Court File No. 33-3368241

ONTARIO
SUPERIOR COURT OF JUSTICE
(EAST REGION COMMERCIAL LIST)

IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF 1382769 ONTARIO LIMITED AND 1622356 ONTARIO LIMITED

FACTUM
(SISP Approval; Stalking Horse Bid Approval; Administrative Charge; Extension of Stay Period)

July 9, 2026

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TO: THE SERVICE LIST

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I. RELIEF SOUGHT

1. This is a motion by 1382769 Ontario Limited and 1622356 Ontario Limited (together, the "**Companies**") for:

   a. an order in the form of the draft order delivered at tab 3 of the Companies' motion record delivered July 3, 2026 (the "**First Motion Record**")[1] that extends the time for the Companies to file proposals (the "**Stay Period**") by 44 days to Friday, August 28, 2026; and

   b. an order in the form of the draft order (the "**SISP & SHAPA Approval Order**") delivered at tab 3 of the Companies' supplementary motion record delivered July 8, 2026 (the "**Supplementary Motion Record**")[2] that:

      i. approves the sale and investment solicitation process ("**SISP**") of which the terms are appended to the SISP & SHAPA Approval Order;

      ii. approves the stalking horse asset purchase agreement dated June 17, 2026 (the "**SHAPA**") between the Companies, as vendors, and 7055579 Canada Inc. (the "**Stalking Horse Bidder**"), as purchaser, to constitute the stalking horse bid in the SISP (the "**Stalking Horse Bid**"), including approval of the "**Bid Protections**," namely, a $46,000 break fee and a an expense reimbursement amount of a maximum of $12,000 – together representing approximately 2.5% of the

[1] Companies' Motion Record dated July 3, 2026 (the "**MR**"), tab 3 (page 141).
[2] Companies' Supplementary Motion Record dated July 8, 2026 (the "**Supp. MR**"), tab 3 (page 88).

$2,300,000 cash consideration payable pursuant to the SHAPA (the "**Cash Consideration**"); and

iii. grants a charge in the maximum amount of $200,000 (the "**Administration Charge**") over all the Companies' current and future assets, properties and undertakings (collectively, the "**Property**"), ranking in priority to all security interests, deemed trusts and other encumbrances ("**Encumbrances**"), as security for the Companies' payment of the professional fees and disbursements of Albert Gelman Inc. in its capacity as proposal trustee (the "**Proposal Trustee**"), the Proposal Trustee's independent counsel, and counsel to the Companies (collectively, the "**Professionals**").

2. The Proposal Trustee supports the relief sought. The Proposal Trustee consulted with the Companies' only creditor, Canada Revenue Agency ("**CRA**") and is not aware of any opposition.[3]

II. KEY FACTS

A. Context of NOI filings

3. The Companies operate restaurant franchises near the RioCan Centre Mall in Kingston, Ontario. They employ approximately one hundred (100) employees. In addition to the employees, key going-concern stakeholders include the franchisor, Recipe Unlimited Corporation (the "**Franchisor**"), the landlords, and the Companies' numerous suppliers.[4]

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[3] Second Report of the Proposal Trustee dated July 8, 2026 (the "**Second Report**"), para. 28.
[4] Affidavit of Timothy Lloyd sworn July 3, 2026 (the "**Lloyd July 3 Affidavit**"), tab 2 (page 10) of MR, paras. 5-9.

4. In 2025, the Companies and the Stalking Horse Bidder had agreed on the key terms of a going-concern transaction (the "**Pre-Filing Transaction**"). The Franchisor had approved the Purchaser and Pre-Filing Transaction. The parties intended to close on or around May 4, 2026.[5]

5. Shortly before the intended closing date, CRA threatened to garnish or freeze the Companies' bank accounts, asserting that the Companies were in default on account of HST remittances.[6]

6. Any garnishment would have undermined operations and jeopardized the Pre-Filing Transaction – or any going-concern transaction, causing losses to stakeholders including employees, the Franchisor, landlords and suppliers. It would have also likely resulted in suboptimal recoveries for CRA itself, given that a turnkey transaction for a revenue-generating business typically generates higher realizations than a bankruptcy or liquidation.[7]

7. On May 1, 2026, the Companies filed notices of intention ("**NOIs**") pursuant to the *Bankruptcy and Insolvency Act*[8] (the "**BIA**") to preserve the opportunity to complete a going-concern transaction, including the Pre-Filing Transaction if possible – which is achievable through the SISP and Stalking Horse Bid, as discussed further below.[9]

B. The Companies' Financial Position and Operations Are Stable

8. The Companies continue to operate their businesses in the ordinary course and in accordance with franchise standards.[10] Among other things, the Companies achieved the results

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[5] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 17.
[6] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 18.
[7] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, paras. 19-20.
[8] *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").
[9] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 21.
[10] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 12.

projected in the initial cash flow forecasts delivered in connection with the NOI filings, with no material variance.[11]

9. In connection with this motion, the Companies' delivered updated cash flow forecasts for the period ending October 11, 2026 (the "**Updated Cash Flow Forecasts**"). The Updated Cash Flow Forecasts continue to project positive cash flow each week, with a cumulative cash balance of approximately $138,841.[12]

C. CRA Claims

10. CRA filed proofs of claims with the Proposal Trustee, namely, two unsecured proofs of claims in the respective amounts of $1,137,404.24 and $2,272,177.33.[13] The Proposal Trustee has not allowed or disallowed the CRA claims at this time. The Proposal Trustee and the Companies are reviewing the claims in consultation with accounting and legal professionals.[14]

11. As of filing the NOIs, the only known creditor claims were CRA's. This remains the case.[15]

D. The Parties Converted the Pre-Filing Transaction in the SHAPA

12. Since filing the NOIs, the Companies, in consultation with the Franchisor and the Proposal Trustee, worked with the Purchaser to convert the Pre-Filing Transaction into a transaction that, subject to being selected as a successful bid upon completion of a Court-sanctioned sale process,

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[11] Second Report, para. 13.
[12] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 10 and Exhibit "D" (page 100 of MR); Second Report, paras. 14-15 and Appendices "A" and "B".
[13] Copies of the proofs of claims are Exhibits "F" and "G" to the Lloyd July 3 Affidavit, at tabs 2.f. and 2.g. (pages 121 and 127) of the MR.
[14] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, paras. 13-15.
[15] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 11.

would meet the criteria for approval in Section 65.13 of the BIA. The first part has been achieved, with the parties executing the SHAPA on June 17, 2026.[16]

13. This motion deals with the second part of the restructuring plan, namely, the Court's approval of the proposed SISP and approval of the SHAPA as the Stalking Horse Bid in the SISP.

E. Key Terms of SHAPA

14. The terms of the SHAPA are discussed at para. 9 of the affidavit of Timothy Lloyd sworn July 8, 2026, delivered in the Supplementary Motion Record (the "**Lloyd July 8 Affidavit**"),[17] and at paras. 18-19 of the Second Report of the Proposal Trustee.[18] A copy of the SHAPA is Exhibit "B" to the affidavit of Timothy Lloyd sworn July 3, 2026, delivered in the Motion Record,[19] Exhibit "A" to the Lloyd July 8 Affidavit,[20] and Appendix "C" to the Second Report.

15. By way of summary, the essential terms of the SHAPA are as follows.

a. <u>Nature of transaction</u>: going-concern, all-cash, "as is where is" asset transaction.

b. <u>Purchase Price (Section 4)</u>: $2,300,000, plus any HST/transfer taxes.

c. <u>Deposit Paid (Section 2.2)</u>: 5%/$115,000.

d. <u>Purchased Assets (Section 1.1, definition of same)</u>: all assets used in the Companies' business.

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[16] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 26.
[17] Affidavit of Timothy Lloyd sworn July 8, 2026 (the "**Lloyd July 8 Affidavit**"), tab 2 (page 19) of Supp. MR, para. 9.
[18] Second Report, paras. 18-19.
[19] MR, tab 2.b. (page 35).
[20] Supp. MR, tab 2.a. (page 39).

e. Treatment of Employees (Section 7.4): Stalking Horse Bidder shall offer employment to all employees whom the Stalking Horse Bidder wishes to employ post-closing, on terms substantially identical to their current terms of employment. It is anticipated that all the Companies' employees will receive offers.

f. Assigned Contracts and Assumed Obligations (Section 1.1, definitions of same, Section 3.2, Section 3.3): Stalking Horse Bidder shall assume all contracts with respect to the purchased assets, including, where necessary, by obtaining counterparty consents or requesting the Companies to bring a motion for an assignment order pursuant to Section 66.1 of the BIA. In both cases, Stalking Horse Bidder shall, in addition to the Cash Consideration, pay all cure costs, being, namely, any consideration payable pursuant to the applicable counterparty consent or all amounts required to be paid pursuant to Section 66.1. The Stalking Horse Bidder shall assume all post-closing obligations with respect to purchased assets and assigned contracts.

g. Bid Protections (Section 5.2): the Bid Protections shall be paid to the Purchaser only if (i) the Stalking Horse Bid is not selected as the winning bid in the SISP; (ii) the Court approves the winning bid(s); and (iii) the winning bid transactions close. The Bid Protections shall then only be paid from net cash proceeds actually received, if any.

h. Closing Conditions (Article 8): the only material conditions to closing are (i) that the Stalking Horse Bid be selected as a winning bid in the SISP; and (ii) the Court's issuance of an approval and vesting order authorizing the completion of the transactions contemplated in the SHAPA pursuant to Section 65.13 of the BIA.

F. Key Terms of SISP

16. The terms of the proposed SISP are appended to the SISP & SHAPA Approval Order.[21] The terms of the SISP are discussed at para. 21 of the Lloyd July 8 Affidavit[22] and at para. 26 of the Second Report of the Proposal Trustee.[23] By way of summary, the essential terms of the SISP are as follows.

a. Purpose of SISP: to canvass the market for offers for all or part of the property, assets, business and/or shareholding of one or both Companies and confirm whether the Stalking Horse Bid is the best transaction that can be completed at this time for going-concern stakeholders and CRA.

b. Steps of SISP: the SISP will be implemented by the Proposal Trustee with the assistance of the Companies. The Proposal Trustee will set up a virtual data room, actively market the opportunity, and assist with the due diligence process.

c. Bid Deadline: the proposed bid deadline is August 20, 2026. The SISP provides that the Proposal Trustee may extend the bid deadline by up to two weeks if necessary or appropriate.

d. Qualified Bids: the SISP sets out the criteria that all bids must meet. Key criteria include (i) the bid must be superior to the Stalking Horse Bid, including the Bid Protections; (ii) the bid must be complete, final, binding, and ready to be completed, subject only to Court approval; (iii) the bidder must provide a 5% deposit and evidence of its financial

[21] Supp. MR, page 98.
[22] Lloyd July 8 Affidavit, tab 2 (page 19) of Supp. MR, para. 21.
[23] Second Report, para. 26.

ability to complete the transaction; and (iv) the bid must describe the intended treatment of stakeholders, such as employees, suppliers and contractual counterparties. The Proposal Trustee may waive strict compliance with bid criteria, except the criterion that the bid must be superior to the Stalking Horse Bid, which is a firm condition.

e. Selection of Successful Bid(s), Motion for Approval, Closing: as soon as practicable after the bid deadline, the Proposal Trustee, in consultation with the Companies, will select the best bid(s) as the successful bid(s). If there are no other qualified bid, the Stalking Horse Bid shall be the winning bid. The Companies will then bring a motion for Court approval of the successful bid(s) and shall complete the transaction(s) under the supervision of the Proposal Trustee.

G. Terms of Administration Charge Sought

17. The Companies seek the Court's approval of the Administration Charge, being a charge over the Companies' Property in the maximum amount of $200,000, ranking ahead of all Encumbrances and in favour of the Professional, as security for payment of the professional fees and disbursements incurred with respect to the Companies' insolvency proceedings, including among other things completing the SISP, closing the winning bid transaction(s), and effecting creditor distributions.

III. ISSUES

18. The issues on this motion are whether the Court shall (A) approve the SISP; (B) approve the SHAPA for purposes of constituting the stalking horse bid in the SISP; (C) grant the Administration Charge; and (D) extend the Stay Period.

IV. LAW AND ARGUMENT

A. The Court Should Approve the SISP

19. Court-approved sale and investment solicitation processes are common restructuring initiatives in NOI proceedings. The Court's jurisdiction to approve such processes stems from, *inter alia*, Section 65.13 of the BIA. This provision gives the Court jurisdiction to approve sales out of the ordinary course of business, and, by extension, to approve the process through which such a transaction may be pursued.[24]

20. Courts will approve a proposed sale process where it is fair, reasonable, transparent, and commercially efficacious. In assessing this, Courts have considered, *inter alia*, the factors reproduced below, which are met in this case for the following reasons.[25]

a. Is a sale transaction warranted at this time? Yes. The Companies require the proceeds of a transaction, such as the Stalking Horse Bid, to maximize payments on the CRA claims, otherwise CRA may face a significant shortfall.[26]

b. Will a sale benefit the whole "economic community"? Yes – particularly a going-concern transaction, such as the Stalking Horse Bid, which, compared to a liquidation or bankruptcy, maximizes creditor recovery,[27] maintains employment, and preserves valuable business relationships for landlords, contractual counterparties, suppliers, and the Franchisor, among others.[28]

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[24] *Danier Leather Inc. (Re)*, 2016 ONSC 1044 [Penny J.] ("***Danier Leather***"), para. 20. See also *CCM Master Qualified Fund v blutip Power Technologies*, 2012 ONSC 1750 [Brown J. (as he then was)] ("***CCM***"), para. 6.
[25] *Danier Leather*, paras. 20-23.
[26] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 16.
[27] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, paras. 19-20.
[28] Lloyd July 8 Affidavit, tab 2 (page 10) of MR, para. 13.

c. Do any of the debtors' creditors have a *bona fide* reason to object to a sale? No. No party would be better off if the SISP was not undertaken, as confirmed, *inter alia*, by the fact that the Proposal Trustee consulted with CRA and is not aware of any opposition.[29]

d. Is there a better viable alternative? No. The Companies' restructuring plan, centred around the SISP, is a viable plan developed in consultation with the Proposal Trustee, the Franchisor, the Purchaser, and their respective counsel.[30] The Companies, with the support of the Proposal Trustee, believe this is the best course of action in the circumstances.

21. The SISP will enable the Companies to canvass the market and will provide a structured and orderly process for interested parties to perform due diligence and submit offers.[31] The SISP's timeline gives adequate time for marketing and due diligence while balancing costs and ensuring that the Companies' restructuring process progresses diligently, all of which is in the interest of CRA and going-concern stakeholders.[32] The bid criteria laid out in the SISP are fair and commercially reasonable, and, by clearly laying out the applicable standards, will enhance the efficiency of the SISP.[33]

22. The terms of the SISP were developed in consultation with the Proposal Trustee. The form and substance of the SISP are based on established precedents and aligned with processes regularly approved by this Honourable Court. The Proposal Trustee supports the Court's approval of the SISP.

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[29] Second Report, para. 28.
[30] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, paras. 22-24.
[31] Lloyd July 8 Affidavit, tab 2 (page 19) of Supp. MR, para. 21.
[32] Lloyd July 8 Affidavit, tab 2 (page 19) of Supp. MR, para. 21.
[33] Lloyd July 8 Affidavit, tab 2 (page 19) of Supp. MR, paras. 29-30.

23. For those reasons, among others, the Court should approve the SISP.

B. The Court Should Approve the SHAPA as the Stalking Horse Bid in the SISP

24. The approval of a stalking horse bid – also referred to as an initial or "floor" bid – adds significant value to sale processes and is a common feature in insolvency proceedings:

> The use of a sale process that includes a stalking horse agreement maximizes value of a business for the benefit of its stakeholders and enhances the fairness of the sale process. Stalking horse agreements are commonly used in insolvency proceedings to facilitate sales of businesses and assets and are intended to establish a baseline price and transactional structure for any superior bids from interested parties.[34]

25. The Court's jurisdiction to approve a transaction for purposes of constituting the stalking horse bid in a sale process is part of the Court's jurisdiction to approve the sale process as a whole pursuant to Section 65.13 of the BIA.[35] In deciding whether to approve a transaction as a stalking horse bid, Courts have considered whether the transaction structure and price "*represents a fair and reasonable benchmark for all other bids*" in the sale process.[36]

26. Bid protections are a typical feature of stalking horse offers. While bid protections favour the stalking horse bid, Courts recognize that fair and reasonable bid protections are an appropriate incentive and *quid pro quo* considering, *inter alia*, the plus-value that stalking horse bids provide to insolvency sale processes.[37] Courts also recognize that break fees and expense reimbursement provisions are subject to the exercise of business judgment and will, therefore, afford the

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[34] *Danier Leather*, para. 20. See also *Cannapiece Group Inc v. Marzili,* 2022 ONSC 6379 [Penny J.] ("***Cannapiece***"), para. 8.
[35] *Id.*
[36] *Danier Leather*, para 40.
[37] See *Danier Leather*, para. 41, and *Nortel Networks Corporation (Re),* 2009 CanLII 39492 (ON SC) [Morawetz J. (as he then was)], para. 56.

provisions deference as long as they are not, on their face, commercially unreasonable.[38] Overall, Courts will approve bid protections that are not unreasonably high or likely to overly disincentivize bidding.[39]

27. In this case, the Court should approve the SHAPA for purposes of constituting the stalking horse bid in the SISP.

28. The terms of the SHAPA are fair and reasonable, being the result of discussions that began before the NOI filings among the Stalking Horse Bidder, the Companies, and the Franchisor, subsequently converted into stalking horse bid discussions in consultation with the Proposal Trustee and its independent counsel.[40]

29. The SHAPA's $2.3 million Cash Consideration is a meaningful signal of the value of the Companies that will enhance the efficacy of the SISP. The Cash Consideration also provides a tangible and significant assurance of recovery for CRA. Furthermore, the SHAPA's straightforward closing conditions (namely, selection as successful bid and Court approval) will provide a standard that will enhance the efficacy of the SISP, "weeding out" inferior or conditional offers.

30. The Bid Protections are fair and reasonable in the circumstances. Representing approximately 2.5% of the Cash Consideration, the Bid Protections are on the low end of bid protections regularly approved by Ontario Courts. The Bid Protections are only payable if a superior bid closes and only from the net proceeds of such transaction, meaning that the Bid

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[38] *Cannapiece*, para. 5; *Brainhunter Inc. (Re),* 2009 CanLII 72333 (ON SC) [Morawetz J. (as he then was)], para. 20.
[39] See *CCM*, paras. 8, 15, and *Danier Leather*, para. 44.
[40] Lloyd July 3 Affidavit, tab 2 (page 10) of MR, para. 26.

Protections are conditional and not structured as a strict liability of the Companies.

31. Lastly, the Proposal Trustee supports the Court's approval of the SHAPA as the stalking horse bid in the SISP.

32. For those reasons, among others, the Court should approve the SHAPA.

33. For avoidance of doubt, the Court is not, at this time, approving the completion of the transactions contemplated in the SHAPA. The Court's approval for the completion of the transactions contemplated in the winning bid(s), including the SHAPA as applicable, will be the subject of a further motion upon completing the SISP.

C. The Court Should Grant the Administration Charge

34. Subsections 64.2(1) and (2) of the BIA provide that, on notice to potentially affected secured creditors, the Court may grant a charge that ranks in priority to the claim of any secured creditor in favour of, among others, the trustee, legal counsel engaged by the trustee in the performance of its duties, and legal counsel engaged by the debtor for the purposes of the notice of intention proceedings.[41]

35. In determining whether an administration charge is appropriate, Courts have considered non-exhaustive factors such as the size and complexity of the business being restructured, the role of the beneficiaries of the charge, whether there is any unwarranted duplication of roles, whether the quantum of the administration charge appears to be fair and reasonable, whether creditors oppose the charge, and whether the proposal trustee supports the charge.[42]

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[41] BIA, s. 64.2.
[42] See *Canwest Publishing Inc*, 2010 ONSC 222 [Pepall J.], para. 54.

36. Regarding the quantum of the charge in particular, Courts acknowledge that estimating the quantum of an administration charge is "*an inexact exercise*" and that the proposed quantum should be considered fair and reasonable where it is supported by the proposal trustee and where it does not appear disproportionate to the value of the business, the contemplated transactions or the restructuring process as a whole.[43]

37. In this case, the Court should approve the Administration Charge, which is appropriate, including for the following reasons, among others.

38. The Companies have relied upon and require the assistance of each of the Professionals to complete these NOI proceedings and to implement their restructuring plan, which includes performing the SISP, completing the winning bid transactions, assessing CRA's claims, and distributing funds. The Professionals have thus contributed and will continue to contribute significant value to stakeholders.[44]

39. The proposed beneficiaries of the Administration are the Proposal Trustee, its independent counsel, and the Companies' legal counsel. Those are core roles that are usual and necessary in corporate restructurings.

40. The proposed quantum of the Administration Charge was established with the Proposal Trustee, who supports the approval and proposed quantum of the Administration Charge. Furthermore, as mentioned above, the Proposal Trustee consulted with the Companies' only creditor, Canada Revenue Agency ("**CRA**") and is not aware of any opposition.[45]

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[43] See *Springer Aerospace Holdings Limited*, 2022 ONSC 6581 [Penny J.], para. 19 and *Canwest Global Communications Corp. (Re)*, 2009 CanLII 55114 (ON SC) [Pepall J.], para. 40.
[44] Lloyd July 8 Affidavit, tab 2 (page 19) of Supp. MR, paras. 40-43.
[45] Second Report, para. 28.

41. For those reasons, the Court should grant the Administration Charge.

D. The Court Should Extend the Stay Period

42. In accordance with Section 50.4 of the BIA, unless the Stay Period is extended, the Companies will be automatically bankrupt on July 15, 2026.[46]

43. Subsection 50.4(9) of the BIA provides that the Court may extend the Stay Period so long as (i) the Companies have acted, and are acting, in good faith and with due diligence, (ii) the Companies would likely be able to make a viable proposal if the extension being applied for were granted; and (iii) no creditor would be materially prejudiced if the extension applied for were granted.[47]

44. Those criteria are met. The Companies are acting in good faith and with due diligence. Among other things, the Companies achieved the results projected in the initial cash flow forecasts,[48] successfully negotiated a valuable going-concern transaction opportunity, and developed a commercially efficacious restructuring plan and sale process.

45. Given that the performance of the SISP and the completion of the winning bid (including the SHAPA, as applicable) is in the interest of all stakeholders, the extension of the Stay Period is appropriate and will not create material prejudice to any creditor. To the contrary, a bankruptcy would bring about the loss of value which the SISP and the SHAPA are designed and intended to prevent.

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[46] Stay Extension and Administrative Consolidation Order dated May 19, 2026, Exhibit "H" to Lloyd July 3 Affidavit, tab 2.h. (page 133) of MR.
[47] BIA, s. 50.4(9).
[48] Second Report, para. 13.

46. The Proposal Trustee supports the Stay Period extension for those reasons and the further and other ones set out in the Second Report.

47. For those reasons, the Court should extend the Stay Period.

RELIEF REQUESTED

48. The Companies therefore request the orders described at paragraph 1.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 9th day of July, 2026.

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SCHEDULE "A"
LIST OF AUTHORITIES

1.	*Danier Leather Inc. (Re)*, 2016 ONSC 1044 [Penny J.]
2.	*CCM Master Qualified Fund v blutip Power Technologies*, 2012 ONSC 1750 [Brown J. (as he then was)]
3.	*Cannapiece Group Inc v. Marzili,* 2022 ONSC 6379 [Penny J.]
4.	*Nortel Networks Corporation (Re),* 2009 CanLII 39492 (ON SC) [Morawetz J. (as he then was)]
5.	*Brainhunter Inc. (Re),* 2009 CanLII 72333 (ON SC) [Morawetz J. (as he then was)]
6.	*Canwest Publishing Inc*, 2010 ONSC 222 [Pepall J.]
7.	*Springer Aerospace Holdings Limited*, 2022 ONSC 6581 [Penny J.]
8.	*Canwest Global Communications Corp. (Re)*, 2009 CanLII 55114 (ON SC) [Pepall J.]

SCHEDULE "B"
RELEVANT STATUTES

***Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3**

Extension of time for filing proposal

50.4 (8) Where an insolvent person fails to comply with subsection (2), or where the trustee fails to file a proposal with the official receiver under subsection 62(1) within a period of thirty days after the day the notice of intention was filed under subsection (1), or within any extension of that period granted under subsection (9),

> **(a)** the insolvent person is, on the expiration of that period or that extension, as the case may be, deemed to have thereupon made an assignment; […]

(9) The insolvent person may, before the expiry of the 30-day period referred to in subsection (8) or of any extension granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court, on notice to any interested persons that the court may direct, may grant the extensions, not exceeding 45 days for any individual extension and not exceeding in the aggregate five months after the expiry of the 30-day period referred to in subsection (8), if satisfied on each application that

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

Court may order security or charge to cover certain costs

64.2 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of

> (a) the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;
>
> (b) any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and

(c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

Restriction on disposition of assets

65.13 (1) An insolvent person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.

(3) An insolvent person who applies to the court for an authorization shall give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition.

(4) In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the trustee approved the process leading to the proposed sale or disposition;

(c) whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

(7) The court may authorize a sale or disposition free and clear of any security, charge or other restriction and, if it does, it shall also order that other assets of the insolvent person or the proceeds of the sale or disposition be subject to a security, charge or other restriction in favour of the creditor whose security, charge or other restriction is to be affected by the order.

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IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF 1382769 ONTARIO LIMITED AND 1622356 ONTARIO LIMITED

Court File No. 33-3368241

ONTARIO
SUPERIOR COURT OF JUSTICE
(EAST REGION COMMERCIAL LIST)

Proceeding commenced at Ottawa

FACTUM
(Motion returnable July 13, 2026

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