

Court File No. BK-24-3082683-0032
Estate File No. 32-3082683

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF NIAGARA FALLS CRAFT DISTILLERS LTD. OF THE CITY OF NIAGARA
FALLS IN THE PROVINCE OF ONTARIO**

Applicant

MOTION RECORD OF THE APPLICANT
(Extension of Time to Make a Proposal and Administration Charge)
(Returnable June 20, 2024)

June 12, 2024

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TO: THE SERVICE LIST

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TAB 1

Court File No. BK-24-3082683-0032
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**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NIAGARA FALLS CRAFT DISTILLERS LTD. OF THE CITY OF NIAGARA FALLS IN THE
PROVINCE OF ONTARIO**

Applicant

NOTICE OF MOTION

(Re: Extension Of Time To File A Proposal And Administration Charge)

Niagara Falls Craft Distillers Ltd. (the “**Company**”) will make a motion to a Judge on **June 20, 2024 at 10:00 am**, or as soon after that time as the motion can be heard by judicial video conference via Zoom at the Superior Court of Justice, Hamilton, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;
- in writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

At the following location:

Video conference details to follow

THE MOTION IS FOR:

1. an Order substantially in the form attached as Tab 3 of the Company's Motion Record that, among other things:
 - a) abridges the notice periods and service requirements pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*;
 - b) extends the time for the Company to file a proposal pursuant to s. 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**") for 45 days, up to and including August 5, 2024; and
 - c) grants a first-ranking priority charge ("**Administration Charge**") against the assets, property, and undertakings (the "**Property**") of the Company, in the maximum amount of \$125,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by MNP Ltd. in its capacity as the proposal trustee (the "**Proposal Trustee**"), counsel to the Proposal Trustee, and counsel to the Company, in connection with this proceeding; and
2. such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Background

3. The Company is in the business of producing, manufacturing, and selling high-quality, craft spirits and liquors (the "**Business**").
4. The Company operates from leased premises located in Niagara Falls, Ontario. The premises include an area for beverage manufacturing and packaging machines and equipment, an office space, a large warehouse, an outdoor storage area, and other

facilities. The Company's location near the United States border facilitates access to the United States' economy, which is the predominant importer of Canadian spirits.

5. Since the Company's inception, the Company has contributed to the Ontario and Niagara Falls region through the payment of over \$6 million in salaries, remittances of over \$4.5 million in alcohol duties, the generation of \$1 million in sales taxes, and through expenditures of \$3 million to small, local businesses on account of the supply of goods and services.
6. The Company's Business includes three primary components:
 - a) contract manufacturing: the Company is contracted by third parties as a consultant and facilitator in the creation, manufacturing, packaging, and distribution of beverage products. The third parties that are reliant on the Company's manufacturing services include large corporate groups that own various well-known alcoholic beverage brands as well as small and medium-sized, local businesses.
 - b) exclusive distilled spirits partner of Sysco Canada ("Sysco"): The Company is Sysco's exclusive distilled spirit partner in Ontario. As such, the Company is part of Sysco's Ontario distribution network and produces and provides promotional/product support of distilled spirits.
 - c) manufacturing and selling its own products: true to its roots, the Company continues to develop, manufacture, sell, and distribute its own alcoholic and non-alcoholic beverage products, including Premium Rye Whisky, Premium Maple Whisky, Icebridge Vodka, Ridgeway Canadian Whisky, Lundy's Lane 1814

London Dry Gin, Arcadia 1923 Filtered Rum, The JRNY Canadian Whisky, Avé Tequila, and Better Daze tequila sodas.

7. To support its Business, the Company maintains relationships with numerous suppliers in Ontario, Canada, and internationally. The Company's suppliers include carefully selected, local producers who supply the Company with high-quality products. The Company operates on a "just-in-time" basis, with limited inventory. The Company is therefore reliant on a steady flow of critical supplies to sustain its operations.
8. The Company also holds and maintains numerous certifications that have material value, including certifications from the Alcohol & Gaming Commission of Ontario, Canada Revenue Agency ("**CRA**"), Canada Food and Drug Agency, Hazard Analysis and Critical Control Points Canada, Pro-Cert, and the International Organization for Standardization.
9. The Company employs approximately 44 employees, including 40 full-time employees. None of the Company's employees are unionized.

The Company's Key Assets and Liabilities

10. Based on the Company's books and records, the consolidated book value of the Company's assets as of May 30, 2024 is \$9.1 million, which primarily comprises accounts receivable (\$800,000), inventory (\$1.62 million), and equipment (\$6.3 million net of depreciation). The Company is in the process of obtaining appraisals for its equipment.
11. In contrast, the Company has approximately \$10.4 million in liabilities. The Company's significant liabilities include:
 - a) approximately \$3.14 million owing to Bank of Montreal ("**BMO**") on account of secured financing facilities provided by BMO to the Company pursuant to a Letter

of Agreement dated September 11, 2020, as amended by Letter of Agreement Amendment and Restatement dated February 3, 2022 (the “**BMO Facility**”);

- b) approximately \$3.91 million owing to ALNA Packaging Co., Ltd. (“**Alna**”), on account of secured equipment loans provided by Alna to the Company pursuant to a Loan Agreement dated October 25, 2022 as amended by an Amending Agreement dated February 17, 2023 (“**Alna Loan**”);
 - c) approximately \$2.37 million in accounts payable to trade suppliers and service providers;
 - d) approximately \$7,000.00 owing to the CRA on account of GST/HST; and
 - e) \$117,784.29 in respect of source deduction remittances.
12. According to the search results of the Ontario Personal Property Security Registry, there are three creditors that have registered security against the Company: BMO, Alna, and His Majesty in Right of Ontario as represented by the Minister of Finance.

The NOI Proceeding

13. In and around September 2020, the Company began experiencing cash flow pressures due to rising inflation, increasing interest rates, and increased costs across the Company’s entire supply chain. For example, from January 2021 to July 2022, interest on the BMO Facility increased by 137%, while the repayment of principal under the BMO Facility increased by 266% from February 2022 to April 2023.
14. In and around November 2022, the Company began expending significant funds to expand its Business by developing a high-speed canning line. The Company also invested in a corresponding expansion of its warehouse footprint. In order to fund the expansion,

the Company relied upon the Alna Loan. The expansion has caused the Company to experience temporary cash flow challenges as the Company has not yet realized the anticipated efficiencies from the expansion to offset the increased costs incurred in developing and maintaining the expanded operations.

15. The Company's cash flow challenges have been further exasperated by the LCBO delisting some of the Company's products, the Company's difficulty in collecting accounts receivable from smaller customers, and a temporary decline in the Company's contract manufacturing business.
16. Based on the compounding financial pressures facing the Company, the Company was unable to make its debt service payment to BMO. As a result, on May 9, 2024, BMO delivered a demand to the Company and issued a Notice of Intention to Enforce Security under section 244 of the *Bankruptcy and Insolvency Act (Canada)*.
17. In order to preserve its ongoing operations and value, the Company filed the NOI on May 21, 2024.
18. The purpose of this NOI proceeding is to permit the Company to conduct a sale and investment solicitation process ("**SISP**"), while maintaining going concern operations, in order to preserve employment and maximize recovery for stakeholders.
19. Since the filing of the NOI proceeding on May 21, 2024, the Company has among other things:
 - a) continued to operate the Business in the normal course, with the oversight of the Proposal Trustee;
 - b) with the assistance of the Proposal Trustee, continued to assess various

restructuring options;

- c) began developing a SISP with a view to canvassing the market for a transaction and developing a viable proposal;
 - d) engaged in discussions with various parties interested in acting as a stalking horse bidder in a SISP;
 - e) engaged with stakeholders, including BMO and Alna, to develop consensus in this restructuring proceeding; and
 - f) continued to maintain and foster relationships with suppliers and customers.
20. As noted above, the Company is in active negotiations with parties potentially interested in submitting offers to act as a stalking horse bidder in the SISP. The initial interest in a transaction is a cause for optimism in the value of the Company's assets and Business as a going concern.

Extension of Time to File a Proposal

21. The initial stay of proceedings pursuant to s. 69 of the BIA expires on June 20, 2024. The stay of proceedings may be extended in increments of 45 days pursuant to s. 50.4(9) of the BIA.
22. The Company is seeking an Order extending the stay of proceedings for a further 45 days to August 5, 2024 (the "**Stay Period**") pursuant to section 50.4(9) of the BIA. The requested extension of the Stay Period is necessary and appropriate to allow the Company to develop a SISP, negotiate an appropriate stalking horse agreement (if any), protect the going-concern nature and value of the Company, and develop a viable proposal.

23. The Company has acted and will continue to act with good faith and with due diligence. No creditors will be materially prejudiced by the requested extension.
24. The cash flow forecast, prepared by the Company, with the assistance of the Proposal Trustee, demonstrates that the Company will have sufficient cash flow to operate over the Stay Period.

Administration Charge

25. The Company seeks an Administration Charge over the Property of the Company in the amount of \$125,000 to secure the fees and disbursements of counsel to the Company, the Proposal Trustee, and counsel to the Proposal Trustee incurred in connection with this NOI proceeding. The Administration Charge is proposed to rank in priority to all other security interests and charges.
26. The Administration Charge is necessary as the Company requires the expertise, knowledge, and continued participation of its advisors and professionals during this NOI proceeding in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge has a distinct role in the Company's restructuring.
27. The quantum of the Administration Charge is reasonable and appropriate.
28. The Proposal Trustee supports the Administration Charge.

Other Grounds

29. If necessary, the Company also seeks to abridge the time requirements for bringing this motion, pursuant to section 6 of the *Bankruptcy and Insolvency General Rules*.
30. The *Rules of Civil Procedure*, RSO 1990, Reg 194, as amended, including without

limitation, Rules 1.04, 2.01, 3.02, 37 and 39.

31. The BIA including ss. 50.4 and 64.2.
32. The inherent jurisdiction of this Court.
33. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:

34. the Affidavit of Andrew Murison, sworn June 12, 2024;
35. the First Report of the Proposal Trustee, to be filed; and
36. such further and other evidence as counsel may advise and this Honourable Court may permit.

June 12, 2024

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Lawyers for the Applicant

TO: THE SERVICE LIST

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF NIAGARA FALLS CRAFT DISTILLERS LTD. OF
THE CITY OF NIAGARA FALLS IN THE PROVINCE OF ONTARIO

Court File No. BK-24-3082683-0032
Estate File No. 32-3082683

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at HAMILTON

NOTICE OF MOTION

(Re: Stay Extension and Administration Charge)

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TAB 2

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL TO CREDITORS OF NIAGARA
FALLS CRAFT DISTILLERS LTD. OF THE CITY OF
NIAGARA FALLS IN THE PROVINCE OF ONTARIO**

AFFIDAVIT OF ANDREW MURISON

(Extension of Time to Make a Proposal and Administration Charge)
(sworn June 12, 2024)

I, **ANDREW MURISON**, of the Town of Oakville, in the Province of Ontario, **MAKE OATH
AND SAY:**

1. I am a director, shareholder and the Chief Executive Officer of Niagara Falls Craft Distillers Ltd. ("**NFCD**" or the "**Company**"), the Company in this proceeding pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). I co-founded NFCD in 2016 and have held a position in management since that time. Accordingly, I have personal knowledge of the matters set out below unless otherwise stated to be based on information and belief. Where I have relied on information from others, I state the source of such information and verily believe it to be true.

I. OVERVIEW

2. On May 21, 2024, the Company filed a Notice of Intention to Make a Proposal ("**NOI**") under the BIA. MNP Ltd. was appointed as Proposal Trustee under the NOI (in such capacity, the

“Proposal Trustee”). Attached hereto and marked as **Exhibit “A”** is a copy of the Certificate of Filing of a Notice of Intention to Make a Proposal.

3. Pursuant to the NOI, the initial 30-day stay of proceedings (**“Stay of Proceedings”**) expires on June 20, 2024.

4. I make this affidavit in support of the Company’s motion for an order that, among other things:

a. extends the time for the Company to make a proposal to its creditors pursuant to s. 50.4(9) of the BIA for 45 days, up to and including Monday, August 5, 2024 (**“Extended Stay Period”**); and

b. grants a first-ranking priority charge (the **“Administration Charge”**) in the maximum amount of \$125,000 on the current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situated, of the Company, including all proceeds thereof (collectively, the **“Property”**), as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Company.

5. The Company requires an extension of the Stay of Proceedings to stabilize and preserve the going-concern nature of its business while it continues to work on restructuring initiatives, including, among other things, the negotiation of potential stalking horse bids and the formulation of a sale and investment solicitation process (**“SISP”**). In particular, the Company intends to bring a motion for the Court’s approval of a SISP during the Extended Stay Period.

II. THE COMPANY

A. Background

6. NFCD is a corporation incorporated under the *Business Corporations Act* (Ontario). The Company's head office is located in Niagara Falls, Ontario. A corporate profile report for NFCD is appended hereto as **Exhibit "B"**.

7. The Company produces, manufactures, and sells high-quality, craft spirits and liquors. Founded in 2016, the Company's business operations (the "**Business**") have evolved to include three primary components:

a. contract manufacturing: the Company is contracted by third parties as a consultant and facilitator in the creation, manufacturing, packaging, and distribution of beverage products. For example, the Company will advise as to the creation of a commercial beverage, provide access to its recipe development facility and warehouse, facilitate access to its preferred supplier network, and provide support in the marketing phase of product development.

b. exclusive distilled spirits partner of Sysco Canada ("**Sysco**"): Sysco is a global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, lodging establishments, and other customers around the world. As Sysco's exclusive distilled spirit partner in Ontario, NFCD is part of Sysco's Ontario distribution network and produces and provides promotional/product support of distilled spirits.

c. manufacturing and selling its own products: true to its roots, the Company continues to develop, manufacture, sell, and distribute its own alcoholic and non-alcoholic beverage products, including Premium Rye Whisky, Premium Maple Whisky, Icebridge

Vodka, Ridgeway Canadian Whisky, Lundy's Lane 1814 London Dry Gin, Arcadia 1923 Filtered Rum, The JRNY Canadian Whisky, Avé Tequila, and Better Daze tequila sodas.

8. The Company has contributed to the Ontario and Niagara Falls region through the payment of over \$6 million in salaries, remittances of over \$4.5 million in alcohol duties, the generation of \$1 million in sales taxes, and through expenditures of \$3 million to small, local businesses on account of the supply of goods and services. In addition, the Company's location near the United States border facilitates access to the United States' economy, which is the predominant importer of Canadian spirits.

B. Key Customers

9. NFCD's key customers are located across Canada and include corporate groups owning various well-known alcoholic beverage brands - such as Cottage Springs, Georgian Bay, Sandbagger, and Joyburst - bars and restaurants, retail stores, duty-free stores, large distributors of food products in Canada and the United States, and more than 160 Liquor Control Board of Ontario ("LCBO") stores.

10. In addition to large corporate clients, many small and medium-sized, local businesses rely on the Company's bespoke services to create, manufacture and sell their own distilled liquid products. For example, the Company provides services to Dominion City, Craft City, Genuine Tea, Crazy D's and Wildlot.

C. Key Suppliers

11. The Company maintains business relationships with numerous suppliers in Ontario, Canada, and internationally. The Company's suppliers include carefully selected, local producers who supply the Company with high-quality products. The Company operates on a "just-in-time"

basis, with limited inventory. NFCD is therefore reliant on a steady flow of critical supplies to sustain its operations.

12. Key suppliers include, among others, various suppliers of CO₂, food ingredients and chemical products involved in the manufacturing process, freight forwarding & transportation services, specialized food waste disposal services, and utilities, as well as regular and special shape glass bottle crafters, metal can manufacturers, packaging supplies providers, and other critical suppliers.

D. Leased Premises

13. The Company does not own real property. The Company operates from leased premises located in Niagara Falls, Ontario. The premises include an area for beverage manufacturing and packaging machines and equipment, an office space, a large warehouse, an outdoor storage area, and other facilities. The Company leases the premises from Canada BW Logistics Inc. pursuant to a lease agreement made as of September 1, 2022 (the "**Lease**"). The Lease is a long-term lease agreement, with a term ending on October 31, 2029. The Company is current in the payment of rent under the Lease.

E. Licenses and Certifications

14. Alcohol and liquor manufacturing, sale, and distribution is a highly regulated business environment. The Business requires NFCD to hold and maintain numerous certifications from various regulatory bodies, including the Alcohol & Gaming Commission of Ontario ("**AGCO**"), Canada Revenue Agency ("**CRA**"), Canada Food and Drug Agency ("**FDA**"), Hazard Analysis and Critical Control Points Canada ("**HACCP**"), Pro-Cert, and the International Organization for Standardization ("**ISO**").

15. In particular, NFCD holds the following key certifications:

- a. AGCO distilling, brewing and wine & cider packaging licenses;
- b. CRA agreements required for warehousing and distributing alcohol products;
- c. FDA certifications obtained following rigorous and regular inspections;
- d. HACCP certifications for retail and consumer food products;
- e. Pro-Cert Organic manufacturing certifications; and
- f. an ISO FSSC22000 Safe Foods Certification.

16. The foregoing certifications have material value. They are costly to obtain and are a significant barrier to entry to the alcohol manufacturing, sale and distribution business in Canada and Ontario. They represent national and international industry standards and are recognized as a mark of quality, safety and compliance. Obtaining and maintaining those certifications requires compliance with rigorous standards tested through regular inspections. Obtaining qualification for these certifications typically takes several years and requires significant investments.

F. Employees

17. NFCD employs approximately 44 employees, including 40 full-time employees. None of the Company's employees are unionized.

18. The Company's current payroll totals approximately \$79,000 every pay period. Employees are paid bi-weekly.

19. The Company is otherwise current in respect of all payroll obligations for the post-filing period, including employee compensation and source deduction remittances.

G. Key Assets

20. Based on the Company's books and records, the consolidated book value of NFCD's assets as of May 30, 2024 is \$9.1 million, which primarily comprises accounts receivable (\$800,000), inventory (\$1.62 million), and equipment (\$6.3 million net of depreciation). The Company is in the process of obtaining appraisals for its equipment.

H. Key Liabilities And Creditors

21. The Company has \$10,416,730.15 in liabilities. A copy of the List of Creditors filed with the NOI is appended hereto as **Exhibit "C"**.

22. The Company's significant liabilities include:

a. approximately \$3.14 million owing to Bank of Montreal ("**BMO**") on account of secured financing facilities;

b. approximately \$3.91 million owing to ALNA Packaging Co., Ltd. ("**Alna**"), on account of secured equipment loans;

c. approximately \$2.37 million in accounts payable to trade suppliers and service providers; and

d. approximately \$7,000.00 owing to the Canada Revenue Agency on account of GST/HST.

23. As of the date of this affidavit, the Company owes \$117,784.29 in respect of source deduction remittances. The Company is current in its filings and payment for corporate income tax.

The BMO Facility

24. Pursuant to a Letter of Agreement dated September 11, 2020, as amended by Letter of Agreement Amendment and Restatement dated February 3, 2022, BMO made available a credit facility in the principal amount of \$4,400,000 comprising a Non-Revolving Facility in the amount of \$2,500,000, a BMO Corporate Mastercard in the amount of \$100,00 and an Overdraft Lending Facility the amount of \$1,800,000 (the “**BMO Facility**”).

25. The Demand Non-Revolving Facility and the Overdraft Lending Facility accrues interest at a rate of Prime plus 2.25% per annum. The Overdraft Lending Facility is made available based on a specified margin calculation of *inter alia*, accounts receivable and raw material and finished goods inventory.

26. The BMO Facility is secured by a general security agreement dated September 28, 2020 pursuant to which the Company granted a security interest to BMO in all of its present and after acquired property. This security is registered in the Ontario Personal Property Security Registry. A copy of the report from the Ontario Personal Property Security Registry, current as of May 22, 2024, is attached hereto as **Exhibit “D”**.

Alna Packaging

27. The Company is indebted to Alna in the amount of \$3,910,000 pursuant to a Loan Agreement dated October 25, 2022 as amended by an Amending Agreement dated February 17, 2023 (the “**Alna Loan**”).

28. The amounts advanced under the Alna Loan were used by the Company for the purposes of purchasing certain equipment. The loan bears interest at a rate of 10% per annum. Upon an event of default, the loan bears interest at a rate of 15% per annum.

His Majesty in Right of Ontario

29. In addition to BMO and Alna, His Majesty in Right of Ontario as represented by the Minister of Finance registered financing statements in each of financial years 2022 and 2024. The 2024 registration appears to have been discharged.

30. A summary of the registered secured creditors is contained in the table below .

Date of reg.	Creditor	Collateral Classifications	Collateral Description
2020-09-28	BMO	Inv., Equ., Acc., Other, MV Incl.	General security agreement BMO's security excludes the Alna Collateral
2022-03-15	Alna	Inv., Equ., Acc., Other	Alna Collateral
2022-12-07	Ontario Minister of Finance	Inv., Equ., Acc., Other	N/A
2024-01-05 Discharged on April 9, 2024 by way of a Financing Change Statement	Ontario Minister of Finance	Inv., Equ., Acc., Other	N/A

III. REASONS FOR THE COMPANY'S FINANCIAL DIFFICULTIES AND NOI FILING

31. In and around September 2020, the Company began experiencing significant cash flow pressures due to numerous compounding factors that are described below.

A. Expansion of the Canning Line

32. In and around November 2022, the Company began expending significant funds to expand its Business by developing a high-speed canning line. The Company also invested in

corresponding expansion of its warehouse footprint. In order to fund the expansion, the Company relied upon the Alna Loan.

33. Although the Company anticipates the expansion to result in increased revenue in the long-term, the expansion has caused the Company to experience temporary cash flow challenges as a result of the increased operational costs required to operate the expanded Business and the Company's additional debt service obligations to Alna. Given the current financial climate (as further detailed below), the Company has not yet realized the anticipated efficiencies from the expansion to offset the costs it incurred.

B. De-listing of Certain Products

34. In order for alcoholic products to be legal for sale in Ontario, the LCBO must approve or "list" alcohol products. If a particular product is "de-listed", it cannot be sold in Ontario. Between 2023 and 2024, the LCBO "de-listed" approximately four third-party products produced by the Company. The de-listings prevented the Company from selling existing inventory and had a sudden and unexpected detrimental impact on the Company's bottom line. The de-listings also adversely impacted the productivity of the Company as the Company was required to reconfigure its production lines to cease production of the de-listed products. Additionally, the Company had its own brands delisted, including Whisky and Vodka.

C. Rising Interest Rates and Inflation

35. Like many other businesses, the Company has been negatively impacted by the rising inflation and interest rates that have followed the COVID-19 pandemic. The Company has shouldered the burden of these rising costs across its entire supply chain including the costs to source ingredients, pay employees, and distribute products to its customers. Additionally, interest on the BMO Facility increased 137% from January 2021 to July 2022. As a result, the Company took a principal payment holiday under the BMO Facility from February 2022 to March 2023. Upon

resumption of monthly principal repayments in April 2023, the annual principal repayments increased by 266%, namely from \$300,000 to \$800,000.

D. Aging Accounts Receivable

36. The Company has had increasing difficulty collecting accounts receivable from customers, particularly smaller customers such as individual bar, restaurant and retail establishments. I believe that the current economic environment has also put pressure on those businesses who have had to delay supplier payments as a result.

E. Composition of Sales

37. While the Company has experienced an increase to its net sales of 12% over the comparative 12-month fiscal period, the composition of those sales has had a significant impact on the Company's operations. In particular, while the Company's spirit sales have increased by 64%, the Company's contract manufacturing revenue has decreased by 22%. The decline in the Company's contract manufacturing business has caused operational inefficiencies and increased costs such as rent on warehouse space, utilities, depreciation and equipment rentals.

38. Through discussions with industry stakeholders, I believe the decrease in contract manufacturing is a trend in the industry. This trend appears to be caused by a general decrease in disposable income as a result of inflation and increased interest rates, leading to reduced consumer spending on ready to drink, liquor, dining and similar expenses, ultimately leading to reduced demand for the Company's products and services, primarily in contract manufacturing.

F. BMO Demands

39. On May 9, 2024, BMO issued a demand to pay on the Company, together with a notice of intention to enforce its security under s. 244 of the BIA (the "**BMO Demand**"). Pursuant to the BMO Demand, BMO (i) declared all the Company's indebtedness to BMO, totaling \$3.16 million,

immediately due and owing, and (ii) stated that, failing payment in full within ten days, BMO would seek to enforce its security. A copy of the BMO Demand is appended as **Exhibit “E”** hereto.

40. The Company does not have the ability to repay its indebtedness to BMO.

41. In order to protect the going-concern nature of the Business, the Company filed an NOI on an urgent basis on May 21, 2024 and MNP was appointed Proposal Trustee.

IV. OBJECTIVES OF THE NOI PROCEEDING AND STATUS OF INITIAL RESTRUCTURING INITIATIVES

42. The purpose of the Company’s NOI proceeding is to afford the Company the breathing room necessary to evaluate restructuring options and formulate a viable proposal to its creditors that maximizes value for stakeholders.

43. I believe that the value of the Company is maximized by preserving the Business as a going concern. A liquidation of the Company and a shutdown of its operations would not only be detrimental to stakeholders including customers, suppliers, and employees. A liquidation would also be a suboptimal result for creditor recovery. Among other things, outside of a going-concern scenario, the value of the Company’s partnerships, licenses, and certifications would be lost.

44. At this early stage, the Company is evaluating a number of potential restructuring initiatives with the assistance of the Proposal Trustee. In particular, the Company intends to bring a motion for the Court’s approval of a SISP within the Extended Stay Period, if granted. The Company is in active negotiations with parties potentially interested in submitting offers to act as a stalking horse bidder in the SISP. The initial interest in a transaction is a cause for optimism in the value of the Company’s assets and Business as a going concern.

45. Since the filing, the Company has received large purchase orders from Sysco. Given that the Company has not sought a debtor in possession loan to fund these proceedings, in order to

fulfill this order, certain directors and shareholders of the Company advanced amounts to the Company, with the consent of BMO, to enable the Company to fund the purchase of raw materials. These amounts will be repaid by the Company following payment of the receivables in connection with the purchase orders.

46. In addition to the SISP, the Company is evaluating, with the assistance of the Proposal Trustee, disclaiming certain onerous contracts as well as selling non-core assets including its large inventory of alcohol sanitizer leftover from the COVID-19 pandemic.

47. The Company intends to continue to consult with its secured creditors and other stakeholders as it evaluates restructuring opportunities.

V. RELIEF BEING SOUGHT

A. Extension of Time to Make a Proposal

48. The initial 30-day Stay of Proceedings under s. 50.4(8) of the BIA expires at the end of the day on June 20, 2024.

49. Since the filing of the NOI on May 21, 2024, the Company has acted diligently and in good faith toward maximizing realization for its stakeholders and developing a proposal for the creditors. Among other things, the Company, with the assistance of the Proposal Trustee, has:

- a. continued to operate the Business in the normal course, with the oversight of the Proposal Trustee;
- b. began developing the SISP with a view to canvassing the market for a transaction and developing a viable proposal;
- c. engaged with potential stalking horse bidders;

- d. engaged with stakeholders, including BMO, Alna, and vendors, to build consensus on the steps contemplated in this restructuring proceeding;
- e. engaged with employees and customers to address any questions about the NOI proceeding; and
- f. with the assistance of the Proposal Trustee, continued to assess various restructuring options with a view to closing a transaction and developing a viable proposal.

50. To permit NFCD to continue operating in the normal course while it finalizes a SISP and explores the negotiation of a possible stalking horse agreement, the Company is seeking an extension of the Stay of Proceedings pursuant to section 50.4(9) of the BIA for a further 45 days (from the expiry of the initial stay period at the end of the day on April 20, 2024) up to and including August 5, 2024.

51. The Extended Stay Period is critical to maximizing the realization of the Business for creditors and stakeholders and avoiding the destruction of value that would result from a shut-down of operations. If the Business is forced to shut down, the Company would suffer an irreparable loss in asset value given the Company would immediately experience a loss of its customers and market share.

52. The Company, with the assistance of the Proposal Trustee, has compiled a cash flow projection that will be filed by the Proposal Trustee with its First Report (the “**Cash Flow Forecast**”). The Cash Flow Forecast demonstrates that NFCD will have sufficient cash to operate over the Extended Stay Period.

53. I am not aware of any creditors who would be prejudiced by the continuation of these proceedings during the Extended Stay Period. I also understand that the Proposal Trustee is supportive of the requested extension of the Stay of Proceedings.

B. Administration Charge

54. The Company is seeking a Court-ordered first-priority Administration Charge over the Property, up to a maximum of \$125,000, to secure the fees and disbursements incurred by the Proposal Trustee, its counsel, and the Company's counsel in connection with this NOI proceeding. The Company requests that the Administration Charge rank in priority to all other security interests, claims of secured creditors, trusts, liens, charges, and encumbrances, statutory or otherwise in favour of any person.

55. The Company has relied upon and will continue to require the assistance of each of the restructuring professionals that are the beneficiaries of the Administration Charge during the NOI proceeding. Each of these professionals have contributed, and I believe will continue to contribute, significant value to the advancement of the Company's NOI proceeding and the development and implementation of a viable restructuring plan

56. The Administration Charge is necessary to ensure that the Company has the continued expertise, knowledge and participation of the restructuring professionals during the NOI proceeding. Each of the restructuring professionals who are the beneficiaries of the Administration Charge have a discrete role in the restructuring of the Company.

57. The Company worked with the Proposal Trustee to estimate the proposed quantum of the Administration Charge. Based on those discussions, I believe that the quantum of the Administration Charge is fair and reasonable in the circumstances as it is commensurate with the expected complexity of the Company's Business and anticipated restructuring.

58. I swear this affidavit in support of the Company's requested relief in the within motion, and for no other or improper purpose.

SWORN REMOTELY by **ANDREW MURISON** stated as being located in the Town of Oakville in the Province of Ontario before me at the City of Toronto, in the Province of Ontario this 12th day of June, 2024, in accordance with O. Reg 431/20, Administering Oath or Declaration Remotely.

Jessica Wuthmann

Andrew Murison
Andrew Murison (Jun 12, 2024 17:00 EDT)

A Commissioner for taking Affidavits.
Name: Jessica Wuthmann

ANDREW MURISON

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL TO CREDITORS OF NIAGARA FALLS CRAFT
DISTILLERS LTD. OF THE CITY OF NIAGARA FALLS IN
THE PROVINCE OF ONTARIO

Court File No. BK-24-3082683-0032
Estate File No. 32-3082683

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at HAMILTON

AFFIDAVIT OF ANDREW MURISON
(Sworn June 12, 2024)

RECONSTRUCT LLP

Royal Bank Plaza, South Tower
200 Bay Street
Suite 2305, P.O. Box 120
Toronto, ON M5J 2J3

Caitlin Fell (LSO #60091H)
Tel: 416.613.8282
Email: cfell@reconllp.com

Jessica Wuthmann (LSO#72442W)
Tel: 416.613.8288
Email: jwuthmann@reconllp.com

Joel Turgeon (LSO #80984R)
Tel: 416.613.8281
Email: jturgeon@reconllp.com

Fax: 416.613.8290

**Lawyers for Niagara Falls Craft
Distillers Ltd.**

THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW MURISON** SWORN BEFORE ME,
THIS 12TH DAY OF JUNE, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO No. 72442W



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 07 - Hamilton
Court No. 32-3082683
Estate No. 32-3082683

In the Matter of the Notice of Intention to make a proposal of:

Niagara Falls Craft Distillers Ltd.

Insolvent Person

MNP LTD / MNP LTÉE

Licensed Insolvency Trustee

Date of the Notice of Intention:

May 21, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 22, 2024, 07:25

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

Canada

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW MURISON** SWORN BEFORE ME,
THIS 12TH DAY OF JUNE, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO No. 72442W

Ministry of Public and
Business Service Delivery

Profile Report

NIAGARA FALLS CRAFT DISTILLERS LTD. as of June 11, 2024

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	NIAGARA FALLS CRAFT DISTILLERS LTD.
Ontario Corporation Number (OCN)	2506341
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	February 25, 2016
Registered or Head Office Address	8699 Stanley Avenue, Niagara Falls, Ontario, L2G 0E1, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

A handwritten signature in black ink, appearing to read "V. Quintanilla W.".

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Active Director(s)

Minimum Number of Directors 1
Maximum Number of Directors 10

Name CAROL DANCHUK
Address for Service 59 Parkview Place, Brampton, Ontario, L6W 2G2, Canada
Resident Canadian Yes
Date Began October 20, 2022

Name LARRY JOHN INNANEN
Address for Service 2192 Winding Woods Drive, Oakville, Ontario, L6H 5T9, Canada
Resident Canadian Yes
Date Began June 21, 2016

Name LARRY INNANEN
Address for Service 2192 Winding Woods Drive, Oakville, Ontario, L6H 5T9, Canada
Resident Canadian Yes
Date Began May 26, 2016

Name CHRISTOPHER JEFFRIES
Address for Service 1716 Concession 6, Niagara On The Lake, Ontario, L0S 1T0, Canada
Resident Canadian Yes
Date Began February 25, 2016

Name IAN KOWALCHUK
Address for Service 13 Norris Place, St. Catharines, Ontario, L2R 2X1, Canada
Resident Canadian Yes
Date Began February 25, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Name ANDREW MURISON
Address for Service 1388 Saddler Circle, Oakville, Ontario, L6M 2X5, Canada
Resident Canadian Yes
Date Began February 25, 2016

Name TODD SHERMAN
Address for Service 41 Industrial St., Suite 204, Toronto, Ontario, M4G 0C7, Canada
Resident Canadian Yes
Date Began November 26, 2021

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)

Name	LARRY JOHN INNANEN
Position	Chairman
Address for Service	2192 Winding Woods Drive, Oakville, Ontario, L6H 5T9, Canada
Date Began	June 22, 2016
Name	CHRISTOPHER JEFFRIES
Position	Secretary
Address for Service	1716 Concession 6, Niagara On The Lake, Ontario, L0S 1T0, Canada
Date Began	February 25, 2016
Name	IAN KOWALCHUK
Position	Treasurer
Address for Service	13 Norris Place, St. Catharines, Ontario, L2R 2X1, Canada
Date Began	February 25, 2016
Name	DREW MUNRO
Position	Vice-Chair
Address for Service	1397 Crestdale Rd, Mississauga, Ontario, L5H 1Y1, Canada
Date Began	June 22, 2016
Name	ANDREW MURISON
Position	President
Address for Service	1388 Saddler Circle, Oakville, Ontario, L6M 2X5, Canada
Date Began	February 25, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Corporate Name History**Name****Effective Date**

NIAGARA FALLS CRAFT DISTILLERS LTD.

February 25, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

Name	NIAGARA FALLS CRAFT DISTILLERS
Business Identification Number (BIN)	310186556
Registration Date	February 05, 2021
Expiry Date	February 04, 2026

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Document List

Filing Name	Effective Date
BCA - Articles of Amendment	November 29, 2023
CIA - Notice of Change PAF: Andrew MURISON	November 14, 2022
CIA - Notice of Change PAF: Andrew MURISON	December 22, 2021
BCA - Articles of Amendment	November 18, 2021
CIA - Notice of Change PAF: Andrew MURISON	November 04, 2021
Annual Return - 2020 PAF: IAN KOWALCHUK - DIRECTOR	September 27, 2020
BCA - Articles of Amendment	September 14, 2020
CIA - Notice of Change PAF: LARRY INNANEN - DIRECTOR	June 18, 2020
CIA - Notice of Change PAF: LARRY INNANEN - DIRECTOR	June 12, 2020
Annual Return - 2019 PAF: IAN KOWALCHUK - DIRECTOR	September 22, 2019
Annual Return - 2018 PAF: IAN KOWALCHUK - DIRECTOR	October 28, 2018
Annual Return - 2017 PAF: IAN KOWALCHUK - DIRECTOR	October 08, 2017
Annual Return - 2016 PAF: IAN KOLAWCHUK - DIRECTOR	October 08, 2017
CIA - Notice of Change PAF: JOSEPH MCCALLUM - OTHER	August 09, 2016

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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BCA - Articles of Amendment	May 26, 2016
CIA - Initial Return PAF: JOSEPH MCCALLUM - OTHER	March 22, 2016
BCA - Articles of Incorporation	February 25, 2016

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW MURISON** SWORN BEFORE ME,
THIS 12TH DAY OF JUNE, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO No. 72442W

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)
In the Matter of the Proposal of
Niagara Falls Craft Distillers Ltd.
of the City of Niagara Falls
in the Province of Ontario

Take notice that:

1. I, Niagara Falls Craft Distillers Ltd., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. MNP Ltd. of 1900 - 1 Adelaide Street East, Toronto, ON, M5C 2V9, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 21st day of May 2024.

e-Signed by Larry Inanan
2024-05-21 20:18:03:03 EDT

e-Signed by Andrew Murison
2024-05-21 20:18:59:59 EDT

Niagara Falls Craft Distillers Ltd.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Niagara Falls Craft Distillers Ltd.
of the City of Niagara Falls
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
2M Architects inc.	115 Lake Street St. Catharines ON L2R 5X7		1,216.39
Air Liquide	1700 Steeles Ave E Brampton ON L6T 1A6		47,669.04
Alna Packaging Ltd.	11411 Bridgeview Dr. Surrey BC V3T 5X3		14,715.88
Alna Packaging Ltd.	11411 Bridgeview Dr. Surrey BC V3T 5X3		3,911,234.69
Alpha 3 Logistics Inc	800 Dierking Ter Elk Grove Village IL 60007 USA		5,065.00
AM Ingredients (2021) Inc	2 Automatic Road, Unit 116 Brampton ON L6S 6K8		85,256.43
Amplex Chemical Products Ltd.	4235 Sheppard Ave E Scarborough ON M1S 1T7		613.59
Anderson Advanced Ingredients	430-2030 Main Street Irvine CA 92614 USA		82,690.66
Anton Paar Canada Inc	4920 Place Olivia Montreal QC H4R 2Z8		486.49
Apex Global Logistics inc.	100 Toryork Drive North York ON M9L1X6		894.00
Applied Food Sciences Inc	8708 S Congress Avenue suite B290 Austin TX 78745 USA		58,454.05
B&B Lift Truck	1783 Allenport Road Allenport ON L0S 1A0		6,985.80
Bank of Montreal; Special Accounts Management Unit	First Canadian Place, 100 King St West, 19th Floor, Toronto ON M5X 1A1	Operating Loan, Loan 1 to 4 and MasterCard	3,135,696.08
Barton Air Compressor Sales & Service	76 Biggar Ave Hamilton ON L8L 3Z4		1,315.68

District of:
Division No.
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)
In the Matter of the Proposal of
Niagara Falls Craft Distillers Ltd.
of the City of Niagara Falls
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Borderline Systems (Niagara) Inc.	140 CUSHMAN RD St. Catharines ON L2M 6T6		2,423.85
Bureau Veritas Canada	Bureau Veritas Canada (2019) Inc.,C/OTH0069C P.O. Box 4269, Postal Station A Toronto ON M5W 5V2		2,376.10
Canada BW Logistics Inc	8699 Stanley Avenue Niagara Falls ON L2G 0E1		63,496.21
Canadian Canning	101 Dartnall Rd Unit 2 Hamilton ON L8W 3N1		24,000.00
Carleton, Inc.	30 S. Sand Road New Britain PA 18901 USA		4,745.02
Castle Mechanical	4-23 Seapark Drive St. Catharines ON L2M 6S6		17,511.54
CHEP Canada Inc.	C/O TH1203 - PO Box 4290, Stn A Toronto ON M5W 0E1		5,040.83
Christina Jeffries	1716 Concession 6 Niagara-On-The-Lake ON L0S 1T0	Shareholder Loan and Expenses	50,657.91
City of St Catharines - Water	50 Church St. PO Box 3012. St. Catharines ON L2R 7C2		340.97
Codi Manufacturing Inc	14352 W. 44th Ave Golden CO 80403 USA		4,114.33
CODI Manufacturing Inc.	14352 W. 44th Avenue Golden CO 80403 USA		76,646.57
Coleman Associates Consulting Ltd	6073 Forestglen Cres Ottawa ON K1C 5N6		8,634.60
Consolidated Fastfrate Inc	9701 HWY 50 WOODBIDGE ON L4H 2G4		708.23
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	781830898 RP0001	117,784.29

District of:
 Division No.
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Niagara Falls Craft Distillers Ltd.
 of the City of Niagara Falls
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
CRA - Tax - Ontario	Shawinigan-Sud National Verification and Collection Centre 4695 Shawinigan-Sud Blvd Shawinigan-Sud QC G9P 5H9	781830898 RT0001	7,084.13
Credifax	417 Exeter Rd Suite 201 London ON N6E 2Z3		3,406.33
Danchuk Consulting	59 Parkview Place Brampton ON L6W 2G2	Shareholder Loan and Professional Services	382,418.20
Dave Connors	3378 Sheppard Crescent Niagara Falls, ON Niagara Falls ON L2J 2Y1	Shareholder Loan and Expenses	20,660.11
Excise Duty Regional Manager - Atlantic Region Excise Duty Division	PO Box 638 Stn Central Halifax NS B3J 2T5	RD0001	76,699.22
Express Employment Professionals	P.O. Box 9245 Postal Station A Toronto ON M5W 3M1		29,662.88
Falls Electric Inc	4508 Francesco Ave Niagara Falls ON L2H 3H5		61,659.18
Fil Delivery Inc.	5650 Timberlea Blvd. Mississauga ON L4W 4M6		556.06
Flavorcan International Inc	145 Dynamic Dr Scarborough ON M1V 5L8		1,102.56
FlavorSum	919 Kamato Rd Mississauga ON L4W 2R5		3,427.12
Frain Industries	245 E North Ave. Carol Stream IL 60188 USA		68,226.00
Freight Forward	732 Tully Cres Peterborough ON K9K 0A8		3,854.87
FXDM Inc. - Tim Herbert	195 King Street St. Catharines ON L2R 3J6		150,000.00

District of:
 Division No.
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
 Niagara Falls Craft Distillers Ltd.
 of the City of Niagara Falls
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
GLS Logistics Systems Canada Ltd	173 Advance Blvd. Brampton ON L6T 4Z7		5,201.90
Greenview Bookkeeping Inc	77 HILLVIEW ROAD St. Catharines ON L2S 1S8		59,102.35
Hamill Machine Shop	4727 Kent Ave Niagara Falls ON L2H 1J3		3,853.30
Hygiena Canada Ltd	3750a Laird Rd #11 Mississauga ON L5L 0A2		716.91
Ian Chambers	121 Digby Rd Oakville ON L6J 6B7	Shareholder Loan	22,000.00
IMGK Investment	13 Norris Place St. Catharines ON L2R 2X1	Shareholder Loan	201,652.48
InnSpire Inc.	1701 Rhode Island Avenue Northwest Washington DC 20036 Ukraine		78,000.00
John Leahy Industrial Parts Niagara	Tomken Rd Brampton ON L6T 5B1		267.80
Kawartha Ethanol	6830 Highway 7 Havelock ON K0L 1Z0		19,596.46
Kinsbrae Packaging	125 Vondrau Dr Unit 1 Cambridge ON N3E 1A8		5,360.65
Krones Canada	6285 Northam Dr #108 Mississauga ON L4V 1X5		33,071.51
Krones Inc	29065 network Pl Chicago IL 60673 USA		8,238.81
Kwala Industries - AP	56 Bradgate Drive Markham ON L3T 7L7		3,616.00
LCBO	55 Lakeshore Blvd. East Toronto ON M5E 1A4		354,840.78

District of:
 Division No.
 Court No.
 Estate No.

- FORM 33 -
 Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)
 In the Matter of the Proposal of
 Niagara Falls Craft Distillers Ltd.
 of the City of Niagara Falls
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Logicology Logistics Inc.	7271 NELSON RD Richmond BC V6W 1G3		9,023.90
M.R. Fast Freight Ltd.	366 Parkhill Road Peterborough ON K9L 1C3		7,825.25
Manitoulin Transport Inc	154 Hwy 540B PO Box 390 Gore Bay ON P0P 1H0		1,083.86
Mike Scarrow	7346 Sandhurst Dr Mississauga ON L5N 7G7		15,362.60
Ministry of Finance	33 King Street West PO BOX 620 Oshawa ON L1H 8E9	EHT	17,291.60
Niagara Analytical Inc.	5805 Progress St. Niagara Falls ON L2G 0C1		689.30
Niagara Pallett & Recyclers Ltd	PO Box 910 2906 South Grimsby Road 8 Smithville ON L0R 2A0		5,901.99
Novalogix Automation Inc	38A Bigwin Road, Unit 2 Hamilton ON L8W3R4		2,270.93
Oakville Customs Brokerage	2406 Speers Road Oakville ON L6L5M2		21,710.18
Ontario Safety Training	4536 Dorchester Rd Niagara Falls On L2E 6N5		1,225.00
Patrick's CO2	46-48 Page St St. Catharines ON L2R 4A7		305.10
Penn Refridgeration Ltd	18 Seapark Dr Unit 5 St Catharines ON L2M 6S6		49,656.74
Qualimpex Inc.	130 Sandcherry Court Pickering ON L1V 6S8		3,174.00
Recipe	199 Four Valley Dr Vaughan ON L4K 0B8	LCBO	23,428.87

District of:
Division No.
Court No.
Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Niagara Falls Craft Distillers Ltd.
of the City of Niagara Falls
in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Richard Waugh	40 King Street West, Suite 4801 Toronto, ON Toronto ON M5H 3Y2	Shareholder Loan	66,482.50
Rychiger Canada Inc., Rychiger Canada Inc., O/A Nuspark	400 Steeprock Drive North York ON M3J2X1		2,932.82
Saltam Beverages Inc.	241 Cherryhill road Oakville ON L6L 3E3	Shareholder Loan and Professional Services	494,571.38
Saltshaker Media	1100 Windsor Ave Bristol TN 37620 USA	Shareholder Loan	197,859.96
Smartway Trailer Rentals Inc.	195 Elgin Street North Colborne Bradford ON L3Z 2K8		13,136.25
StarGas 04457	528 Eastchester Ave E St. Catharines ON L2M 7P3		19,325.40
Stephen Waugh	260 Poplar Plains Road Toronto ON M4V 2P1	Shareholder Loan	38,982.50
Timax Inc	2844 Bristol Circle Oakville ON L6H 6G4		6,534.07
Waste Connections of Canada - 59629	DEPT 400172 PO BOX 4375 STN A TORONTO ON M5W 0J3		12,325.96
WSIB CSPAAT Ontario	PO Box 4115 Station A Toronto ON M5W 2V3		70,580.15
Total			10,416,730.15

e-Signed by Larry Innanen
2024-05-21 20:18:24 EDT

e-Signed by Andrew Murison
2024-05-21 20:19:15 EDT

Niagara Falls Craft Distillers Ltd.
Insolvent Person

THIS IS **EXHIBIT "D"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW MURISON** SWORN BEFORE ME,
THIS 12TH DAY OF JUNE, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO No. 72442W

Enquiry Result

File Currency: 22MAY 2024

⏪ ⏩
 ⏪ ⏩

Show All Pages

Note: All pages have been returned.

Type of Search	Business Debtor								
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.								
File Currency	22MAY 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	501739875	1	4	1	8	09APR 2024	D DISCHARGED		
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
501739875		001	001		20240105 1301 1031 3697	P PPSA	05		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	NIAGARA FALLS CRAFT DISTILLERS LTD.								
	Address				City	Province	Postal Code		
	8699 STANLEY AVE				NIAGARA FALLS	ON	L2G 0E1		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	HIS MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE								
	Address				City	Province	Postal Code		
	400-130 DUFFERIN AVENUE,				LONDON	ON	N6A 6G8		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X		3646		
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								

Registering Agent	Registering Agent			
	MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH, EHT, BN#781830898			058
	Address	City	Province	Postal Code
	400-130 DUFFERIN AVENUE, (461/746)	LONDON	ON	N6A 6G8

CONTINUED

Type of Search	Business Debtor					059
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.					
File Currency	22MAY 2024					
	File Number	Family	of Families	Page	of Pages	
	501739875	1	4	2	8	
FORM 3C FINANCING CHANGE STATEMENT / CHANGE STATEMENT						
	Registration Number					
	20240409 0954 1031 6130					
Record Referenced	File Number	Change Required		Renewal Years		
	501739875	C DISCHRG				
Individual Debtor	First Given Name	Initial	Surname			
Business Debtor	Business Debtor Name			Ontario Corporation Number		
	NIAGARA FALLS CRAFT DISTILLERS LTD.					
Registering Agent	Registering Agent/ Secured Party/ Lien Claimant					
	MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT) BN 781830898					
	Address	City	Province	Postal Code		
	347 PRESTON ST, 3RD FLOOR (295/187)	OTTAWA	ON	K1S 3H8		

END OF FAMILY

Type of Search	Business Debtor							060	
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.								
File Currency	22MAY 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	766193625	2	4	3	8	28SEP 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
766193625		001	2		20200928 1512 6083 4437	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	NIAGARA FALLS CRAFT DISTILLERS LTD.								
	Address				City	Province	Postal Code		
	8699 STANLEY AVENUE				NIAGARA FALLS	ON	L2E 6X8		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	NIAGARA FALLS CRAFT DISTILLERS LTD.								
	Address				City	Province	Postal Code		
	18 KEEFER ROAD				ST. CATHARINES	ON	L2M 7N9		
Secured Party	Secured Party / Lien Claimant								
	BANK OF MONTREAL-MARSLAND CENTRE								
	Address				City	Province	Postal Code		
	101-20 ERB STREET WEST				WATERLOO	ON	N2L 1T2		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	GENERAL SECURITY AGREEMENT ("GSA")/MOVEABLE HYPOTHEC ("HYPOTHEC")								
	ALL PRESENT AND AFTER-ACQUIRED PERSONAL/MOVEABLE PROPERTY OF THE BORROWER WITH A FIRST RANKING FOR US ACCOUNT RECEIVABLES (INSURED),								
Registering Agent	Registering Agent								
	BRODERICK & PARTNERS LLP								
	Address				City	Province	Postal Code		
	4625 QUEEN STREET, PO BOX 897				NIAGARA FALLS	ON	L2E 6V6		

CONTINUED

Type of Search	Business Debtor							061	
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.								
File Currency	22MAY 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	766193625	2	4	4	8	28SEP 2025			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
766193625		002	2		20200928 1512 6083 4437				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	CDN ACCOUNTS RECEIVABLE, MACHINERY AND EQUIPMENT, CDN INSURED								
	ACCOUNTS RECEIVABLE, INVENTORY/WAREHOUSE RECEIPTS, US A/R (FOR CDN DOMICILED LOANS), FOREIGN A/R (INSURED).								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

END OF FAMILY

Type of Search	Business Debtor							062	
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.								
File Currency	22MAY 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	781114788	3	4	5	8	15MAR 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
781114788		001	1		20220315 1148 1590 2659	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	NIAGARA FALLS CRAFT DISTILLERS LTD.								
	Address				City	Province	Postal Code		
	8699 STANLEY AVENUE				NIAGARA FALLS	ON	L2G 0E1		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	ALNA PACKAGING CO. LTD.								
	Address				City	Province	Postal Code		
	4873 DELTA STREET				DELTA	BC	V4K 2T9		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X				
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	BUCHLI GOLDSTEIN LLP								
	Address				City	Province	Postal Code		
	309-477 RICHMOND STREET WEST				TORONTO	ON	M5V 3E7		

CONTINUED

Type of Search	Business Debtor									063
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.									
File Currency	22MAY 2024									
	File Number	Family	of Families	Page						of Pages
	781114788	3	4	6						8
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT										
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number				Registered Under	
		001	2		20221114 1332 1590 8198					
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required			Renewal Years	Correct Period		
	781114788		X	A AMNDMNT						
Reference Debtor/ Transferor	First Given Name			Initial	Surname					
	Business Debtor Name									
	NIAGARA FALLS CRAFT DISTILLERS LTD.									
Other Change	Other Change									
Reason / Description	Reason / Description									
	TO ADD GENERAL COLLATERAL DESCRIPTION TO REGISTRATION NO. 20220315									
	1148 1590 2659									
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname				
	Business Debtor Name								Ontario Corporation Number	
	Address				City		Province	Postal Code		
Assignor Name	Assignor Name									
Secured Party	Secured party, lien claimant, assignee									
	Address				City		Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date	
Motor Vehicle Description	Year	Make			Model			V.I.N.		
General Collateral Description	General Collateral Description									
	ALL OF THE DEBTOR'S RIGHT, TITLE AND INTEREST IN AND TO THE PROPERTY									
	SET OUT ON SCHEDULE "A" TO THE SECURITY AGREEMENT DATED OCTOBER 25,									
	2022 BETWEEN THE DEBTOR AND SECURED PARTY (THE "SECURITY AGREEMENT"),									
Registering Agent	Registering Agent or Secured Party/ Lien Claimant									
	BUCHLI GOLDSTEIN LLP									

	Address	City	Province	Postal Code
	309-477 RICHMOND STREET WEST	TORONTO	ON	M5V 3E7

064

CONTINUED

Type of Search Business Debtor 065

Search Conducted On NIAGARA FALLS CRAFT DISTILLERS LTD.

File Currency 22MAY 2024

File Number	Family	of Families	Page	of Pages
781114788	3	4	7	8

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
	002	2		20221114 1332 1590 8198	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	781114788					

Reference Debtor/ Transferor	First Given Name	Initial	Surname
	Business Debtor Name		

Other Change	Other Change

Reason / Description	Reason / Description

Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname		
	Business Debtor Name			Ontario Corporation Number		
	Address			City	Province	Postal Code

Assignor Name	Assignor Name

Secured Party	Secured party, lien claimant, assignee			
	Address	City	Province	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description
	TOGETHER WITH ANY AND ALL PROCEEDS OR SUBSTITUTIONS THEREFOR AS MAY EXIST FROM TIME TO TIME, AS FURTHER SET OUT IN THE SECURITY AGREEMENT

Registering Agent	Registering Agent or Secured Party/ Lien Claimant

	Address	City	Province	Postal Code
				066

END OF FAMILY

Type of Search	Business Debtor							067	
Search Conducted On	NIAGARA FALLS CRAFT DISTILLERS LTD.								
File Currency	22MAY 2024								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	789119541	4	4	8	8	07DEC 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
789119541		001	001		20221207 1534 1031 5207	P PPSA	05		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	NIAGARA FALLS CRAFT DISTILLERS LTD.								
	Address				City	Province	Postal Code		
	8699 STANLEY AVE				NIAGARA FALLS	ON	L2G 0E1		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	HER MAJESTY IN RIGHT OF ONTARIO REPRESENTED BY THE MINISTER OF FINANCE								
	Address				City	Province	Postal Code		
	400-130 DUFFERIN AVE				LONDON	ON	N6A 6G8		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X		13201	07DEC2027	
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	MINISTRY OF FINANCE, AM & COLLECTIONS BRANCH (EHT) BN#781830898								
	Address				City	Province	Postal Code		
	400-130 DUFFERIN AVE (373/058)				LONDON	ON	N6A 6G8		

LAST PAGE

Note: All pages have been returned.

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THIS IS **EXHIBIT "E"** REFERRED TO IN THE
AFFIDAVIT OF **ANDREW MURISON** SWORN BEFORE ME,
THIS 12TH DAY OF JUNE, 2024



A COMMISSIONER FOR TAKING AFFIDAVITS
JESSICA WUTHMANN
LSO No. 72442W



MILLER THOMSON
AVOCATS | LAWYERS

MILLER THOMSON LLP
ONE LONDON PLACE
255 QUEENS AVENUE, SUITE 2010
LONDON, ON N6A 5R8
CANADA

T 519.931.3500
F 519.858.8511

MILLERTHOMSON.COM

May 9, 2024

Registered Mail and Email
(amurison@nfc.ca)

Niagara Falls Craft Distillers Ltd.
8699 Stanley Ave.
Niagara Falls, ON L2G 0E1

Attention: Andrew Murison

Tony Van Klink

Direct Line: 519.931.3509
tvanklink@millerthomson.com

File: 0082754.0890

Dear Sir:

Re: Loans with Bank of Montreal (“BMO”)

We are the lawyers for BMO.

We refer to the credit facilities (the “**Credit Facilities**”) listed on Schedule A to this letter made available by BMO to Niagara Falls Craft Distillers Ltd. (the “**Company**”) pursuant to a Letter of Agreement – Amendment and Restatement dated February 3, 2022 (the “**LOA**”). We are advised by BMO that as of May 6, 2024 there was an outstanding balance on the Credit Facilities of \$3,135,696.08, the breakdown of which is on Schedule B to this letter.

As previously advised by BMO, BMO is not prepared to continue to support the Company through the continued availability of the Credit Facilities on a long term basis and requires the Credit Facilities to be repaid. BMO is exercising its right to accelerate and demand payment of the Credit Facilities.

On behalf of BMO, we hereby demand immediate payment from the Borrower of the outstanding balance on the Credit Facilities in the amount of \$3,135,696.08, plus accruing interest thereon and all accrued and accruing costs.

Enclosed is a notice under section 244 of the *Bankruptcy and Insolvency Act* (the “**BIA Notice**”). This letter constitutes a demand for payment pursuant to the terms of the security documents listed in the *BIA Notice*.

Yours truly,

Tony Van Klink

Enclosure
c. Visana Wong

SCHEDULE A

(Loans)

1. operating loan number 0033-1990-352 ("**Operating Loan**")
2. demand loan number 0033-6994-205 ("**Loan No. 1**")
3. demand loan number 0033-6994-563 ("**Loan No. 2**")
4. demand loan number 0033-6994-619 ("**Loan No. 3**")
5. demand loan number 0033-6995-080 ("**Loan No. 4**")
6. corporate MasterCard account number 5264550000228167 ("**MasterCard Account**")

SCHEDULE B

(Outstanding balances as of May 6, 2024)

Operating Loan

• Principal	\$	1,777,270.82
• Interest	\$	2,454.15
• ODL Fee	\$	450.00
• Plan Fees	\$	120.00

Loan No. 1

• Principal	\$	96,306.88
• Interest	\$	133.41

Loan No. 2

• Principal	\$	71,018.08
• Interest	\$	98.38

Loan No. 3

• Principal	\$	55,060.64
• Interest	\$	76.27

Loan No. 4

• Principal	\$	1,054,185.73
• Interest	\$	1,446.88

MasterCard Account

• Outstanding Balance	\$	77,074.84
-----------------------	----	-----------

**NOTICE OF INTENTION TO ENFORCE SECURITY
(SUBSECTION 244(1) OF THE BANKRUPTCY AND INSOLVENCY ACT)**

TO: Niagara Falls Craft Distillers Ltd.
an Insolvent Person

TAKE NOTICE THAT:

1. **Bank of Montreal**, a secured creditor, intends to enforce its security on the property of the insolvent person, being:
 - (a) all present and future personal property, whether tangible or intangible and including, without limitation, all inventory, equipment, machinery, fixtures, accounts receivable, monies, choses in action, documents of title, securities and any and all proceeds derived from any dealing therewith.
2. The security that is to be enforced is in the form of:
 - (a) General Security Agreement dated September 28, 2020.
3. The total amount of indebtedness secured by the security is \$3,135,696.08 on account of principal and interest as of May 6, 2024, together with accruing interest and costs.
4. The secured creditor will not have the right to enforce the security until after the expiry of the ten-day period following the sending of this Notice, unless the insolvent person consents to an earlier enforcement.

DATED at London, Ontario this 9th day of May, 2024.

BANK OF MONTREAL
By its Solicitors
Miller Thomson LLP
2010 – 255 Queens Avenue
London, ON N6A 5R8

Per: _____

Tony Van Klink

TAB 3

Court File No. BK-24-3082683-0032
Estate File No. 32-3082683

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	THURSDAY, THE 20 TH
)	
JUSTICE)	DAY OF JUNE, 2024

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NIAGARA FALLS CRAFT DISTILLERS LTD. OF THE CITY OF NIAGARA FALLS IN
THE PROVINCE OF ONTARIO**

**ORDER
(Stay Extension and Administration Charge)**

THIS MOTION, made by Niagara Falls Craft Distillers Ltd. (the “**Company**”) pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) for an order, among other things: (i) extending the time to file a proposal pursuant to s. 50.4(9) of the BIA up to and including June 20, 2024; and (ii) granting an Administration Charge (as defined herein), was heard on the 20th day of June, 2024.

ON READING the affidavit of Andrew Murison, sworn June ●, 2024, and the exhibits thereto, and the First Report (the “**First Report**”) of MNP Ltd. in its capacity as proposal trustee of the Company (the “**Proposal Trustee**”).

ON HEARING the submissions of counsel for the Company, the Proposal Trustee, and such other counsel that were present, no one else appearing for any other person although duly served:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed, as set out in the Affidavit of Service of ● sworn June ●, 2024, is hereby deemed adequate notice so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to and including August 5, 2024.

ADMINISTRATION CHARGE

3. **THIS COURT ORDERS** that the Proposal Trustee, counsel to Proposal Trustee and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company as such accounts are rendered. The Proposal Trustee and its counsel shall be authorized to immediately apply any such payments made by the Company to their fees and disbursements and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

4. **THIS COURT ORDERS** that, pursuant to Section 64.2 of the BIA, the Proposal Trustee, counsel to the Proposal Trustee, the Company's counsel, and in the event of a bankruptcy, the trustee in bankruptcy and its counsel, shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on all of the Company's current and future assets, undertakings and properties of every nature and kind whatsoever and wherever situate including all proceeds thereof (the "**Property**"), which charge shall not exceed an aggregate amount of \$125,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee, any trustee in bankruptcy, and such counsel, both before and after the making of this Order in respect of these proceedings.

5. **THIS COURT ORDERS** that the filing, registration, or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

6. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and 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 individual, firm, corporation, governmental agency, or any other entities (each and any, a “**Person**”).

7. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Administration Charge, unless the Company obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Administration Charge, or further Order of this Court.

8. **THIS COURT ORDERS** that the Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Administration Charge (the “**Chargees**”) 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 Company, and notwithstanding any provision to the contrary in any Agreement:

- a) the creation of the Administration Charge shall not create or be deemed to constitute a breach by the Company of any Agreement to which it is 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 creation of the Administration Charge; and

c) the payments made by the Company pursuant to this Order, and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

9. **THIS COURT ORDERS** that the Administration Charge created by this Order over leases of real property in Canada shall only be a charge in the Company's interests in such real property leases.

GENERAL

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction to give effect to this Order and to assist the Company, the Proposal Trustee 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 Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL TO CREDITORS OF NIAGARA FALLS CRAFT
DISTILLERS LTD. OF THE CITY OF NIAGARA FALLS IN THE
PROVINCE OF ONTARIO

Court File No. BK-24-3082683-0032
Estate File No. 32-3082683

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at HAMILTON

ORDER

(Stay Extension and Administration Charge)

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**Lawyers for Niagara Falls Craft
Distillers Ltd.**

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF NIAGARA FALLS CRAFT DISTILLERS LTD. OF
THE CITY OF NIAGARA FALLS IN THE PROVINCE OF ONTARIO

Court File No. BK-24-3082683-0032

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at HAMILTON

MOTION RECORD OF THE APPLICANT
(Returnable June 20, 2024)

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