Full Time</i>	-	14	-	14	-	-	14
<i>(Hourly)</i>							
<i>On Leave</i>	1	-	1	2	-	-	2
Total	8	21	14	43	6	64	113

58. MPXI employs five individuals on a contract basis, and Spartan employs one individual on a contract basis. MPXI also pays a salary to two directors. Salus Bioceutical is also a party to several compensation agreements through which it has engaged certain individuals as consultants. None of the employees of the Company are unionized.

59. The aggregate payroll, and respective payroll providers, for the relevant entities are as follows:

- (a) MPXI – approximately \$90,000/month (administered through Wagepoint);
- (b) Canveda – approximately \$92,000/month (administered through Wagepoint);
- (c) Spartan – approximately \$79,000/month (administered through Wagepoint);
- (d) Alphafarma – approximately \$43,000/month (administered through KayEm Consulting); and
- (e) Salus Bioceutical – approximately \$112,150/month (administered internally).

60. The Company has had difficulty with its cash flow since the onset of the COVID-19 pandemic and has been unable to meet certain of its obligations as they come due. As a result, and in order to facilitate certain financing, certain senior employees have agreed to salary and non-

salary related holdbacks. As of June 30, 2022, the Company has accrued approximately CA\$537,944.79 in connection with such holdbacks.

(b) Severance Entitlements

61. Certain named executive officers (“NEOs”) of MPXI are parties to employment contracts which require MPXI to make certain types of payments and provide certain types of benefits in the event that the NEO is terminated without cause. In addition, MPXI has entered into management consulting contracts with certain NEOs which require MPXI to make certain types of payments and provide certain types of benefits to the NEOs upon termination. Details in respect of these entitlements are discussed in the Management Information Circular dated June 30, 2022, which was issued in connection with MPXI’s annual general meeting which was originally scheduled to be held on July 15, 2022.

62. As of March 31, 2022, \$160,555 was owed by Holyworld SA as result of pension obligations to certain former employees in Switzerland. Holyworld SA does not currently have any employees.

D. Owned and Leased Real Property

63. The Company does not own any real property.

64. MPXI leases certain office space, including the Head Office and an office located at 555 Leggett Drive, Tower B, Suite 536, Ottawa, ON (the “**Ottawa Office**”). Canveda leases the Canveda Facility at 760 Technology Drive, Peterborough, Ontario.

65. The Head Office was originally leased pursuant to a lease agreement dated March 24, 2017 between the Investors Group Trust Co. Ltd. as Trustee for Investors Real Property Fund as Landlord (“**Investors**”) and the Canadian Bioceutical Corporation (which later changed its name to MPX Bioceutical Corporation) as Tenant (the “**Head Office Lease**”). The Head Office Lease has been amended on February 27, 2018, July 31, 2018, and April 8, 2019. The Head Office Lease was assigned to MPXI on January 14, 2019. As of the most recent amendment dated April 8, 2019, the Landlord for the Head Office Lease is Investors and CR4 5255 Yonge Inc., and the Tenant is MPXI. The Head Office Lease now also includes Suite 705 as well as Suite 701. Rent for the Head Office has been paid through July 2022. The Head Office Lease and its amendments are attached hereto as Exhibit “R”.

66. The Ottawa Office is leased pursuant to a lease agreement dated April 12, 2019 between KRP Properties as the Landlord and MPXI as the Tenant (the “**Ottawa Office Lease**”). The Ottawa Office Lease was amended in order to extend its term on September 22, 2021. Rent has been paid through June 2022. The Ottawa Office Lease and its amendment is attached hereto as Exhibit “S”.

67. The Canveda Facility was originally leased pursuant to a lease agreement dated November 15, 2013 between Satara Financial Corporation as the Landlord and Canveda (then doing business as Hansen Agio) as the Tenant. This lease has been extended twice, most recently on January 25, 2019, and currently expires on November 14, 2024. Rent, which is payable mid-month, has been paid through May 15, 2022. The Canveda Lease and its amendments are attached hereto as Exhibit “T”.

68. Certain Applicants are also parties to leases for property that are not being used for current operations. Following the Comeback Motion, the Applicants intend to disclaim such leases without prejudice to the position that such leases are already at an end.

69. Certain Non-Applicant Stay Parties also lease premises in Switzerland, Malta, and South Africa. MPXI guaranteed that First Growth will comply with all of its obligations pursuant to the lease agreement for the First Growth Facility in South Africa. Pursuant to multiple comfort letters, MPXI has also undertaken to pay rent for certain facilities in Switzerland in the event that Holyworld SA, the tenant, is unable.

E. Suppliers

70. The Applicants rely on a number of vendors and third-party service providers to operate their business. For instance, various cannabis product providers, lab services, and utility and technology providers are essential to the Applicants' operations. The Applicants are not current with respect to many of these obligations. Specifically, as of July 20, 2022, Canveda had non-current accounts payable of \$789,565.86, Spartan had non-current accounts payable of \$126,409.49, and MPXI had non-current accounts payable of \$799,635.98.

F. Excise Duty and Other Taxes

71. Cannabis producers in Canada are required to post security pursuant to the *Excise Act, 2001*, S.C. 2002, c. 22. The security provides the Canada Revenue Agency (“CRA”) with financial assurance for any outstanding excise duty payable. The security can be posted in the form of a surety bond or a deposit with the CRA. MPXI has posted a deposit with the CRA as security for excise duty payable.

72. The security required to be posted with the CRA is calculated as the highest amount of cannabis duties payable for a calendar month in the previous twelve calendar months. These duties are calculated, in part, based on the expected number of grams or milligrams of packaged cannabis products to be sold to the recreational market. As of July 21, 2022, MPXI has approximately \$503,302 in excise tax arrears. MPXI has agreed to a payment plan with the CRA pursuant to which it will pay \$20,000 per month. This agreement has not been formally documented.

73. Certain of the Applicants are also in arrears with respect to HST. As of July 21, 2022, Canveda had approximately \$132,106 payable and Spartan had approximately \$46,491 payable. As of the same date, MPXI had approximately \$113,676 receivable. Each of these companies is behind on HST filings, so the amounts payable/receivable are subject to material variation.

G. Intellectual Property

74. As part of the above-mentioned Arrangement, MPX Bioceutical ULC (which was the owner of MPX Bio's intellectual property) and MPXI executed an IP License and Transitional Services Agreement through which MPX Bioceutical ULC agreed to grant MPXI a perpetual, exclusive, royalty-free, fully paid-up license to use, advertise and display the MPX brand and its licensed trademarks and to exploit certain licensed technology and the intellectual property related thereto on a worldwide basis excluding the United States of America.

75. MPXI also acquired certain trademarks from 11157337 Canada Corp. and H12 Brands Inc. through a Deed of Assignment dated December 17, 2021. Most of the remaining IP owned by the Company is held by MPXI, with certain other trademarks and brands being held by specific Subsidiaries.

H. Cash Management and Credit Cards

76. The Applicants maintain 17 bank accounts with the following institutions: Alterna Savings and Credit Union, Bank of Montreal, and Corpay. The Company's cash management system is managed by MPXI. The Company has no credit cards. MPXI maintains unsecured intercompany loan accounts with many of its Subsidiaries, and money flows between MPXI and the Subsidiaries against these intercompany loan accounts.

V. FINANCIAL POSITION OF THE APPLICANTS

77. A copy of the Company's unaudited consolidated balance sheet as at March 31, 2022 is attached hereto as Exhibit "U". Certain information contained in this unaudited balance sheet is summarized below.

78. The Applicants have struggled with cash flow, and since March 31, 2022, the cash position of the Applicants has deteriorated significantly. The cash on hand for the Applicants at the close of business today is expected to be approximately \$169,196.

A. Assets

79. As at March 31, 2022, the Company had total consolidated assets with a book value of approximately \$47,133,302, which consisted primarily of the following:

Asset Type	Book Value (Applicants only)	Book Value (Consolidated)
Current Assets (Total):	\$4,427,013	\$8,552,615
Cash	\$335,614	\$916,071
Amounts Receivable	\$884,615	\$1,800,344

Asset Type	Book Value (Applicants only)	Book Value (Consolidated)
Inventory	\$2,814,252	\$3,925,349
Biological Assets	\$226,485	\$226,485
Prepaid Expenses	\$166,046	\$173,103
Deposits short term	-	\$1,441,996
Non-Current Assets (Total):	\$19,100,608	\$38,580,688
Deposits	\$244,987	429,553
ROU assets	\$1,354,899	2,912,196
Property plant and equipment	\$1,564,219	16,832,828
Intangible assets	\$15,936,382	18,406,111
Total	\$23,527,621	\$47,133,302

B. Liabilities

80. As at March 31, 2022, the Company had total consolidated assets with a book value of approximately \$37,244,120, which consisted primarily of the following:

Liability Type	Book Value (Applicants only)	Book Value (Company)
Accounts Payables and Accrued Liabilities	\$5,368,000	\$9,344,064
Tax liability	\$450,410	\$450,410
Convertible debentures, net	\$18,642,955	\$18,642,955
Option component of convertible debt	\$2,017,658	\$2,017,658
Other	\$(22,154,856)	\$6,789,033

Liability Type	Book Value (Applicants only)	Book Value (Company)
Total	\$4,324,166	\$37,244,120

81. As of July 21, 2022, the total face value of the principal of outstanding convertible debentures is US\$19,281,000.

C. Secured Obligations

1. The Debentures

82. MPXI has closed multiple tranches of a private placement offering (the “**Offering**”) of units (the “**Units**”) of MPXI. Each Unit consists of (i) one 12% secured convertible debenture of MPXI (the “**Debentures**”, and the holders of the Debentures the “**Debentureholders**”) in the principal amount of US\$1,000 and (ii) (A) prior to September 1, 2021, 7,000 common share purchase warrants (each, a “**Unit Warrant**”), and (B) on or after September 1, 2021, 10,000 Unit Warrants. Until recently, each Debenture had a maturity date of twenty-four months from its respective date of issuance. The Debentures were issued pursuant to a debenture indenture dated June 30, 2020 between MPXI and AST Trust Company Canada (now TMX Trust Company) as the trustee (in such capacity, the “**Trustee**”), which has since been amended four times, most recently on May 5, 2022 (collectively with such amendments, the “**Debenture Indenture**”). The Debenture Indenture is attached hereto as Exhibit “V”. As a result of the most recent amendment to the Debenture Indenture, all of the Debentures now mature on December 31, 2023.

83. Pursuant to the Debenture Indenture, the Debentures bear interest at 12% per annum from their issue date, payable in arrears on the last day of March, June, September and December in each year, commencing December 31, 2020 (the “**Coupon Date**”).

84. The Debenture Indenture contains a covenant pursuant to which MPXI is obligated to achieve positive EBITDA of no less than \$350,000 for each fiscal quarter commencing with the quarter ended December 31, 2020. MPXI has not achieved positive EBITDA during any of the fiscal quarters within this period; however, MPXI’s performance of the EBITDA covenant has been extended due to the force majeure provision, which was triggered by the COVID-19 pandemic.

85. The failure to abide by any covenant under the Debenture Indenture is an event of default, and the failure to pay the principal when due or interest within ten days of its due date are both explicitly listed as events of default under the Debenture Indenture. For most events of default, the Trustee may, on consent of at least 50% of the Debentureholders, declare that all amounts owing under the Debentures are immediately due and payable. An event of default arising as a result of the failure to pay principal when due, interest within ten days of being due, or the failure in the delivery when due of cash and any common shares payable on conversion within 30 days, automatically accelerates all amounts owing in respect of the Debentures and such amounts become immediately due and payable without any further action of the Trustee.

86. MPXI has struggled to make interest payments under the Debenture Indenture. MPXI failed to make interest payments on the following Coupon Dates: March 31, 2021; September 30, 2021; December 31, 2021; and March 31, 2022. In each case, waivers of the Event of Default related to the payment of interest were executed by Debentureholders.

87. To satisfy these interest payments and other conditions precedent to continued funding by Debentureholders, the Debenture Indenture has been amended to allow MPXI to satisfy the interest payments without providing cash. First, MPXI has satisfied the payment of interest on June 30, 2021 and June 30, 2022 through the issuance of additional Units. Further, the amendments have allowed MPXI to deposit cash interest due on certain Coupon Dates that had not been paid by MPXI as principal amounts owing under certain short-term bridge loan financings (the “**Bridge Loans**”). In addition to providing that that the aforementioned cash interest due on such Coupon Dates would be deposited as the principal amount owing under the Bridge Loans, such principal amounts of the Bridge Loans, as described below, would be convertible into Units in the Offering on terms favourable to the Bridge Loan lenders.

88. To date, there have been three Bridge Loans, each of which was drawn down in several tranches. The most recent Bridge Loan (the “**3rd Bridge Loan**”) expanded and revised the terms of the previous Bridge Loans (which had raised a total of US\$3,183,752 and US\$1,827,333, respectively) into further short-term loan financing that ultimately raised an additional US\$4,909,097 from a group of investors that was drawn down in several tranches. In total, the three Bridge Loans raised approximately US\$9,920,182. MPXI also issued certain warrants and options to the 3rd Bridge Loan lenders, including options to purchase shares and warrants in Salus International. The 3rd Bridge Loan also allowed for the optional participation of certain deferred salaries, through which the amount of deferred salaries would be rolled into the principal owing under the 3rd Bridge Loan. One member of management has had its deferred salary rolled into the principal. As discussed above, all of the amounts advanced by investors pursuant to the Bridge Loans were convertible into the Units in the Offering at a conversion premium, and all have since been converted into Units.

89. MPXI's obligations in respect of the Debentures are secured by the following:
- (a) a general security agreement dated June 30, 2020 securing all of the present and after-acquired property of MPXI (the "**Security Agreement**"), which is attached hereto as Exhibit "W"; and
 - (b) a pledge agreement dated June 30, 2020 by MPXI pledging all of the shares it holds of BioCannabis, Canveda, Holyworld SA, MCLN (at the time, 2702148 Ontario Inc.), MPX Australia Pty. Ltd., MPXI Alberta, MPXI Malta Holding Limited, MPXI Malta Operations Limited, MPXI UK Limited, Salus BioPharma, Spartan, and CinG-X. On September 14, 2021, MPXI also deposited its shares in Salus International with the Trustee and amended the Schedule to the pledge agreement to reflect this. The pledge agreement and its amended schedule is attached hereto as Exhibit "X".
90. The Debenture Indenture is guaranteed by each of BioCannabis, Canveda, Holyworld SA, MCLN (at the time, 2702148 Ontario Inc.), MPX Australia Pty Ltd, MPXI Alberta, MPXI UK, MPXI Malta Operations Limited, Salus BioPharma, Spartan and CinG-X pursuant to a guarantee agreement dated June 30, 2020, as well as MPXI Malta Holding Limited pursuant to a separate guarantee agreement with the same date (the parties that entered the guarantee agreements, the "**Guarantors**"). The Debenture Indenture did not specifically contemplate MPXI UK Limited providing a guarantee, but it is nonetheless a party to the guarantee agreement. The guarantee agreements are attached hereto as Exhibit "Y". Each of the Guarantors other than Holyworld SA executed general security agreements securing its present and after acquired property, which are

attached hereto as Exhibit “Z”. Holyworld SA did not execute a general security agreement due to certain restrictions under Swiss law, but instead entered into a separate pledge instrument.

2. Letter of Credit

91. In connection with a letter of credit and indemnity agreement dated April 4, 2019, Canveda agreed to assign a term deposit as security in favour of Alterna Savings and Credit Union Ltd. (“**Alterna**”). The term deposit was assigned on April 12, 2019, and Alterna has registered a security interest in the amount of \$40,000. The assignment of the term deposit and the letter of credit and indemnity agreement are attached hereto as Exhibit “AA”.

D. Unsecured Obligations

1. Third Party Suppliers

92. Given the nature of its business, the Applicants rely on a number of vendors and third party service providers and, as such, are party to a number of agreements for the provision of certain essential services including, among other things, insurance, phone and internet, security, utilities, professional costs and other services provided in connection with operating a business in the cannabis industry. As discussed above, as of the date of this affidavit, the Applicants are indebted to several third party suppliers.

2. Litigation

93. Certain of the Applicants are defendants in ongoing litigation. At the time of the swearing of this affidavit, the following claims have been issued against certain Applicants in Canada:

- (a) a claim by Ninth Square Capital Corporation (“**Ninth Square**”), a former shareholder of Spartan, against MPXI and other parties to the Arrangement (including certain directors and officers of the Applicants) seeking \$3 million (the “**Ninth Square Claim**”). The Ninth Square Claim was brought pursuant to s. 248 of the OBCA, and alleges that the Arrangement was oppressive and unfairly prejudicial to the interests of Ninth Square. MPXI has issued a counterclaim in these proceedings;
- (b) a claim by Lifestyle Management Inc. (“**LMI**”) against MPXI, MCLN, and certain other individuals seeking \$530,000 (the “**LMI Claim**”). The LMI Claim alleges breach of contract and misrepresentation;
- (c) a claim by Techhi Consultants Limited (“**Techhi**”) against MPXI seeking \$94,800 (the “**Techhi Claim**”). The Techhi Claim alleges breach of contract; and
- (d) a claim by MAT 4 Site Engineers Ltd. (“**MAT4**”) against MPXI, BioCannabis, and other parties seeking \$23,306.25. MAT4 claims for damages and a declaration that it is entitled to a construction lien.

3. Employee Liabilities

94. As discussed above, certain employees have already had salary and non-salary related holdbacks. The Company’s ability to meet future payroll obligations is contingent on the granting of the relief sought in the Initial Order.

4. Other Unsecured Liabilities

95. Certain Non-Applicant Stay Parties have other material unsecured liabilities. These include certain obligations incurred by Salus Bioceutical and First Growth. Salus Bioceutical is a party to a loan agreement with another Thai company, pursuant to which it borrowed 75 million baht. This loan is guaranteed by Salus International. I understand that this loan is in good standing. In addition, First Growth is a borrower pursuant to certain promissory notes. Pursuant to one promissory note in the principal amount of up to US\$500,000 dated February 18, 2020, the lender may exercise a put option allowing the note and all rights therein to be assigned to MPXI, subject to the occurrence of certain conditions precedent. This loan is payable and has been put to MPXI.

E. Other Obligations

96. The Company also engages in intercompany borrowing, through which parent companies lend funds to their subsidiaries. For example, MPXI has advanced unsecured loans to Subsidiaries such as Canveda, First Growth, Holyworld SA and Alphafarma. Another example of this is the secured loan that was advanced to Salus Bioceutical by Salus International. The purpose of these loans is often to fund specific projects or more generally to provide working capital.

VI. THE PROPOSED INTERIM FINANCING

97. On July 25, 2022, the following parties entered into a binding term sheet in respect of the DIP Loan (the “**DIP Term Sheet**”):

- (a) the Applicants as the borrowers (in such capacity, the “**Borrowers**” and each a “**Borrower**”);

- (b) Malta Operations, MPXI Malta Property Limited, Alphafarma, MPXI Malta Holding Limited, MPXI SA Pty Ltd., First Growth, MPX Australia Pty Ltd., MPXI Lesotho (Pty) Ltd., Highland Farms (Pty) Ltd., MPXI UK Limited, Holyworld SA, MPXI Labs SA, and any other wholly-owned subsidiaries of any Borrower and/or guarantor as the guarantors;
- (c) and certain of the existing Debentureholders, as listed on Schedule D of the DIP Term sheet as the lenders (in such capacity, the “**DIP Lenders**”, and each a “**DIP Lender**”). I am advised by Dentons LLP Canada, counsel to the DIP Lenders, that the DIP Lenders hold approximately 52% in value of the Debentures.

98. The DIP Term Sheet contemplates that all Debentureholders will have the opportunity to participate in the DIP Loan as DIP Lenders in at least their pro rata amount. A copy of the DIP Term Sheet is attached hereto as Exhibit “BB”.

99. The DIP Term Sheet provides for a super-priority, non-revolving credit facility up to a maximum principal amount of \$2.67 million (the “**DIP Loan**”). The amounts drawn and outstanding under the DIP Loan will bear interest at a rate per annum equal to 12%. Interest on the principal amount outstanding shall be capitalized monthly in arrears and payable on the Termination Date (as defined in the DIP Term Sheet).

100. The DIP Loan matures three months from the date of the initial advance, and includes a commitment fee of 2% of the total amount of the DIP Loan which shall be fully earned upon issuance of the DIP Order and paid on the Termination Date.

101. The DIP Loan is conditional, among other things, upon the granting of a priority charge over the Property in favour of the DIP Lenders to secure the amounts borrowed under the DIP Loan (the “**DIP Lenders’ Charge**”). In accordance with the DIP Term Sheet, the DIP Loan is to be used during these CCAA proceedings (the “**CCAA Proceedings**”) to fund the Borrowers’ working capital needs during the CCAA Proceedings.

102. It is a condition precedent to the first advance under the DIP Loan that, among other things, all head office staff be terminated, with the exception of those employee(s) who are retained with the DIP Lenders’ consent on such terms as the DIP Lenders’ consent to. The DIP Loan is subject to other customary covenants, conditions precedent, and representations and warranties made by the Applicants to the Lender.

103. The amount of the DIP Loan to be funded during the initial Stay of Proceedings (up to \$1.2 million) is only that portion that is necessary to ensure the continued operation of the Applicants’ business in the ordinary course during the initial 10 days. Those proceeds will be used directly by the Applicants, and certain amounts will be immediately loaned to Salus International. The proceeds of \$696,000 are necessary for the Applicants to meet their immediate payroll obligations (approximately \$192,000) and to pay certain ordinary course operating disbursements including inventory purchases, insurance, rent and utilities (approximately \$504,000).

104. The proposed DIP Loan contemplates that US\$500,000 will be loaned by the Borrowers to Salus International to fund the immediate operational needs of Salus International and Salus Bioceutical. These proceeds are immediately necessary to ensure the continued operations of Salus Bioceutical. Specifically, these funds will provide urgently required working capital to be used for employee salaries, supplies, and the cost of raw goods for processing.

VII. RELIEF SOUGHT

A. Stay of Proceedings

105. The Applicants urgently require a broad stay of proceedings to prevent enforcement action by certain contractual counterparties and to provide the Applicants with breathing space while they attempt to effect a restructuring, all the while permitting their business to continue to operate as a going concern.

106. The Applicants are concerned about their failure to meet certain obligations as they become due, and particularly their ability to fund payroll to pay the Employees. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business and will be forced to initiate an abrupt disorderly shutdown.

107. As noted above, the Company operates an integrated global business and substantially all of the strategic business affairs of the company, including key decision-making, are conducted through personnel and supported by professional advisors who are located in Canada.

108. Due to the integration of the business and operations of the Company, the Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties, many of whom are guarantors of MPXI's obligations pursuant to the Debentures. The extension of the Stay of Proceedings to these entities is intended to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions, and thereby preventing immediate losses of value for the Company and its stakeholders.

109. The Applicants believe that there is material value in the Non-Applicant Stay Parties and that without the benefit of the Stay of Proceedings, the value of such entities could quickly erode to the detriment of the Company's stakeholders. In addition, without the benefit of the Stay of Proceedings, the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties and their respective assets would be comprised given the lack of stability that would exist.

110. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings – including its extension to the Non-Applicant Stay Parties – is appropriate in the circumstances.

B. Proposed Monitor

111. The proposed Initial Order contemplates that KSV will act as Monitor in the Applicants' CCAA Proceedings. I understand that KSV has consented to act as Monitor of the Applicants in the CCAA Proceedings if the proposed Initial Order is granted. A copy of KSV's consent to act as Monitor is attached hereto as Exhibit "CC".

C. Ability to Pay Certain Pre-Filing Amounts

112. Pursuant to the proposed Initial Order, the Applicants are seeking authorization (but not the obligation) to pay, among other things:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) with the consent of the Monitor and the DIP Lenders, amounts owing for goods and services actually supplied to the Applicants and all outstanding amounts related to honouring customer obligations whether existing before or after the date of the proposed Initial Order, incurred in the ordinary course of business and consistent with existing policies and procedures.

113. I believe this relief is necessary to maintain ordinary course operations, particularly given the highly regulated nature of the Applicants' business. The Applicants' ability to operate their business in the normal course is dependent on their ability to obtain an uninterrupted supply of certain goods and services.

114. I understand that the Monitor and the DIP Lenders are supportive of that relief.

D. Administration Charge

115. The Initial Order provides for a Court-ordered charge in favour of the Proposed Monitor, as well as counsel to the Proposed Monitor and the Applicants, over the Property, to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$300,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over all of the other Charges.

116. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

117. The Applicants and the Proposed Monitor worked collaboratively to estimate the quantum of the Administration Charge required, which takes into account the limited retainers the professionals currently have and their material outstanding fees. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable in the circumstances, and that the proposed DIP Lenders support the Administration Charge.

E. DIP Lenders' Charge

118. The DIP Term Sheet provides, among other things, that the DIP Loan is contingent on the granting of the DIP Lenders' Charge. The DIP Lenders' Charge is proposed to rank in priority to the Directors' Charge, but subordinate to the Administration Charge.

119. Pursuant to the proposed Initial Order, the DIP Lenders' Charge will secure all of the credit advanced under the DIP Loan. The DIP Lenders' Charge will not secure obligations incurred prior to the CCAA Proceedings.

120. The amount to be funded under the DIP Loan during the initial Stay of Proceedings is limited to the amount necessary to ensure the continued operations of the Applicants' business. Correspondingly, the DIP Lenders' Charge under the proposed Initial Order is limited to the amount to be funded during the initial Stay of Proceedings. The Applicants intend to seek an increase to the DIP Lenders' Charge at the Comeback Hearing.

F. Directors' Charge

121. Under the Initial Order, the Applicants are seeking to stay all proceedings against the directors and officers of the Applicants (collectively, the "**Directors and Officers**").

122. I am advised by Michael Shakra of Bennett Jones LLP, and believe that, in certain circumstances, directors and officers can be held liable for obligations of a company, including those owed to employees and government entities. Among other things, I understand that these obligations may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

123. It is my understanding that the Applicants' present and former Directors and Officers are among the potential beneficiaries under liability insurance policies maintained by Assicurazioni Generali S.p.A. – UK Branch. However, I understand that these policies have various exceptions, exclusions and carve-outs and that they may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with the CCAA Proceedings. In addition, the insurance policies are not currently expected to be continued during the CCAA Proceedings.

124. Given the risks related to these CCAA Proceedings and the uncertainty surrounding available indemnities and insurance, I understand that the current Directors and Officers' involvement in the CCAA Proceedings is conditional upon the granting of a priority charge in favour of the Directors and Officers in the amount of \$145,000 (the "**Directors' Charge**"). The Applicants require the involvement of certain Directors and Officers in order to continue business operations in the ordinary course. The Directors' Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers may face during the initial 10-day period of the CCAA Proceedings. The proposed Initial Order contemplates that the Directors' Charge will rank subordinate to Administration Charge and the DIP Lenders' Charge, but in priority to all other claims (except any secured creditors who did not receive notice of this application).

125. The Applicants believe that the Directors' Charge is reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors' Charge and its quantum.

G. Cash Flow Forecast

126. With the assistance of the Proposed Monitor, the Applicants have undertaken a cash flow analysis to determine the quantum of funding required to finance their operations, assuming the Initial Order is granted, over the 13-week period from the week ending July 29, 2022, to the week ending October 21, 2022 (the "**Cash Flow Forecast**"). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Proposed Monitor.

127. The Cash Flow Forecast indicates that the Applicants urgently require DIP financing to ensure that they have the liquidity required to meet their obligations and continue their business operations during the Stay of Proceedings.

H. Relief in Respect of AGM

128. MPXI's AGM was originally scheduled for July 15, 2022. The date for holding the AGM was extended to July 29, 2022, which is the last date that MPXI is permitted to hold the AGM under applicable corporate and securities laws. Notice of this extension was provided by way of a press release dated July 13, 2022. The press release is attached hereto as Exhibit "DD". As a result of this CCAA application, MPXI is seeking to be relieved of any obligation to call and hold the AGM until further Order of this Court.

129. It would be a distraction and unnecessary expense for MPXI to hold an AGM in the circumstances where it is insolvent and the equity value of MPXI is suspect at best.

VIII. CONCLUSION

130. The proposed Initial Order is in the best interests of the Applicants and their stakeholders. The Stay of Proceedings and the DIP Loan will allow the Applicants to continue ordinary course operations with the breathing space and stability necessary to develop and implement their restructuring. Absent the Stay of Proceedings and approval of the DIP Loan, the Applicants will be unable to fund payroll and will be forced to abruptly cease their operations, which would be detrimental to the value of their business, and in turn, the interests of their stakeholders.

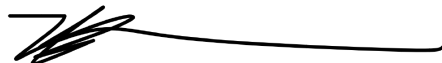
131. In the circumstances, I believe that the CCAA Proceedings are the only viable means of restructuring the Applicants’ business for the benefit of their stakeholders and that the relief sought in the Initial Order is limited to what is reasonably necessary to stabilize the Applicants’ business in the initial ten (10) day period.

SWORN BEFORE ME over)
videoconference on this 25th day of July)
2022. The affiant was located in the Town of)
Oakville, in the Province of Ontario and the)
Commissioner was located in the City of)
Toronto, in the Province of Ontario. This)
affidavit was commissioned remotely as a)
result of COVID-19 and the declaration was)
administered in accordance with Ontario)
Regulation 431/20.)



Thomas Gray

A Commissioner for Oaths in and for the
Province of Ontario



Jeremy Blumer

**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**

Court File No.: CV-22-00684542-00CL

***ONTARIO*
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings Commenced in Toronto

**AFFIDAVIT OF JEREMY BLUMER
(Sworn July 28, 2022)**

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Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE CHIEF)	THURSDAY, THE 4 th
)	
JUSTICE MORAWETZ)	DAY OF AUGUST, 2022

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
(collectively, the "**Applicants**")

AMENDED & RESTATED INITIAL ORDER

(amending Initial Order dated July 25, 2022)

THIS APPLICATION, made by 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 Zoom videoconference.

ON READING the affidavit of Jeremy Blumer sworn July 25, 2022 and the Exhibits thereto (the "**Blumer Affidavit**"), the affidavit of Jeremy Blumer sworn July 28, 2022 and the Exhibits thereto, the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") dated July 25, 2022 and the First Report of KSV dated July 29, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants and the additional parties listed in Schedule "A" hereto (collectively, the "**Non-Applicant Stay Parties**" and together with the Applicants, the "**MPXI Entities**"), counsel for KSV in its capacity as court-appointed monitor (the "**Monitor**"), counsel for David Taylor, Alastair Crawford, Broughton Finance and Brahma Finance Limited (collectively, the "**Initial DIP Lenders**"), and such other parties listed on the Counsel Slip, no one

appearing for any other party although duly served as appears from the Affidavit of Service of Thomas Gray sworn July 28, 2022,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies. Although not Applicants, the Non-Applicant Stay Parties shall enjoy the benefits of the protections and authorizations provided under the terms of this Order.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that each of the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, 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 business (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 they 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 MPXI Entities shall be entitled to continue to utilize the central cash management system currently in place as described in the Blumer Affidavit or, with the consent of the Monitor and the Initial DIP Lenders, together with any other lender who participates in the DIP Facility (as defined below) (together, the “**DIP Lenders**”), 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 MPXI Entities 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 MPXI Entities, 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 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 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 and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lenders, amounts owing for goods and services actually supplied to the Applicants prior to the date of this Order and all outstanding amounts related to honouring customer obligations whether existing before or after the date of this Order, incurred in the ordinary course of business and consistent with existing policies and procedures;
- (c) any taxes, duties or other payments required under the Cannabis Legislation (as defined below); and

- (d) 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, and subject to the Definitive Documents (as defined below), 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 prior to, on, or, 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 on or following the date of this Order.

Payments for amounts incurred prior to this Order shall require the consent of the Monitor and the DIP Lenders, or leave of this Court.

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 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;
- (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 by 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 applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly, on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease. 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 and in the Definitive Documents, 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 each of the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents, have the right to:

- (a) with the prior consent of the DIP Lenders, 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 \$250,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lenders;

- (c) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business.

12. **THIS COURT ORDERS** that the applicable Applicant shall provide each relevant landlord with notice of the Applicant's 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 such Applicant's 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 applicable Applicant, or by further Order of this Court upon application by the applicable Applicant on at least two (2) days notice to such landlord and any such secured creditors. If any Applicant disclaims a 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 such Applicant's 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 applicable Applicant 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 applicable Applicant 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 MPXI ENTITIES OR THEIR RESPECTIVE PROPERTY

14. **THIS COURT ORDERS** that until and including October 21, 2022, 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 any MPXI Entity 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 MPXI Entities and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any MPXI Entity 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 any MPXI Entity 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 MPXI Entities and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any MPXI Entity to carry on any business which the MPXI Entity is 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 accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, licence or permit in favour of or held by any MPXI Entity, except with the written consent of the MPXI Entities 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 or arrangements with an MPXI Entity 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, security services, payroll services, insurance, transportation services, utility or other services to the Business or an MPXI Entity, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the MPXI Entities, and that the MPXI Entities 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 MPXI Entities in accordance with normal payment practices of the MPXI Entities or such other practices as may be agreed upon by the supplier or service provider and the applicable MPXI Entity 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 an MPXI Entity. 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 (or similar position) of any MPXI Entity with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of an MPXI Entity 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, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

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 a director or officer 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 the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$410,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

22. **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 director's and officer's 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

23. **THIS COURT ORDERS** that KSV 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 MPXI Entities and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the MPXI Entities 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.

24. **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, including the management and deployment/use of any funds advanced by the DIP Lenders to the Applicants under the DIP Term Sheet;
- (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 the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lenders and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and, the DIP Lenders which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lenders;
- (d) advise the Applicants in their preparation of the Applicant's cash flow statements and reporting required by the DIP Lenders, which information shall be reviewed with the Monitor and delivered to the DIP Lenders and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lenders;
- (e) advise the Applicants in their development of the Plan, if any, and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) monitor all payments, obligations and any transfers as between the MPXI Entities;
- (h) receive funds advanced by the DIP Lenders and to disburse such funds to the Applicants pursuant to the terms of the DIP Term Sheet, including any actions or activities incidental thereto;
- (i) 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 MPXI

Entities, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

- (j) 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
- (k) perform such other duties as are required by this Order or by this Court from time to time.

25. **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, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Act, 2001*, S.C. 2002, c. 22., the *Ontario Cannabis Licence Act*, S.O. 2018, c. 12, Sched. 2, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1, the *Ontario Cannabis Retail Corporation Act*, 2017, S.O. 2017, c. 26, the *Alberta Gaming, Liquor and Cannabis Act*, R.S.A. 2000, c. G-1, the *Alberta Gaming, Liquor and Cannabis Regulation*, Alta. Reg. 143/996, or other such applicable federal, provincial or other 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.

26. **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*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *Alberta Environmental Protection and Enhancement Act*, R.S.A. 2000, c. E-12, the *Alberta Water Act*, R.S.A. 2000, c. W-3 and the *Alberta Occupational Health and Safety Act*, S.A. 2020, c. O-2.2 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.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the DIP Lenders under this Order or at law, the DIP Lenders shall not incur any liability or obligation as a result of the carrying out of the provisions of this Order, save and except for any gross negligence or willful misconduct on its part.

28. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants, including without limitation, the DIP Lenders, with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor 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 is 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.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting in 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.

30. **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 for the Monitor and counsel for the Applicants on a weekly basis.

31. **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.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel 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 \$300,000, unless consented to by the DIP Lenders and permitted by further Order of this Court, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from the DIP Lenders in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,670,000 unless permitted by further Order of this Court.

34. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the Summary of Terms and Conditions for Credit Facility between the DIP Lenders and the Applicants dated as of July 25, 2022 (as may be amended from time to time, the "**DIP Term Sheet**"), filed.

35. **THIS COURT ORDERS** that the Applicants 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 Lenders pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders 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.

36. **THIS COURT ORDERS** that the DIP Lenders shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lenders' Charge**") on the Property, which DIP Lenders' Charge shall not exceed the amount of \$2,670,000 (plus interest, fees and costs) or secure an obligation that exists before this Order is made. The DIP Lenders' Charge shall have the priority set out in paragraphs 39 and 41 hereof.

37. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lenders may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders' Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lenders' Charge, the DIP Lenders, upon 4 business days notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lenders' Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lenders to the Applicants against the obligations of the Applicants to the DIP Lenders under the DIP Term Sheet, the Definitive Documents or the DIP Lenders' 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 Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

38. **THIS COURT ORDERS AND DECLARES** that, unless otherwise agreed to by the DIP Lenders, the DIP Lenders shall be treated as unaffected in any Plan filed by any of Applicants under the CCAA, or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act* (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lenders' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First - Administration Charge (to the maximum amount of \$300,000);

Second - DIP Lenders' Charge (to the maximum amount of \$2,670,000, plus interest, fees and costs); and

Third - Directors' Charge (to the maximum amount of \$410,000).

40. **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.

41. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and 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.

42. **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 Lenders and the beneficiaries of the Charges, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lenders thereunder 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 the 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) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are 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 Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, 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.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

CORPORATE MATTERS

45. **THIS COURT ORDERS** that MPX International Corporation be and is hereby relieved of any obligation to call and hold an annual meeting of its shareholders until further Order of this Court.

RELIEF FROM REPORTING AND FILING OBLIGATIONS

46. **THIS COURT ORDERS** that the decision by MPXI to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (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), RSO 1990, c S.5 and comparable statutes enacted by other provinces of Canada, the CSE Policies 1-10 and other rules, regulations and policies of the Canadian Securities Exchange (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 MPXI failing to make any Securities Filings required by the Securities Provisions.

47. **THIS COURT ORDERS** that none of the directors, officers, employees, and other representatives of MPXI nor the Monitor shall have any personal liability for any failure by MPXI to make any Securities Filings required by the Securities Provisions.

SERVICE AND NOTICE

48. **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; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000 (excluding individual employees, former employees with retirement savings plan entitlements, and retirees and other beneficiaries who have entitlements under any retirement savings plans), 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; provided that the Monitor shall not make the claims, names and addresses of individuals who are creditors publicly available unless otherwise ordered by this Court.

49. **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 <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) 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: <https://www.ksvadvisory.com/insolvency-cases/case/MPXI>.

50. **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. 81000-2175 (SOR/DORS).

51. **THIS COURT ORDERS** that, subject to further Order of this Court in respect of urgent motions, any interested party wishing to object to the relief sought in a motion brought by the Applicants or the Monitor in these CCAA proceedings shall, subject to further Order of this Court, provide the service list in these proceedings (the "**Service List**") with responding motion materials or a written notice (including by e-mail) stating its objection to the motion and the grounds for such objection by no later than 5:00 p.m. (Toronto time) on the date that is two (2) days prior to the date such motion is returnable (the "**Objection Deadline**"). The Monitor shall have the ability to extend the Objection Deadline after consulting with the Applicants.

52. **THIS COURT ORDERS** that following the expiry of the Objection Deadline, counsel to the Monitor or counsel to the Applicants shall inform the Court, including by way of a 9:30 a.m. appointment, of the absence or the status of any objections to the motion and the judge having carriage of the motion may determine (a) whether a hearing in respect of the motion is necessary, (b) if a hearing is necessary, the date and time of the hearing, (c) whether such hearing will be in person, by telephone or videoconference, or by written submissions only, and (d) the parties from whom submissions are required. In the absence of any such determination, a hearing will be held in the ordinary course on the date specified in the notice of motion.

GENERAL

53. **THIS COURT ORDERS** that each of the Applicants, the DIP Lenders 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 of this Order hereunder.

54. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of any of the Applicants, the Business or the Property.

55. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Switzerland, South Africa, Malta, Australia, Lesotho, Thailand or any other country, 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.

56. **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 the Monitor 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.

57. **THIS COURT ORDERS** that any interested party (including each of 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.

58. **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.

SCHEDULE "A"
NON-APPLICANT STAY PARTIES

MPX Australia Pty Ltd.
MPXI UK Limited
MPXI Lesotho (Pty) Ltd.
Highland Farms (Pty) Ltd.
MPXI Malta Operations Limited
MPXI Malta Property Limited
Alphafarma Operations Limited
MPXI Malta Holding Limited
MPXI SA Pty Ltd.
First Growth Holding Pty Ltd.
Salus Biocetical (Thailand) Co., Ltd.
Salus International Management Ltd.
Holyworld SA
MPXI Labs SA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36*, AS AMENDED AND IN THE MATTER OF 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

Court File No.: CV-22-00684542-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AMENDED & RESTATED
INITIAL ORDER
(amending Initial Order dated July 25, 2022)

BENNETT JONES LLP
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Toronto, Ontario
M5X 1A4

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Lawyers for the Applicants

TAB 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE CHIEF) THURSDAY, THE 4th
)
JUSTICE MORAWETZ) DAY OF AUGUST, 2022
)

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
(collectively, the "**Applicants**")

SISP APPROVAL ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*, approving the SISP (as defined below) and certain related relief, was heard this day by Zoom videoconference.

ON READING the Notice of Motion of the Applicants, the affidavit of Jeremy Blumer sworn July 28, 2022, the First report of KSV Restructuring Inc. dated July 29 (the "**First Report**"), in its capacity as monitor of the Applicants (the "**Monitor**"), filed, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, counsel for the DIP Lenders, and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service of Thomas Gray sworn July 28, 2022;

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 capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them under the Sale and Investment Solicitation Process attached hereto as Schedule "A" (the "**SISP**") or the Amended and Restated Initial Order dated August 4, 2022, as applicable.

APPROVAL OF THE SISP

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) be and is hereby approved and the Monitor, and the Applicants are authorized and directed to carry out the SISP in accordance with its terms and this Order, and are hereby authorized and directed to take such steps as they consider necessary or desirable in carrying out each of their obligations thereunder, subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.
4. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective Assistants, affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Applicants or the Monitor, as applicable, as determined by this Court.
5. **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.
6. **THIS COURT ORDERS** that the Monitor or the Applicants may apply to this Court for directions with respect to the SISP at any time.

PIPEDA

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and any similar legislation in any other applicable jurisdictions, the Applicants, the Monitor and each of their respective Assistants are hereby authorized and permitted to disclose and transfer to each Qualified Bidder personal information of identifiable individuals but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISP (a "**Transaction**"). Each Qualified Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Applicants or the Monitor, as applicable, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Applicants or the Monitor. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the SISP in a manner that 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 or the Monitor or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Applicants or the Monitor.

8. **THIS COURT ORDERS** that the Non-Applicant Stay Parties and their current and former directors, officers, employees, agents and advisors shall provide the Applicants and the Monitor with all information and such other assistance as reasonably required by the Applicants and the Monitor in connection with the SISP and the discharge of their duties and powers under this Order.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Switzerland, South Africa, Malta, Australia, Lesotho, Thailand or any other country, 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, the Monitor and their respective agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is 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 the Monitor 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.

11. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. on the date of this Order.

SCHEDULE "A"

SALE AND INVESTMENT SOLICITATION PROCESS

On July 25, 2022, MPX International Corporation, BioCannabis Products Ltd., Canveda Inc., The Cin-X Corporation, Spartan Wellness Corporation, MPXI Alberta Corporation, MCLN Inc. and Salus BioPharma Corporation (collectively, the "**Applicants**") were granted an initial order (as amended and restated on August 4, 2022 and as may be further amended and/or restated from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", and the Applicants' proceedings thereunder, the "**CCAA Proceedings**"), by the Ontario Superior Court of Justice (Commercial List) (the "**Court**"). All capitalized terms utilized herein and not otherwise defined shall have the meaning ascribed to them in the Initial Order or the Affidavit of Jeremy Blumer sworn July 25, 2022.

Pursuant to an order dated August 4, 2022 (the "**SISP Approval Order**") the Court approved, among other things, the sale and investment solicitation process (the "**SISP**") described herein. In accordance with the SISP Approval Order, KSV Restructuring Inc., in its capacity as the Court-appointed Monitor of the Applicants (in such capacity, the "**Monitor**"), with the assistance of the Applicants and the Non-Applicant Stay Parties (collectively, the "**MPXI Entities**") will conduct the SISP.

Opportunity

1. The SISP is intended to solicit interest in and opportunities for a sale of, or investment in, all or part of the MPXI Entities' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the MPXI Entities as a going concern, or a sale of all, substantially all or one or more components of the MPXI Entities' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.
2. 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 Monitor, the Applicants 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.
3. The following are the key dates of the Court-approved SISP:

Milestone	Date
Commence solicitation of interest from parties, including delivering NDA and Teaser Letter, and upon execution of NDA, Confidential Information Memorandum and access to Data Room	No later than August 5, 2022.
Binding Offer Deadline	September 8, 2022 at 5:00 p.m. EDT
Deadline to notify Qualified Bidders of Successful Bid	September 12, 2022 at 5:00 p.m. EDT

Solicitation of Interest: Notice of the SISP

4. As soon as reasonably practicable, but in any event by no later than August 5, 2022:
- (a) the Monitor and the Applicants will prepare a list of potential bidders, including:
 - (i) parties that have approached the MPXI Entities or the Monitor indicating an interest in the Opportunity; and
 - (ii) local and international strategic and financial parties who the Monitor and the Applicants believe may be interested in purchasing all or part of the Business or Property or investing in the MPXI Entities pursuant to the SISP (collectively, the "**Known Potential Bidders**");
 - (b) the Monitor will cause a notice of the SISP (and such other relevant information which the Monitor, in consultation with the Applicants, considers appropriate) (the "**Notice**") to be published in *The Globe and Mail* (National Edition), and such international publications and/or journals as the Monitor, in consultation with the Applicants, considers appropriate;
 - (c) the Applicants will 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, determines is appropriate;
 - (d) the Monitor, with the assistance of the Applicants, will prepare 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;

- (e) the Monitor shall arrange to have each of the Notice and the Teaser Letter translated to Thai and Maltese, respectively, and advertised in the applicable jurisdictions to solicit interest in the MPXI Entities; and
 - (f) the Applicants, with the assistance of the Monitor, will prepare a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor (an "NDA").
5. The Monitor or the Applicants will send the Teaser Letter and NDA to all Known Potential Bidders by no later than August 5, 2022 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the MPXI Entities or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Qualified Bidders

6. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must provide to the Monitor and the Applicants, at the addresses specified in Schedule "A" hereto (including by email transmission), with a NDA executed by it, acceptable to the Monitor, and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.
7. A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "**Qualified Bidder**" if the Monitor, in consultation with the Applicants, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP. All Qualified Bidders will receive a Confidential Information Memorandum prepared by the Monitor and will be granted access to a virtual data room ("**Data Room**"). The DIP Lenders, the Debenture Trustee (on behalf of Debentureholders) and any company affiliated with either of the foregoing shall be deemed to be a Qualified Bidder.
8. At any time during the SISP, the Applicants may, in their reasonable business judgment and after consultation with the DIP Lenders and with the consent of the Monitor, eliminate a Qualified Bidder from the SISP, 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.
9. Potential Bidders must rely solely on their own independent review, diligence, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with one or more of the MPXI Entities.

Due Diligence

10. The Monitor, in consultation with the Applicants, shall, 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 the Monitor, in consultation with the Applicants, may deem appropriate. Due diligence access may include

management presentations, access to the Data Room, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Monitor, in its reasonable business judgment and after consulting with the Applicants, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. 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. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the MPXI Entities, in consultation with the Monitor, determine such information to represent proprietary or sensitive competitive information.

Formal Binding Offers and Selection of Successful Bidder(s)

11. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the MPXI Entities or their Property or Business shall submit a binding offer (a "**Binding Offer**")¹ that complies with all of the following requirements to the Monitor and the Applicants at the addresses specified in Schedule "A" hereto (including by email), so as to be received by them no later 5 p.m. EDT on September 8, 2022 (the "**Binding Offer Deadline**"). For greater certainty, Binding Offers must:
 - (a) be submitted on or before the Binding Offer Deadline by a Qualified Bidder;
 - (b) be made by way of binding, definitive transaction document(s) that is/are executed by the Qualified Bidder;
 - (c) contain a clear indication of whether the Qualified Bidder is offering to:
 - (i) acquire all, substantially all or a portion of the Property and/or Business (a "**Binding Sale Offer**"), or
 - (ii) make an investment in, restructure, reorganize or refinance the Business and/or one or more of the MPXI Entities (a "**Binding Investment Offer**");
 - (d) in the case of a Binding Sale Offer, identify or contain information in respect of the following:
 - (i) the purchase price, including details of any liabilities to be assumed by the Qualified Bidder and key assumptions supporting the valuation (the "**Purchase Price**");
 - (ii) a description of the Property subject to the transaction and any of the Property to be excluded;

¹ A "Binding Offer" includes a Binding Sale Offer and a Binding Investment Offer.

- (iii) the Qualified Bidder's intended use of the Property subject to the transaction;
 - (iv) the Qualified Bidder's proposed treatment of employees of the applicable MPXI Entities (for example, anticipated employment offers and treatment of post-employment benefits);
 - (v) the key terms and provisions to be included in any order of the Court approving the Binding Sale Offer, including whether such order will be a "reverse vesting order";
 - (vi) be accompanied by information confirming the financial capability of the Qualified Bidder and the structure and financing of the transaction (including, but not limited to, the sources of financing to fund the acquisition, evidence of the availability of such financing or such other form of financial disclosure and credit-quality support or enhancement that will allow the Applicants and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Qualified Bidder's financial or other capabilities to consummate the transaction and to perform all obligations to be assumed in such transaction; and the steps necessary and associated timing to obtain financing and any related contingencies, as applicable);
 - (vii) any anticipated corporate, licensing, securityholder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (viii) an acknowledgement that the Binding Sale Offer is made on an "as-is, where-is" basis;
 - (ix) all conditions to closing of the Binding Sale Offer;
 - (x) any other terms or conditions of the Binding Sale Offer; and
 - (xi) such other information as reasonably requested by the Applicants or the Monitor.
- (e) in the case of an Binding Investment Offer, identify or contain information in respect of the following:
- (i) the aggregate amount of the equity and/or debt investment to be made in the Business/the MPXI Entities in Canadian Dollars;
 - (ii) key assumptions supporting the valuation;

- (iii) the key terms and provisions to be included in any order of the Court approving the contemplated Binding Investment Offer, including whether such order will be a "reverse vesting order";
 - (iv) the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest or dividend rates, amortization, voting rights or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);
 - (v) a specific indication of the sources of capital for the Qualified Bidder and the structure and financing of the transaction (including, but not limited to, the sources of capital to fund the investment, preliminary evidence of the availability of such capital or such other form of financial disclosure and credit-quality support or enhancement that will allow the Applicants and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Qualified Bidder's financial or other capabilities to consummate the transaction, steps necessary and associated timing to obtain such capital and any related contingencies, as applicable, and a sources and uses analysis);
 - (vi) any anticipated corporate, licensing, securityholder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - (vii) an acknowledgement that the Binding Investment Offer is made on an "as-is, where-is" basis;
 - (viii) all conditions to closing of the Binding Investment Offer;
 - (ix) any other terms or conditions of the Binding Investment Offer; and
 - (x) such other information as reasonably requested by the Applicants or the Monitor.
12. The Monitor, with the approval of the Applicants, may waive strict compliance with any one or more of the requirements specified above. For the avoidance of doubt, the completion of any Binding Offer shall be subject to the approval of the Court.

Reviewing of Binding Offers and Selection of Successful Bid(s)

13. Binding Offers will be valued based upon numerous factors, including, without limitation, items such as the Purchase Price and the net value provided by such offer, the claims likely to be created by such offer in relation to other offers, the identity, circumstances and ability of the bidder to successfully complete such transactions, the proposed transaction documents, the effects of the bid on the stakeholders of the MPXI Entities, factors affecting the speed, certainty and value of the transaction (including any licensing, Health Canada,

regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the offer, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicants, in consultation with the Monitor and the DIP Lenders.

14. The Applicants and the Monitor, in consultation with and with the approval of the DIP Lenders will: (i) review and evaluate each Binding Offer, provided that each Binding Offer may be negotiated among the Applicants, in consultation with the Monitor, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Binding Offer as a result of such negotiations; and (ii) identify the highest or otherwise best Binding Offer(s) (the "**Successful Bid(s)**", and a Qualified Bidder making such Successful Bid, a "**Successful Bidder**") for any particular Property or the Business of the MPXI Entities in whole or part. The determination of any Successful Bid by the Applicants, in consultation with the Monitor and the DIP Lenders, shall be subject to approval by the Court.
15. The Monitor, in consultation with and with the approval of the Applicants and the DIP Lenders, shall notify each Qualified Bidder in writing as to whether its Binding Offer has been selected as a Successful Bid no later than September 12, 2022, or at such later time as the Monitor, in consultation with and with the approval of the Applicants and the DIP Lenders, deems appropriate.
16. The Applicants may, in consultation with and with the approval of the Monitor, aggregate separate Binding Offers to create one "Binding Offer".
17. The Applicants shall have no obligation to enter into a Successful Bid, and they reserve the right, after consultation with the Monitor and the DIP Lenders, to reject any or all Binding Offers.
18. Notwithstanding the process and deadlines outlined above with respect to the SISP:
 - (a) the Monitor may, with the consent of the Applicants and the DIP Lenders, at any time:
 - (i) in accordance with paragraph 26 herein, pause, terminate, amend or modify the SISP;
 - (ii) remove any portion of the Business and the Property from the SISP;
 - (iii) establish further or other procedures for the SISP; and
 - (b) the Applicants may, with the consent of the Monitor and in consultation with the DIP Lenders, at any time bring a motion to the Court to seek approval of:
 - (i) a sale of, or investment in, all or part of the Property or the Business whether or not such sale or investment is in accordance with the terms or timelines set out in this SISP; and/or

- (ii) a stalking horse agreement in respect of some or all of the Property or Business and related bid procedures in respect of such Property or Business.

Sale Approval Motion Hearing

- 19. At the hearing of the motion to approve any transaction with a Successful Bidder (the "**Sale Approval Motion**"), the Applicants shall seek, among other things, approval from the Court to consummate any Successful Bid. All Binding Offers, other than the Successful Bid(s), if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid(s) by the Court.

Confidentiality, Stakeholder/Bidder Communication and Access to Information

- 20. All discussions regarding the SISP should be directed through the Monitor. Under no circumstances should the management of the MPXI Entities or any stakeholder of the MPXI Entities be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISP. For greater certainty, nothing herein shall preclude a stakeholder 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.
- 21. If it is determined by the Monitor, in consultation with the Applicants, that it would be worthwhile to facilitate a discussion between one or more Qualified Bidders and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such Qualified Bidder, the Monitor may provide such Qualified 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, in consultation with the Applicants. The Monitor must be provided with the opportunity to be present at all such communications or meetings.

Access to Information and Credit Bidding by Debentureholders and/or DIP Lenders

- 22. Following the Binding Offer Deadline, should none of the Binding Offers received be acceptable to the DIP Lenders, including because such Binding Offers do not provide for the immediate repayment in cash of all outstanding amounts owing under the Debentures in full, the Applicants, with the consent of the Monitor and the DIP Lenders, may terminate the SISP and accept a credit bid (or such other bid) from the Debenture Trustee (on behalf of Debentureholders), the Debentureholders or the DIP Lenders for the Business and the Property.
- 23. Notwithstanding anything contained herein, neither the MPXI Entities nor the Monitor shall provide the Debenture Trustee (on behalf of Debentureholders) or any Debentureholder (including in its capacity as a DIP Lender) with any information relating to the Binding Offers, other than the Subject Information (as defined below), unless and

until the Debenture Trustee and/or such Debentureholder(s) confirm to the Applicants and the Monitor in writing that if they submit a credit bid in the SISP, such bid shall not be for an amount greater than the amount owing under the Debentures, plus all amounts ranking in priority to the Debentures. For the purposes of this paragraph, "**Subject Information**" shall mean, subject to the Monitor's determination of whether it is appropriate to disclose: (i) the amount and form of consideration payable in respect of the outstanding obligations under the DIP Term Sheet and the Debentures; (ii) the transaction structure and the material conditions to closing contemplated in any Binding Offer; and (iii) any other information the Monitor considers appropriate.

Supervision of the SISP

24. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the MPXI Entities and any Qualified Bidder or any other party, other than as specifically set forth in an NDA or a definitive agreement that may be signed with one or more of the MPXI Entities (including any Stalking Horse Agreement).
25. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Binding Offer, due diligence activities, and any other negotiations or other actions whether or not they lead to the consummation of a transaction.
26. The Applicants or the Monitor shall have the right to modify the SISP with the prior written approval of the DIP Lenders if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in these CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.

SCHEDULE "A"

The Monitor:

KSV Restructuring Inc.
150 King Street West, Suite 2308
Toronto, ON M5H 1J9

Attention: Noah Goldstein and Eli Brenner

Email: ngoldstein@ksvadvisory.com / ebrenner@ksvadvisory.com

with copies to:

Aird & Berlis LLP
Brookfield Place, 181 Bay St. #1800
Toronto, ON M5J 2T9

Attention: Kyle Plunkett and Sam Babe

Email: kplunkett@airdberlis.com / sbabe@airdberlis.com

The Applicants

The MPXI Entities
c/o Bennett Jones LLP
100 King Street West, Suite 3400
Toronto, ON M5X 1A5

Attention: Sean Zweig and Mike Shakra

Email: zweigs@bennettjones.com / shakram@bennettjones.com

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36*, AS AMENDED AND IN THE MATTER 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

Court File No.: CV-22-00684542-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

SISP APPROVAL ORDER

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Lawyers for the Applicants

**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**

Court File No.: CV-22-00684542-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

MOTION RECORD
(Returnable August 4, 2022)

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