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
(Extension of Stay Period;
Approval of Proposal Trustee's Reports, Fees and Activities)

August 20, 2026

PERLEY-ROBERTSON, HILL & MCDOUGALL LLP
1400-340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
jturgeon@perlaw.ca

Lawyers for 1382769 Ontario Limited and 1622356 Ontario Limited

TO: THE SERVICE LIST

1. This is a motion by 1382769 Ontario Limited and 1622356 Ontario Limited (together, the "**Companies**") for an order that (i) extends the time to file proposals (the "**Stay Period**") by 45 days to Monday, October 12, 2026, and (ii) approves the reports, fees and activities of Albert Gelman Inc. in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") and the Proposal Trustee's independent legal counsel, Miller Thomson LLP ("**MT**").

I. FACTS

2. On July 13, 2026, the Honourable Perron J. granted an order (the "**SISP Approval Order**") that approved a sale and investment solicitation process (the "**SISP**"). Perron J. also approved an offer to purchase the Companies' business and assets as a going concern for $2,300,000 cash, for purposes of constituting the stalking horse bid in the SISP (the "**Stalking Horse Bid**").[1] Perron J. extended the Stay Period to August 28, 2026 so the SISP could be carried out.[2]

3. The Proposal Trustee consulted Canada Revenue Agency ("**CRA**"), the only creditor of the Companies, in connection with the SISP. CRA confirmed it considered the SISP and Stalking Horse Bid more beneficial than bankruptcy and so it did not oppose the SISP.[3]

4. The Companies and the Proposal Trustee are carrying out the SISP in accordance with the SISP Approval Order. The bid deadline is currently August 20, 2026. Following the bid deadline, the Proposal Trustee and the Companies will select the successful bid. That will be the Stalking Horse Bid unless there is a superior offer. The Companies will then bring a motion for an approval

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[1] SISP Approval Order dated July 13, 2026; Endorsement of Perron J. dated July 13, 2026.
[2] Stay Period Extension Order dated July 13, 2026.
[3] Third Report of the Proposal Trustee dated July 20, 2026 (the "**Third Report**"), para. 5.

and vesting order, which is expected in early September, and then close the transaction, which is expected mid-September. Once the transaction closes, the net proceeds will be distributed.[4]

5. The Companies forecast sufficient liquidity to operate in the normal course and implement the foregoing steps without interim funding.[5]

II. LAW AND ARGUMENT

A. The Court Should Extend the Stay Period

6. Pursuant to Section 50.4 of the *Bankruptcy and Insolvency Act* (the "**BIA**"), unless the Stay Period is extended, the Companies will be automatically bankrupt on August 28, 2026, bringing the SISP to an abrupt end before any transaction can be completed.

7. 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.

8. Those criteria are met, and the Court should extend the Stay Period, for the following reasons, among others:

a. the Companies are acting in good faith and with due diligence. They are operating in the normal course and carrying out the SISP.

b. the extension of the Stay Period supports a viable proposal. It will allow the SISP

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[4] Third Report, paras. 14-18.
[5] Third Report, paras. 19-21.

to be completed and, subject to Court approval, the net proceeds of a successful transaction (including the Stalking Horse Bid as the case may be) will be distributed to creditors.

c. the extension of the Stay Period creates no prejudice. To the contrary, a bankruptcy would destroy the value of the Companies' restructuring efforts, including the negotiation of the Stalking Horse Bid and the implementation of the SISP.

d. the Proposal Trustee supports the extension of the Stay Period.

B. The Court Should Approve the Proposal Trustee's Reports, Fees and Activities

9. The Proposal Trustee's reports and activities are beneficial, timely, and in the interest of stakeholders.[6] The professional fees are supported by detailed fee affidavits including true copies of invoices.[7] As part of the SISP Approval Order, Perron J. granted a $200,000 administration charge ranking in priority to all claims and encumbrances.[8] Accordingly, the Court may approve the Proposal Trustee's reports, fees and activities.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of August, 2026.

Perley-Robertson, Hill & McDougall LLP/s.r.l.
1400 – 340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
jturgeon@perlaw.ca

Lawyers for 1382769 Ontario Limited and 1622356 Ontario Limited

[6] See *Target Canada Co. (Re)*, 2015 ONSC 7574, spec. para. 23.
[7] See *Coast Automotive Group Inc (Re)*, 2026 ABCA 123, para. 8; Third Report, Appendices "D" and "E".
[8] SISP Approval Order dated July 13, 2026.

SCHEDULE "A"
LIST OF AUTHORITIES

1.	*Target Canada Co. (Re)*, 2015 ONSC 7574.
2.	*Coast Automotive Group Inc (Re)*, 2026 ABCA 123

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.

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Proceeding commenced at Ottawa

FACTUM
(Motion returnable August 24, 2026)

Perley-Robertson, Hill & McDougall LLP/s.r.l.
1400 – 340 Albert Street
Ottawa, ON K1R 0A5

Joël Turgeon LSO #80984R
Tel: 613.238.2022 x. 424
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