



**First Report of  
KSV Restructuring Inc.  
as CCAA Monitor 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**

July 29, 2022

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COURT FILE NO.: CV-22-00684542-00CL

**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**

**FIRST REPORT OF  
KSV RESTRUCTURING INC., IN ITS CAPACITY AS MONITOR**

**JULY 29, 2022**

## **1.0 Introduction**

1. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) made on July 25, 2022 (the “Initial Order”), MPX International Corporation (“MPXI”), BioCannabis Products Ltd., Canveda Inc., The CinG-X Corporation, Spartan Wellness Corporation, MPXI Alberta Corporation, MCLN Inc., and Salus BioPharma Corporation (collectively, the “Applicants” and each an “Applicant”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “CCAA”) and KSV Restructuring Inc. (“KSV”) was appointed monitor of the Applicants (in such capacity, the “Monitor”). A copy of the Initial Order is attached as Appendix “A”.
2. MPXI wholly-owns each of the other Applicants and, directly or indirectly, wholly-owns or has an interest in several other non-Applicant affiliates<sup>1</sup> (each subsidiary of MPXI individually a “Subsidiary” and together the “Subsidiaries”, and collectively with MPXI, the “Companies”).

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<sup>1</sup> 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 Biocetual (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 accordingly neither are Applicants or Non-Applicant Stay Parties.

3. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
  - a) granted a stay of proceedings in favour of each of the Applicants, the Non-Applicant Stay Parties and their respective directors and officers to and including August 4, 2022 (the “Stay Period”);
  - b) approved the terms of a debtor-in-possession loan facility (the “DIP Facility”) in the initial maximum principal amount of \$1.2 million made available by David Taylor, Alastair Crawford, Broughton Finance and Brahma Finance Limited (collectively, the “Initial DIP Lenders”, and together with any other Debentureholder who participates in the DIP Facility with the consent of the Monitor and the Initial DIP Lenders (the “DIP Lenders”)), pursuant to a term sheet dated July 25, 2022 (as amended, the “DIP Term Sheet”);
  - c) granted a charge:
    - i. in the amount of \$300,000 on all of the Applicants’ current and future assets, property and undertaking (collectively, the “Property”) to secure the fees and disbursements of the Applicants’ legal counsel, as well as the fees and disbursements of the Monitor and its independent legal counsel (the “Administration Charge”);
    - ii. up to the maximum amount of \$1.2 million on the Property in favour of the DIP Lenders to secure advances to the Applicants made under the DIP Facility until August 4, 2022 (the “DIP Lenders’ Charge”); and
    - iii. in the amount of \$145,000 on the Property in favour of the directors and officers of the Applicants (the “Directors’ Charge” and collectively with the DIP Lenders’ Charge and the Administration Charge, the “Charges”); and
  - d) relieved MPXI, a reporting issuer listed on the Canadian Securities Exchange, of its obligation to call and hold its annual general meeting of shareholders (the “AGM”) until further order of the Court.
4. The Court set August 4, 2022 as the date for the comeback motion in these proceedings (the “Comeback Motion”).
5. The principal purpose of these CCAA proceedings (the “CCAA Proceedings”) is to create a stabilized environment to enable the Applicants to secure urgently required interim financing and to pursue a restructuring of their business and/or sale of the business and assets of the Companies by conducting a Court-supervised sale and investor solicitation process (the “SISP”), while continuing operations in the ordinary course of business with the breathing space afforded by filing for protection under the CCAA. Subject to Court approval, the SISP is to be conducted by the Monitor, with the assistance of the Applicants.

## 1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
  - a) provide the Court with an update on the Applicants’ operations since the granting of the Initial Order;
  - b) provide the Court with an update on the Monitor’s activities since its appointment;
  - c) discuss the proposed:
    - SISP;
    - extension of the Stay Period from August 4, 2022 to October 21, 2022;
    - increase in the quantum of the DIP Lenders’ Charge from \$1.2 million to \$2.67 million (plus interest, fees and costs) and to disclose certain minor amendments agreed to by the DIP Lenders to the DIP Term Sheet;
    - increase in the quantum of the Directors’ Charge from \$145,000 to \$410,000; and
    - relief sought regarding MPXI’s reporting obligations under applicable securities law;
  - d) set out the Monitor’s recommendations as it relates to the relief sought by the Applicants.

## 1.2 Restrictions

1. In preparing this Report, the Monitor has relied upon the unaudited financial information of the Companies, the books and records of the Companies and discussions with representatives of the Companies, the Applicants’ counsel, the DIP Lenders and the DIP Lenders’ counsel.
2. The Monitor has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Companies’ cash flow forecast for the period July 25, 2022 to October 21, 2022 (the “Cash Flow Forecast”) as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Companies’ assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

### 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 2.0 Background of the Companies

1. The Companies' principal business is cannabis production, resale, management consulting for cannabis companies and cannabis education. The Companies consist of 23 entities registered in Canada, Lesotho, South Africa, Switzerland, Malta, Thailand, Australia and the United Kingdom.
2. The Companies' corporate chart is provided at Exhibit "A" of the Affidavit of Jeremy Blumer, a director and Chief Financial Officer of MPXI, sworn July 25, 2022 in support of the initial CCAA application (the "Blumer Affidavit").
3. The Blumer Affidavit and the Pre-Filing Report dated July 25, 2022 (the "Pre-Filing Report") prepared by KSV as Proposed Monitor, each set out detailed information with respect to the Companies' business and operations. The Monitor recommends that readers review the application materials filed in respect of the CCAA Proceedings. The Blumer Affidavit and the Pre-Filing Report are available on the Monitor's website at the following link: <https://www.ksvadvisory.com/insolvency-cases/case/MPXI>.

## 3.0 Update on Applicants' Activities since the Initial Order

1. The Applicants' activities since the granting of the Initial Order have included:
  - a) operating their business in the ordinary course;
  - b) communicating with suppliers to secure goods and services during these proceedings and to address payment terms;
  - c) finalizing the SISP in consultation with the Monitor;
  - d) disseminating a press release through *The Newswire* informing investors and other interested parties that the Applicants had obtained protection pursuant to the CCAA and would be seeking approval of the SISP (the "CCAA Press Release");
  - e) considering cost-saving initiatives;
  - f) corresponding regularly with representatives of the Monitor regarding numerous issues in these proceedings;
  - g) communicating with their staff to explain the impact of the CCAA Proceedings;
  - h) reporting daily receipts and disbursements to the Monitor;
  - i) implementing communication plans to their employees and customers, which plans were developed with the assistance of the Monitor;
  - j) sending a letter to Health Canada to advise of the CCAA Proceedings;

- k) together with legal counsel, convening a meeting of holders of MPXI's common share purchase warrants and secured convertible debentures (collectively, the "Debentures" and the holders of such Debentures, the "Debentureholders"); and
- l) corresponding with the DIP Lenders.

#### 4.0 Monitor's Activities since the Initial Order

1. The Monitor's activities since the granting of the Initial Order have included:
  - a) corresponding regularly with the Applicants, including senior executives, regarding various matters in the CCAA Proceedings;
  - b) assisting the Applicants to procure goods and services;
  - c) working with the Applicants to prepare and implement a stakeholder communication strategy;
  - d) mailing a notice to the Applicants' creditors, as required pursuant to the CCAA;
  - e) filing of Form 1 with the Office of Superintendent of Bankruptcy;
  - f) making arrangements to have the CCAA notice published in *The Globe and Mail* (National Edition) pursuant to the CCAA and in accordance with the Initial Order;
  - g) attending a townhall meeting with the Applicants' employees regarding the commencement of these proceedings;
  - h) attending an update meeting with Debentureholders;
  - i) corresponding with various suppliers to provide information regarding the CCAA Proceedings;
  - j) monitoring the Companies' receipts and disbursements;
  - k) corresponding with Aird & Berlis LLP (the Monitor's counsel), Bennett Jones LLP (restructuring counsel to the Applicants), and Dentons (Canada) LLP (counsel to the DIP Lenders), regarding various matters in these CCAA Proceedings;
  - l) corresponding with the Companies regarding the terms of the SISP;
  - m) preparing SISP materials, including a teaser, confidential information memorandum, virtual data room and a list of potential bidders;
  - n) corresponding and communicating with the DIP Lenders; and
  - o) preparing this Report.

## 5.0 Cash Flow

1. Pursuant to the terms of the Initial Order, the DIP Lenders were granted the DIP Lenders' Charge up to a maximum amount of \$1.2 million to secure initial advances made under the DIP Facility from the date of the Initial Order to the Comeback Motion (the "Initial DIP Advance"). The DIP Lenders have advanced the full \$1.2 million to the Companies since the granting of the Initial Order.
2. Substantially all of the funds advanced by the DIP Lenders under the Initial DIP Advance have been used, or are expected to be used prior to the Comeback Hearing, in the manner described in the Pre-Filing Report, including to pay critical expenses of the Companies and to fund an intercompany loan to Salus Bioceutical (Thailand) Co., Ltd., an indirect subsidiary of MPXI with operations in Thailand.
3. A copy of the Cash Flow Forecast prepared by the Applicants, with the assistance of the Monitor, was attached to the Pre-Filing Report. The Cash Flow Forecast reflects that the Companies will have sufficient liquidity to operate their business until October 21, 2022; provided that the Companies have full access to the DIP Facility, being \$2.67 million. Accordingly, the Applicants are requesting that, in accordance with disbursements conditions contained in the DIP Term Sheet, the DIP Lenders' Charge be increased from \$1.2 million to \$2.67 million.
4. A description of the key terms of the DIP Facility is provided in the Pre-Filing Report. A condition to the Initial DIP Advance was the termination of all head office staff, with the exception of those employee(s) who are retained with the DIP Lenders' consent on such terms satisfactory to DIP Lenders acting reasonably.
5. As of the writing of this Report, no head office staff have been terminated; however, the DIP Lenders have released the Initial DIP Advance. The Monitor understands that the DIP Lenders are having discussions with management of the Companies to determine which employees are required.

## 6.0 SISP

1. At the commencement of the CCAA Proceedings, the Applicants advised that they intended to seek approval of the SISP. A copy of the proposed SISP (the "SISP Document") is attached hereto as Appendix "B".
2. The Monitor has summarized the key aspects of the proposed SISP below; however, interested parties should review the SISP Document as well as the Applicants' materials filed in connection therewith. Capitalized terms in this section have the meaning provided to them in the SISP Document unless otherwise defined herein.
3. The proposed SISP was developed in consultation with the Monitor, and the DIP Lenders, who are one of the key stakeholders in the CCAA Proceedings and comprise a large portion of the Debentureholders.



4. The purpose of the SISP is to solicit interest in and opportunities for a sale of, or investment in, all or part of the Applicants' and the Non-Applicant Stay Parties' (collectively with the Applicants, the "MPXI Entities") assets and business operations (the "Business"). The SISP process 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 Business as a going concern or otherwise.
5. A summary of the proposed SISP timeline is as follows:

Milestone	Key Dates
Delivery of Teasers/NDA to Known Potential Bidders	August 5, 2022
Binding Offer Deadline	September 8, 2022
Deadline to notify Qualified Bidders of Successful Bid	September 12, 2022

## 6.1 Solicitation of Interest

1. 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 MPXI Entities have identified as parties who may be interested in purchasing all or part of the Business or Property or investing in the Companies pursuant to the SISP (collectively, the "Known Potential Bidders"). The Companies have been informally marketing the Business for the past few months and have held discussions with several interested parties. These interested parties will be canvassed and included on the list of Known Potential Bidders. The Monitor has also received unsolicited interest in the SISP as a result of the CCAA Press Release.
2. The Monitor will cause a notice of the SISP to be published in *The Globe and Mail* (National Edition), and such international publications and/or journals as the Monitor deems appropriate, including in Thailand and Malta. The Monitor will also consider translating the Notice and/or Teaser Letter into other languages.
3. The Monitor or the Applicants will send the Teaser Letter describing the Opportunity and a form of non-disclosure agreement (an "NDA") to all Known Potential Bidders by no later than August 5, 2022.

## 6.2 Qualified Bidders

1. Any party who has delivered written confirmation of the identity of the Potential Bidder and an executed NDA 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.
2. All Qualified Bidders will receive a Confidential Information Memorandum prepared by the Monitor, with the assistance of the Applicants, and will be granted access to a virtual data room (the "Data Room").
3. Qualified Bidders will be provided access to such due diligence materials and information relating to the Property and Business as the Monitor, in consultation with the Applicants, may deem appropriate.

### 6.3 Binding Offers

1. Qualified Bidders shall submit a Binding Offer,<sup>2</sup> which must:
  - a) be submitted on or before the Binding Offer Deadline;
  - b) clearly indicate if the offer is to acquire all, substantially all or a portion of the Property and/or Business (a “Binding Sale Offer”), or to make an investment in, restructure, reorganize or refinance the Business and/or one or more of the MPXI Entities (a “Binding Investment Offer”);
  - c) 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; and
  - d) 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.
2. The Monitor, with the Applicants’ approval, may waive one or more of the requirements specified above.

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

1. Binding Offers will be valued based on various factors, including, but not limited to:
  - a) the purchase price and the net value provided by such offer;
  - b) the claims likely to be created by such offer in relation to other offers;
  - c) the identity, circumstances and ability of the bidder to successfully complete such transactions;

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<sup>2</sup> A “Binding Offer” includes a Binding Sale Offer and a Binding Investment Offer.

- d) the proposed transaction documents;
  - e) the effects of the bid on the stakeholders of the Companies;
  - f) 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);
  - g) the assets included or excluded from the offer;
  - h) any related restructuring costs; and
  - i) the likelihood and timing of consummating such transactions.
2. The Applicants and the Monitor, in consultation with the DIP Lenders, will:
    - a) review and evaluate each Binding Offer; and
    - b) identify the highest or otherwise best Binding Offer(s) (the "Successful Bid(s)").
  3. The determination of any Successful Bid shall be subject to approval by the Court.
  4. 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.
  5. The Applicants may, in consultation with and with the approval of the Monitor, aggregate separate Binding Offers to create one "Binding Offer".
  6. The Applicants, in consultation with the Monitor and DIP Lenders, reserve the right to reject any or all Binding Offers.
  7. The Monitor may, with the consent of the Applicants and the DIP Lenders, pause, terminate, amend or modify the SISP, remove any portion of the Business and the Property from the SISP, or establish further procedures for the SISP.
  8. The Applicants may, with the consent of the Monitor in consultation with the DIP Lenders, bring a motion to the Court to seek approval of 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 a stalking horse agreement in respect of some or all of the Property or Business.
  9. A motion will be held to approve any transaction with a Successful Bidder brought forth by the Applicants. All Binding Offers, other than the Successful Bid(s), shall be deemed rejected by the Applicants as of the date of approval of the Successful Bid(s) by the Court.

## **6.5 Bidder Communication & Confidentiality**

1. As noted above, the Monitor was consulted in designing the SISP and will be involved throughout the SISP.

2. The Monitor will oversee, in all respects, the conduct of the SISP and, without limitation to that role, the Monitor will carry out the SISP in the manner set out in the SISP Document.
3. All discussions regarding the SISP should be directed through the Monitor. For greater certainty, under no circumstances should the management of the Companies or any stakeholder of the Companies be contacted directly without the prior consent of the Monitor.

## **6.6 Access to Information and Credit Bidding by Debentureholders**

1. 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 from the Debenture Trustee (on behalf of Debentureholders), the DIP Lenders or the Debentureholders for the Business and the Property.
2. 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 Lenders) with any information relating to the Binding Offers, other than Subject Information, 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. 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.

## **6.7 SISP Recommendation**

1. The Monitor recommends that this Court grant the proposed SISP Approval Order for the following reasons:
  - a) the SISP will test the market for the Business and the Property for the benefit of all stakeholders;
  - b) the duration of the SISP is sufficient to allow interested parties to perform diligence and submit Binding Offers. In that regard, several parties have already approached the Monitor with interest in the SISP following the issuance of the CCAA Press Release;
  - c) the SISP provides flexibility by inviting potential investors or purchasers to submit either Binding Sale Offers or Binding Investment Offer, in each case, for all or some of the Companies' Business and Property;

- d) the SISP will be broadly marketed and provides for the compilation of an extensive list of Known Potential Bidders who will receive a Teaser Letter and NDA;
- e) the SISP will be carried out by and with the oversight of the Monitor, to ensure fairness and transparency; and
- f) the DIP Lenders are supportive of the proposed SISP.

## 7.0 Stay Extension

1. The Stay Period currently expires on August 4, 2022. The Applicants are requesting an extension to the Stay Period until October 21, 2022, as well as an extension of the benefit of the stay of proceedings to the Non-Applicant Stay Parties.
2. The Monitor supports the request for an extension to the Stay Period for the following reasons:
  - a) the Applicants are acting in good faith and with due diligence;
  - b) the Applicants will be permitted to continue to operate in the ordinary course, with the benefit of the stay of proceedings, and certain cost cutting measures, and with the oversight of the Monitor;
  - c) the Monitor does not believe that any creditor will be prejudiced if the extension is granted;
  - d) it will allow the Monitor and the Companies time to conduct the SISP, which is expected to be completed prior to the end of the proposed Stay Period;
  - e) as of the date of this Report, neither the Applicants nor the Monitor is aware of any party opposed to the requested extension; and
  - f) subject to the Court approving the proposed increase to the DIP Lenders' Charge, the Companies are projected to have sufficient liquidity to fund their operations until October 21, 2022, as reflected in the Cash Flow Forecast.

## 8.0 Court Ordered Charges

1. The Applicants are seeking an increase in the quantum of certain of the Charges. Under the proposed amended and restated Initial Order, the ranking and quantum of the Charges would be as follows:

<b>Proposed Charged &amp; Priorities</b>	<b>Amount (\$000s)</b>
1. Administration Charge	300
2. DIP Lenders' Charge	2,670 (plus interest, fees and costs)
3. Directors' Charge	410

## 8.1 Administration Charge

1. The Initial Order granted a \$300,000 Administration Charge to secure the fees and expenses of the Monitor, its counsel and the Applicants' counsel. Neither the Applicants nor the Monitor are seeking to amend this Charge at this time.

## 8.2 DIP Lenders' Charge

1. The Applicants are seeking to increase the quantum of the DIP Lenders' Charge from \$1.2 million to \$2.67 million (plus interest, fees and costs), which is the maximum amount available under the DIP Facility.
2. The Monitor is of the view that an increased DIP Lenders' Charge is required, as: (i) the Companies are in need of additional liquidity to fund the Business; (ii) the Cash Flow Forecast reflecting the liquidity needs under the DIP Lenders' Charge appears reasonable; (iii) the terms of the DIP Facility are reasonable for the reasons set out in the Pre-Filing Report; and (iv) the DIP Lenders are not prepared to provide further advances above and beyond the Initial DIP Advance under the DIP Facility without the benefit of the increased DIP Lenders' Charge.
3. The Monitor further understands that the DIP Lenders have agreed to make certain minor amendments to the DIP Term Sheet to reduce the minimum participation amount for any other Debentureholder wishing to participate in the DIP Facility from \$100,000 to the greater of (i) \$10,000; and (ii) each new lender's *pro rata* percentage of the Debentures. In the event of oversubscription, the commitments of each DIP Lender will be reduced to their *pro rata* percentage. The *pro rata* percentage is determined based on each Debentureholder's current holding in the existing Debentures.
4. The Monitor views these minor alterations to the DIP Term Sheet as reasonable and they do not change the economics of the DIP Facility.

## 8.3 Directors' Charge

1. The Initial Order approved a Directors' Charge in the amount of \$145,000 to secure any liabilities that may accrue to the directors and officers until the Comeback Motion. The Applicants are seeking to increase the Directors' Charge to \$410,000 to secure additional exposure that will accrue.
2. As provided in the table below, the quantum of the Directors' Charge was estimated by the Applicants in consultation with the Monitor, taking into consideration payroll obligations, sales tax obligations, excise tax obligations and the Applicants' vacation pay liability:

(unaudited)	Amount (\$)
Payroll, including source deductions	130,000
Vacation pay	65,000
Sales tax	65,000
Excise tax	150,000
Total Directors' Charge	410,000

3. The Monitor understands that, apart from consensual salary related holdbacks for certain senior employees which totalled approximately \$538,000 as at July 22, 2022, the Applicants are current on their normal course payroll obligations (including withholding taxes). The Cash Flow Forecast contemplates payroll and sales taxes will continue to be paid in the ordinary course and the Companies are projected to have sufficient liquidity to do so provided the increase to the DIP Lenders' Charge is approved.
4. The proposed Directors' Charge provides protection for the directors and officers should the Applicants fail to pay certain obligations which may give rise to liability for directors and officers, including vacation pay.
5. The Directors' Charge will only cover the current and future directors and officers for liabilities incurred after the commencement of the CCAA Proceedings to the extent relating to the period on or after the date of the Initial Order.
6. The Monitor is of the view that the increased Directors' Charge is required and reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Companies and these CCAA Proceedings. The Directors' Charge is particularly needed in this instance where the DIP Lenders are requiring the existing D&O insurance policy to be cancelled. In that respect, the Monitor has been advised by Mr. Blumer that he has written to the D&O insurer to cancel the D&O insurance policy.
7. The DIP Lenders have been consulted and are supportive of the proposed Directors' Charge.

## 9.0 Securities Reporting Obligations

1. MPXI is seeking authorization 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").
2. The Applicants are also seeking 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.
3. As discussed above, at the initial application the Court relieved MPXI of its obligation to call an AGM. As set out in the Pre-Filing Report, MPXI's executive management will be focused on the Applicants' restructuring efforts. The Securities Filings would require significant time and resources, and attention from MPXI's management and would detract from these efforts. Furthermore, as a cost savings measure, MPXI may not continue as a reporting issuer upon its emergence from the CCAA.
4. As a result, the Monitor views this request as reasonable and supports such relief in the circumstances.

## 10.0 Conclusion and Recommendation

5. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(d) of this Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.  
IN ITS CAPACITY AS MONITOR 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  
AND NOT IN ITS PERSONAL CAPACITY**



## **Appendix “A”**



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE CHIEF ) MONDAY, THE 25<sup>th</sup>  
 )  
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.



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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**

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Lawyers for the Applicants

## **Appendix “B”**

## 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:

<b>Milestone</b>	<b>Date</b>
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**")<sup>1</sup> 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;

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<sup>1</sup> 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](mailto:ngoldstein@ksvadvisory.com) / [ebrenner@ksvadvisory.com](mailto: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](mailto:kplunkett@airdberlis.com) / [sbabe@airdberlis.com](mailto: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](mailto:zweigs@bennettjones.com) / [shakram@bennettjones.com](mailto:shakram@bennettjones.com)