



Court File No.: \_\_\_\_\_

**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

**NOTICE OF APPLICATION**

**TO THE RESPONDENT**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicants. The claim made by the Applicants appears on the following page.

**THIS APPLICATION** will come on for a hearing before a Judge presiding over the Commercial List on July 25, 2022 at 5:00 p.m. Eastern via videoconference due to the COVID-19 pandemic. Please refer to the videoconference details attached as Schedule "A" hereto in order to attend the application and advise if you intend to join the Application by emailing Thomas Gray at [grayt@bennettjones.com](mailto:grayt@bennettjones.com).

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. Eastern on the day before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE**

**THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date: July 25, 2022

Issued by: **Gurwinderjit Singh Brar**  
Local Registrar

Digitally signed by Gurwinderjit Singh Brar  
Date: 2022.07.26 08:23:05 -04'00'

Address of court office: 330 University Avenue, 9th Floor  
Toronto, ON M5G 1R7

**TO: THE SERVICE LIST**

## APPLICATION

### THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An Order substantially in the form attached as Tab 3 of this Application Record (the “**Initial Order**”), *inter alia*:
  - (a) abridging the time for service and filing of this notice of application and dispensing with service on any person other than those served;
  - (b) declaring that MPX International Corporation (“**MPXI**”), BioCannabis Products Ltd., Canveda Inc. (“**Canveda**”), The CinG-X Corporation, Spartan Wellness Corporation, MPXI Alberta Corporation, MCLN Inc. and Salus BioPharma Corporation (each individually, an “**Applicant**”, and collectively, the “**Applicants**”) are companies to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C36, as amended (the “**CCAA**”) applies;
  - (c) appointing KSV Restructuring Inc. (“**KSV**” or the “**Proposed Monitor**”, and if appointed, the “**Monitor**”) as an officer of this Court to monitor the assets, business and financial affairs of the Applicants;
  - (d) approving the Applicants' ability to borrow under a debtor-in-possession credit facility (the “**DIP Loan**”) to finance their working capital requirements and other general corporate purposes, post-filing expenses and costs, limited to the amount required by the Applicants until the Comeback Hearing;
  - (e) staying, for an initial period of not more than ten (10) days (the “**Stay of Proceedings**”), all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the directors and officers of the Applicants, 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;

- (f) extending the benefit of the Stay of Proceedings to the Non-Applicant Stay Parties<sup>1</sup> (together with the Applicants, the "**MPXI Entities**") and their respective directors and officers;
- (g) authorizing the Applicants to pay, 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 Initial Order;
- (h) relieving MPXI of any obligation to call and hold its annual general meeting of shareholders (the "**AGM**") until further Order of the Court; and
- (i) granting the following 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) an Administration Charge (as defined in the Initial Order) up to a maximum amount of \$300,000;
  - (ii) a DIP Lenders' Charge (as defined in the Initial Order) up to a maximum amount of \$1.2 million; and
  - (iii) a Directors' Charge (as defined in the Initial Order) up to a maximum amount of \$145,000.

2. The Applicants have scheduled a comeback hearing on August 4, 2022 (the "**Comeback Hearing**") to seek:

- (a) an amended and restated initial order, approving the following:
  - (i) an extension to the Stay of Proceedings;

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<sup>1</sup>The "**Non-Applicant Stay Parties**" collectively includes: 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. ("**Salus Bioceutical**"), Ltd.; Salus International Management Ltd. ("**Salus International**"); Holyworld SA; and MPXI Labs SA.

- (ii) an increase to the quantum of each of the DIP Lenders' Charge and the Directors' Charge;
- (iii) relief from certain securities reporting obligations;
- (b) an order approving a sale and investment solicitation process (the "**SISP**"); and
- (c) such other relief as may be required to advance the Applicants' restructuring;

**THE GROUNDS FOR THIS APPLICATION ARE:**

***General***

- (d) the Applicants are insolvent and are companies to which the CCAA applies;
- (e) each of the Applicants is a Canadian company;
- (f) MPXI is a reporting issuer listed on the Canadian Securities Exchange. It is the ultimate parent company to the other MPXI Entities, which focus on the cannabis industry in Canada and internationally, including Thailand, Malta and Switzerland. The MPXI Entities' business and operations focus on production and resale, management consulting for cannabis companies, and cannabis education.
- (g) the Applicants' operations are largely based in Ontario, Canada. The Canadian cannabis "plant-touching" operations of the Applicants are conducted through Canveda. Canveda has a licence issued under the *Cannabis Act*, S.C. 2018, c. 16, to produce cannabis at its facility in Peterborough, Ontario;
- (h) 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.
- (i) the Applicants are seeking the Initial Order at this time in order to stabilize and protect their business and to obtain urgently needed additional financing in order to

continue operations and to implement a restructuring and consummate a transaction in the SISP that would see all or a portion of the MPXI Entities' business and/or assets sold as a going concern;

- (j) in connection with the commencement of the CCAA Proceedings, the Applicants, and certain of the Non-Applicant Stay Parties as guarantors, have entered into the DIP Term Sheet (as defined below) to borrow up to \$2.67 million under the DIP Loan to finance their working capital requirements and other general corporate purposes, post-filing expenses and costs;
- (k) the boards of directors of each of the Applicants resolved to commence these CCAA proceedings (the "**CCAA Proceedings**");
- (l) KSV has consented to act as the Monitor in the CCAA Proceedings;

***Urgent Need For the Stay Of Proceedings***

- (m) 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. It would be detrimental to the Applicants' business if proceedings were commenced or continued or rights and remedies were executed against them and, without the Stay of Proceedings, the Applicants are unable to continue operations in the ordinary course of business;
- (n) the Stay of Proceedings will stabilize and preserve the value of the Applicants' business and ultimately provide the Applicants with breathing space to develop and undertake the SISP;
- (o) the Stay of Proceedings is in the best interests of the Applicants and their stakeholders, meets the statutory requirements under the CCAA, and is appropriate in the circumstances;
- (p) absent the Stay of Proceedings, the Applicants face the immediate cessation of their business, eroding value for all of their stakeholders;

*Extending the Stay of Proceedings to the Non-Applicant Stay Parties*

- (q) due to the integration of the business and operations of the MPXI Entities, the Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties, many of whom are guarantors of MPXI's secured obligations and the DIP Loan;
- (r) 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, thereby preventing immediate losses of value for the Applicants and their stakeholders.
- (s) 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;
- (t) the Non-Applicant Stay Parties will benefit from the DIP Loan, should it be approved by the Court, which will facilitate going concern operations and will maximize the value of the MPXI Entities;
- (u) the Proposed Monitor believes that the Stay of Proceedings – including its extension to the Non-Applicant Stay Parties – is appropriate in the circumstances.

*Immediate Need for the DIP Loan*

- (v) in connection with the commencement of the CCAA Proceedings, the Applicants, as borrowers, and certain of the Non-Applicant Stay Parties, as guarantors, entered into a term sheet dated July 25, 2022 (the “**DIP Term Sheet**”) with the parties listed on Schedule D of the DIP Term sheet as lenders (collectively, the “**DIP Lenders**”), pursuant to which DIP Lenders have agreed to provide the DIP Loan to the Applicants in the maximum principal amount of \$2.67 million;
- (w) 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 financing proposed to be made available under the DIP Loan, certain of the MPXI Entities will not be able to fund

their next payroll (which is paid in arrears) scheduled to be paid on or around July 29, 2022. Absent the DIP Loan, the Applicants will be forced to immediately cease going concern operations;

- (x) the proposed DIP Loan contemplates that a portion of it will be loaned by the Applicants to Salus International to fund the immediate operational needs of Salus Bioceutical;
- (y) the proposed DIP Loan is conditional upon the provision of an initial order under the CCAA, among other things, approving the DIP Loan and granting the DIP Lenders' Charge over the Property;
- (z) the amount to be funded prior to the Comeback Hearing under the DIP Loan is only that portion that is necessary for the Applicants' continued operations in the ordinary course of business during the initial Stay of Proceedings;
- (aa) the Proposed Monitor believes that the DIP Loan and corresponding DIP Lenders' Charge are appropriate and necessary in the circumstances;

***Priority Charges***

- (bb) the Applicants are seeking the Charges as part of the relief granted under the Initial Order in the following priority:
  - First – Administration Charge (up to the maximum amount of \$300,000);
  - Second – DIP Lenders' Charge (up to the maximum amount of \$1.2 million); and
  - Third – Directors' Charge (up to the maximum amount of \$145,000).
- (cc) the relief sought in the Initial Order in respect of the Charges is limited to what is reasonably necessary to stabilize the Applicants' business during the initial Stay of Proceedings;
- (dd) the Proposed Monitor is supportive of the granting of each of the Charges and their quantum;



***Ability to Pay Certain Pre-Filing Amounts***

- (ee) with the prior consent of the Monitor and the DIP Lenders, the Applicants are seeking authorization (but not the obligation) to pay certain amounts owing prior to the date of the Initial Order;
- (ff) 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, which may require the payment of certain amounts owing prior to the date of the Initial Order;

***Relief in Respect of AGM***

- (gg) 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;
- (hh) as a result of the commencement of the CCAA Proceedings, MPXI is seeking to be relieved of any obligation to call and hold the AGM until further Order of this Court;
- (ii) 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;
- (jj) the shareholders of MPXI will have the benefit of a significant amount of financial and other information that is being, and will continue to be, disclosed in the CCAA Proceedings;

***Other Grounds***

- (kk) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (ll) 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
- (mm) such further and other grounds as counsel may advise and this Honourable Court may permit;

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the application for the Initial Order:

- (a) the Affidavit of Jeremy Blumer, sworn on July 25, 2022, and the exhibits attached thereto;
- (b) the consent of KSV to act as Monitor;
- (c) the Factum of the Applicants;
- (d) the Pre-Filing Report of the Proposed Monitor dated July 25, 2022; and
- (e) such further and other evidence as counsel may advise and this Court may permit;

July 25, 2022

**BENNETT JONES LLP**

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## SCHEDULE "A"

### Join Zoom Meeting

<https://ca01web.zoom.us/j/67970635432?pwd=a1BJK0FGbFVab1NLMzhteTEvbUFPQT09>

**Meeting ID:** 679 7063 5432

**Passcode:** 571383

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+1 647 558 0588 Canada

+1 778 907 2071 Canada

833 955 1088 Canada Toll-free

855 703 8985 Canada Toll-free

**Meeting ID:** 679 7063 5432

**Passcode:** 571383

Find your local number: <https://ca01web.zoom.us/u/gcxruoDBLx>

Join by SIP

67970635432@zmca.us

Join by H.323

69.174.57.160 (Canada Toronto)

65.39.152.160 (Canada Vancouver)

Meeting ID: 679 7063 5432

Passcode: 571383

**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.: \_\_\_\_\_

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

Proceedings Commenced in Toronto

**NOTICE OF APPLICATION**

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