



District of British Columbia
Division No. 03 - Vancouver

Court No. B-B-250052
Estate No. 11-3183821

IN THE SUPREME COURT OF BRITISH COLUMBIA

**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 TRICANNA INDUSTRIES INC.**

NOTICE OF APPLICATION

(Enforcing Stay of Proceedings, Sale and Vesting Order, Sealing Order)

Name of applicant: Tricanna Industries Inc.

To: Service List

TAKE NOTICE that an application will be made by the applicant to the Honourable Justice Coval in person at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on February 14, 2025 at 10:00 a.m. for the orders set out in Part 1 below.

The Applicant estimates that the application will take 1.5 hours.

This matter is within the jurisdiction of an associate judge.

This matter is not within the jurisdiction of an associate judge.

PART 1: ORDERS SOUGHT

1. An Order, in substantially the form of draft orders attached hereto as **Schedule "A"** (the "**Stay Order**"):
 - a. validating and abridging the time for service and hearing of this Notice of Application and the supporting materials and deeming service thereof to be good and sufficient;
 - b. declaring that Canada Revenue Agency ("**CRA**") is subject to the stay of proceedings (the "**Stay**") provisions set out in sections 69.1 and 69.6 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B 3 (the "**BIA**") and is estopped from (i) destroying any cannabis stamps issued under the Excise Licence (as defined herein) or any other assets or inventory, including cannabis, of Tricanna Industries Inc. ("**Tricanna**"), and (ii) preventing the issuance of any cannabis stamps to Tricanna until the end of the Stay Period (as defined herein);

- c. declaring that the status quo in respect of Tricanna’s Excise Licence (as defined herein) and Tricanna’s Cannabis Licence (as defined herein) shall be preserved and maintained during the pendency of the Stay Period, including Tricanna’s ability to purchase cannabis stamps and to sell cannabis inventory in the ordinary course under Tricanna’s Excise Licence and Tricanna’s Cannabis Licence and, to the extent any of Tricanna’s licences may expire during the Stay Period, the term of such licences shall be deemed to be extended by a period equal to the Stay Period;
 - d. extending the time by which Tricanna may file a proposal to its creditors pursuant to Section 50.4 of the *BIA*, for a forty-five (45) day period from the expiry of the initial Stay Period (as defined herein), such that Tricanna may file a proposal (the “**Proposal**”) up to and including Saturday, April 20, 2025;
 - e. declaring that, pursuant to sections 64.2 and 50.6(3) of the *BIA*:
 - i. the Applicant’s counsel, MLT Aikins LLP (“**MLTA**”), MNP Ltd., in its capacity as the proposal trustee in these proceedings (the “**Proposal Trustee**”), and legal counsel for the Proposal Trustee, DLA Piper (Canada) LLP (“**DLA**”, and together with MLTA and the Proposal Trustee, the “**Administrative Professionals**”) shall be paid their reasonable fees and disbursements; and
 - ii. the Administrative Professionals, as security for their respective professional fees and disbursements incurred both before and after the granting of the requested Order, shall be entitled to the benefit of and are hereby granted a first priority charge (the “**Administration Charge**”) over all present and after-acquired property of Tricanna (the “**Property**”), which charge shall not exceed an aggregate amount of \$150,000.00.
 - f. declaring that the Purchaser is granted a charge in the amount of \$100,000.00 (the “**Lender Charge**”) against the Property, in respect of the deposit advanced by the Purchaser to Tricanna under the SPA, and which amount was made available to Tricanna to fund these Proposal Proceedings;
 - g. such further and other relief as may be sought by Tricanna and this Honourable Court deems appropriate.
2. A Reverse Vesting Order, in substantially the form of draft orders attached hereto as **Schedule “B”** (the “**Reverse Vesting Order**”):
- a. declaring service of this Application and its supporting materials good and sufficient and, if necessary, abridging the time for notice of the Application to the time actually given;
 - b. approving the sale transaction and other steps (collectively, the “**Proposed Transaction**”) contemplated by the Subscription Agreement, dated February 2, 2025 (the “**SPA**”) between Tricanna, as vendor, and Fabrizio Rossi (the “**Purchaser**”), as purchaser, pursuant to which, among other things, the Purchaser will obtain, on the closing of the Proposed Transaction, shares of Tricanna (the “**New Tricanna Shares**”);
 - c. approving the addition of a newly incorporated British Columbia corporation (“**ResidualCo**”) as an Applicant in these Proposal proceedings and vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities in ResidualCo (all as defined in the SPA and as described in further detail below);

- d. vesting in the Purchaser all of the right, title and interest in and to the New Tricanna Shares, free and clear of any Encumbrances (as defined in the SPA);
 - e. approving the Releases (as defined in the Reverse Vesting Order);
 - f. removing Tricanna as an Applicant in these Proposal proceedings; and
 - g. such further and other relief as this Court may deem just and appropriate in the circumstances.
3. An Order, in substantially the form of draft orders attached hereto as **Schedule “C”** (the “**Sealing Order**”) sealing the confidential first supplement (the “**Confidential Supplement**”) to the First Report of the Proposal Trustee, to be filed (the “**First Report**”), which contains confidential exhibits, until further order of this Court

PART 2: FACTUAL BASIS

BACKGROUND

1. On February 5, 2025, Tricanna filed a Notice of Intention to Make a Proposal (“**NOI**” or “**Proposal Proceeding**”) pursuant to subsection 50.4(1) of the *BIA* and appointed the Proposal Trustee.
2. As a result of filing the NOI, all proceedings against Tricanna and its assets were automatically stayed for an initial period of thirty (30) days (i.e. until March 6, 2025), which period may be extended by further Court approval (the “**Stay Period**”).
3. Tricanna operates a federally licenced cannabis production and distribution facility located in Mission, British Columbia where it produces, processes, distributes, and sells retail and wholesale cannabis products within Canada (the “**Business**”).

First Affidavit of Dayna Lange, made February 6, 2025 (“**Lange #1 Affidavit**”) at para 5.

4. Tricanna was issued a licence to process and/or sell cannabis, and cannabis related activities (the “**Cannabis Licence**”) from Health Canada pursuant to the *Cannabis Act*, SC 2018, c. 16, as amended, and related regulations (collectively, the “**Cannabis Act**”) and a cannabis excise licence (the “**Excise Licence**”, and together with the Cannabis Licence, the “**Licences**”) from CRA pursuant to the *Excise Act*, 2001, SC 2002, c 22 (the “**Excise Act**”).

Lange #1 Affidavit at para 6.

5. Tricanna has been cash flow negative for an extended period of time. Tricanna’s negative cash flows resulted from significant market price reductions of cannabis, negative investor sentiment towards cannabis, limited access to investment capital, substantial regulatory compliance burdens, market competition, the theft of a substantial amounts of cannabis inventory, and significant excise tax burdens imposed on the sale of cannabis products under the *Excise Act*, which can amount to 25-50% of total revenues.

Lange #1 Affidavit at para 7.

6. The CRA is an unsecured creditor of Tricanna and has issued demand for payment to Tricanna of the outstanding excise tax arrears and the GST arrears. The estimated amounts owing to the CRA as of January 31, 2025 is the sum of \$1,070,000.00 for the excise tax arrears (the “**Excise Arrears**”) and \$45,000.00 for the GST arrears (the “**GST Arrears**”, and together with the Excise Arrears, the “**CRA Arrears**”), payable by February 7, 2025. As a result, Tricanna sought protection by commencing the Proposal Proceeding to, among other things, implement a restructuring and consummate a transaction that would see a restructuring of the Business or the sale of all or a portion of the inventory, assets, or the Business, as a going concern.

Lange #1 Affidavit at para 8.

7. In the absence of additional financing, my personal capital contributions, or the ability to collect all of its receivables, Tricanna does not have sufficient liquidity to fund its payroll obligations and continue operating, as illustrated in the cash flow projections in the First Report without selling inventory at a discount, out of the ordinary course of business. Tricanna also continues to be unable to pay the CRA Arrears, which will result in it being unable to renew the Excise Licence and then the cessation of production, distribution, and sales of cannabis. This would be detrimental to Tricanna and its stakeholders due to the significant and catastrophic loss of the value of the business as a going concern and the inventory.

Lange #1 Affidavit at para 9.

8. The current cash flow situation is untenable given CRA’s demands for the excise tax arrears owing and the limited ability for Tricanna to continue selling its inventory at discounted prices. The present proceedings will allow Tricanna to attempt to preserve and maximize the value of its business and assets for the benefit of all of its creditors and will provide Tricanna with the stability required in order to implement reorganization efforts identified by Tricanna’s management and directors, in consultation with the Proposal Trustee.

Lange #1 Affidavit at para 10.

9. During the Proposal Proceeding, Tricanna will continue its day-to-day operations under the supervision of the Proposal Trustee. The Proposal Proceeding, the Administration Charge, and the Directors’ Charge are intended to benefit all of the Tricanna stakeholders, including its employees, customers, suppliers and contracting parties, Health Canada, CRA, and relevant provincial regulators.

Lange #1 Affidavit at para 11.

10. Tricanna will continue to fulfill its obligations under its Cannabis Licence and will inform Health Canada of the Proposal Proceedings if necessary.

Lange #1 Affidavit at para 12.

A. Cannabis Industry in Canada

11. On October 17, 2018, recreational use of cannabis was legalized in Canada. On that date, the *Cannabis Act*, which regulates cannabis for recreational/adult-use, medical cannabis, and industrial hemp in Canada, came into effect.
12. Cannabis Licences, are primarily regulated under the *Cannabis Act*. Health Canada is responsible for issuing commercial Cannabis Licences for commercial purposes and monitoring compliance by corporations of the *Cannabis Act* and their obligations under their respective Cannabis Licences.
13. In addition to holding a Cannabis Licence under the *Cannabis Act*, licencees are also required to obtain an Excise Licence from CRA pursuant to the *Excise Act*. The Excise Licence is further detailed below.
14. The cannabis industry has evolved, and continues to evolve, rapidly in Canada and on October 17, 2019, the *Cannabis Act* was amended to broaden the scope of legal cannabis products to include edible cannabis, cannabis extracts and cannabis topicals.
15. The cannabis industry continues to be a highly regulated industry, with the *Cannabis Act* regulating the possession, cultivation, production, distribution, sale, research, testing, import, export and promotion of cannabis and the individual provinces regulating the distribution and retail sale of recreational cannabis.

B. Business

16. Tricanna was incorporated on June 17, 2018 pursuant to the *Business Corporations Act*, SBC 2002, c 57. Tricanna maintains its registered office in Abbotsford, British Columbia.

Lange #1 Affidavit at para 18.

17. Tricanna is a well established cannabis business with expertise at each stage of cannabis processing and distribution, including mixing together extracts and dried cannabis to create infused products, pre-roll automation, brand development, marketing and sales.

Lange #1 Affidavit at para 19.

18. Tricanna has a portfolio of in-house brands and is a processing, packaging, and distribution business for other holders of Cannabis Licences and for other brands to target the varying consumer demands along with the different sales and distribution channels within the market, including e-commerce.

Lange #1 Affidavit at para 20.

19. Tricanna also supplies cannabis products to a number of provincial purchasing entities pursuant to supply agreements including: British Columbia Liquor Distribution Branch, Alberta Gaming,

Liquor and Cannabis, Manitoba Liquor & Lotteries, Ontario Cannabis Store, Yukon Liquor Corporation, and licenced retailers and wholesalers in the Province of Saskatchewan.

Lange #1 Affidavit at para 21.

20. Tricanna is subject to a comprehensive and rigorous regulatory regime as set out in the *Cannabis Act* and enforced by Health Canada. This regime requires ongoing compliance, record keeping, and reporting. There are strict site, security and operational requirements, including that directors, officers, individuals in a position to exercise direct control, and key individuals on the ground at the Licenced site must hold security clearances.

Lange #1 Affidavit at para 22.

C. Cannabis Licence and Excise Licence

21. On November 27, 2020, Health Canada approved Tricanna's submission for a Cannabis Licence and did issue a Cannabis Licence to Tricanna permitting it to conduct a suite of customary activities with cannabis and cannabis products.

Lange #1 Affidavit at para 23.

22. Tricanna's Cannabis Licence was amended by Health Canada on October 21, 2021 to authorize the sale of dried cannabis and cannabis seeds.

Lange #1 Affidavit at para 24.

23. Tricanna's Cannabis Licence was amended by Health Canada on October 20, 2023 to authorize the sale of dried cannabis, cannabis seeds, extracts, topicals and edibles.

Lange #1 Affidavit at para 25.

24. Tricanna's Cannabis Licence was renewed and amended by Health Canada on November 24, 2023. Tricanna's Cannabis Licence is set to expire on November 24, 2028.

Lange #1 Affidavit at para 26.

25. Tricanna also holds an Excise Licence under the *Excise Act*, which was issued on January 22, 2025. The Excise Licence is set to expire on February 17, 2025.

Lange #1 Affidavit at para 27.

D. CRA Arrears

26. Holders of an excise licence are required to post security with CRA pursuant to the *Excise Act* as security for their obligation to remit excise duties to CRA. The security can be posted in the form of a surety bond or a deposit with CRA.

Lange #1 Affidavit at para 28.

27. The security required to be posted with CRA is calculated based on the highest amount of cannabis duties that could possibly be payable by a licensee for a calendar month based on the previous 12 calendar months. These duties are calculated, in part, based on the expected number of grams or milligrams of packaged cannabis products sold to the recreational market.

Lange #1 Affidavit at para 29.

28. Tricanna posted security with CRA in the total amount of \$48,000.00. The security was paid by bank draft.

Lange #1 Affidavit at para 30.

29. In addition to the obligation to post security under the *Excise Act*, Tricanna must also remit monthly excise duties and GST on products sold. As of January 31, 2025, Tricanna owes the CRA Arrears to CRA on account of outstanding excise duties which have accrued from the period of June 2023 to January 2025.

Lange #1 Affidavit at para 31.

30. The Excise Arrears includes an additional \$280,042.02, which relates to excise duties that were assessed against a significant amount of cannabis inventory that was stolen from Tricanna's premises on September 11, 2023. The insurance proceeds did not compensate Tricanna for the excise duties on the stolen inventory and the punitive penalties relating to the excise duties on the stolen inventory has been unmanageable.

Lange #1 Affidavit at para 32.

E. Tricanna's Creditors

31. Tricanna entered into a lending agreement with Community Savings Credit Union ("**Community CU**"), dated November 21, 2023 (the "**Community Agreement**"), for account receivable factoring loans. The total approved credit facility advanced by Community CU is \$250,000.00, which Tricanna anticipates any outstanding balance will be set-off in full from the collection of receivables over the next two weeks. Community CU collects the accounts receivables directly from provincial distributors.

Lange #1 Affidavit at para 33.

32. Pursuant to a series of share purchase agreements and asset purchase agreements dated June 30, 2023 (the "**Business Purchase**"), between, *inter alia*, Mr. Leong, Mr. Neufeld, and Mr. Tardi (collectively, the "**Individual Creditors**"), as purchasers, and Tricanna, as guarantor, Tricanna granted security for the amounts owing by CannaWorld Ventures Inc. ("**CannaWorld**") to the Individual Creditors under the Business Purchase which included:

- (a) a general security agreement, dated June 30, 2023; and
- (b) a guarantee, dated June 30, 2023 in the maximum amount of \$1,470,585.21.

Lange #1 Affidavit at para 34.

33. On May 14, 2024, the Individual Creditors issued a Notice of Civil Claim against, *inter alia*, Tricanna relating to the Business Purchase. The total amount owing to the Individual Creditors is approximately \$1,470,585.21.

Lange #1 Affidavit at para 35.

34. Betty Sorensen has a specific security interest in two pre-roller model P200 machines bearing serial number 2020-1026 and 2020-0074.

Lange #1 Affidavit at para 36.

F. Communications with CRA

35. Over the past several months, Dayna Lange (“**Ms. Lange**”), the president and director of Tricanna, had a number of telephone and email conversations with various agents of CRA to try and find a resolution to, *inter alia*, pay the CRA Arrears including:

- (a) Between November 14, 2024 and January 31, 2025, Ms. Lange was contacted by Gabryelle Gaudreau (“**Ms. Gaudreau**”), an Excise Division Accountant with the Canadian Bank Note Company, Limited (the “**Stamp Desk**”), the branch of the CRA that issues cannabis excise stamps. Ms. Lange was informed that Tricanna’s account with the Stamp Desk was on hold for failure to pay the outstanding invoices for cannabis excise stamps (the “**Stamps**”) in the amount of \$5,308.23. Ms. Gaudreau stated:

As a courtesy, we wanted to inform you that your account has been temporarily placed on hold until payment is received. This measure is in place to ensure that all accounts remain current. Please note that our terms are strictly 30 days to keep the account in good standing, and payments should be made within this timeframe to avoid any disruptions.

- (b) On January 7, 2025, Ms. Lange called Angela Liao (“**Ms. Liao**”), a representative of CRA, to advise her that Tricanna would not be able to make any payments against its current Excise Arrears on January 15, 2025 as a pending financing agreement had fallen through. Ms. Lange requested a 30 day extension of the Excise Licence in order to organize next steps.
- (c) On January 8, 2025, Ms. Liao returned my call and advised me that Tricanna had been approved for an extension that was approved by her manager. Ms. Liao advised me that:
- i. this would be a one-time extension only;
 - ii. on February 17, 2025, Tricanna’s Excise Licence will be given final notice if no payments towards the Excise Arrears were made;

- iii. once final notice is given by CRA, Tricanna must destroy all cannabis inventory and excise stamps and the business will be closed;
 - iv. the Excise Licence can not be re-instated to good standing once the final notice is issued and the Excise Licence will become expired permanently on or before March 17, 2025.
- (d) On January 10, 2025, Ms. Lange sent an email to Ahmed Ghrairi (“**Mr. Ghrairi**”), a collections officer with CRA, to request a meeting to discuss Tricanna’s account. Ms. Lange received Mr. Ghrairi’s out of office notification.
- (e) On January 24, 2025, I had a call with Mr. Ghrairi where we discussed the payment arrangements that were previously in place for Tricanna with respect to the excise tax and GST payable (the “**Payment Plan**”). Ms. Lange was informed that the October 2024, November 2024 and December 2024 payments had not been made and the October 2024 and November 2024 GST payments had not been made. Mr. Ghrairi stated that Tricanna must maintain on-time payments under the Payment Plan and also keep the current amounts owing up to date which Tricanna had not been able to do over the past year. Ms. Lange requested that Mr. Ghrairi provide an additional 2 weeks for Tricanna to make a payment towards the CRA Arrears. Mr. Ghrairi advised that he would grant Tricanna until February 7, 2025 to make payment of the CRA Arrears in full, after which date CRA would begin taking enforcement steps.
- (f) On January 31, 2025, Ms. Gaudreau emailed Ms. Lange to request an update regarding the payment towards the unpaid Stamps. Ms. Lange provided Ms. Gaudreau with a confirmation of payment towards the Stamps.
- (g) On February 5, 2025, Tricanna received a rejection email from the Stamp Desk advising that Tricanna’s most recent order for Stamps had been rejected, with instructions to reach out to the regional excise office. Ms. Lange inquired with Ms. Gaudreau about the rejection email to find out the reason for the Stamp purchase rejection but she was unable to assist.
- (h) On February 5, 2025, Ms. Liao called Ms. Lange and informed her that Tricanna’s excise stamp account with the Stamp Desk is on hold due to the outstanding Excise Arrears. As a result, Tricanna is unable to order any more Stamps which are necessary to sell cannabis inventory in the ordinary course.

Lange #1 Affidavit at para 37.

36. Tricanna will run out of Stamps by February 14, 2025 and will not be able to complete all of its current orders without the CRA lifting the hold on Tricanna’s account at the Stamp Desk. Tricanna is able to make payment in full of any purchases from the Stamp Desk.

Lange #1 Affidavit at para 38.

37. Tricanna filed the NOI on February 5, 2025, prior to extended payment date for the CRA Arrears expiring and in advance of CRA taking any enforcement steps against Tricanna.

Lange #1 Affidavit at para 39.

G. Employees

38. Prior to the filing of the NOI on February 5, 2025, Tricanna had 4 full time employees. Tricanna does not intend to lay off or terminate any employees during the Proposal Proceeding but will be reducing the hours of one full time employee and will only provide shifts to the hourly workers as needed.

Lange #1 Affidavit at paras 40.

39. The aggregate monthly payroll for the employees, inclusive of CPP/EI, paid by Tricanna is presently estimated to be \$38,133.38 for full time employees and approximately \$27,084.20 for hourly employees, depending on how much work is available. The estimated February 2025 aggregate payroll is approximately \$65,217.58.

Lange #1 Affidavit at para 41.

H. Assets & Liabilities

40. As of February 4, 2025, the approximate total book value of Tricanna's assets ranges between \$1,101,901.40 and consists of the following:

Asset	Book Value
Inventory	\$436,680.39
Security System	\$61,677.64
Farmhouse Improvements	\$0.00
Computer Equipment and Software	\$12,126.00
Office and Production Equipment	\$591,417.37
Total	\$1,101,901.40

Lange #1 Affidavit at para 42.

41. The filing of the NOI was made in a context where Tricanna had become insolvent and was unable to pay all of its creditors, namely:

(a) As of February 4, 2025, the principal outstanding indebtedness of Tricanna, on a consolidated basis, as shown in a copy of the NOI filing documents, was approximately:

Nature of Debt	Amount of Indebtedness
Unsecured Debt	\$2,901,467.89
Secured Debt	1,720,585.21 (reflecting \$250,000 as the maximum liability that could be owing to Community CU)
Total	\$4,622,053.10

- (b) The unsecured debt primarily consists of amounts due and owing to CRA for the CRA Arrears and trade vendors of Tricanna arising in the normal course, and personal loans to prior shareholders; and
- (c) The secured debt is payable to the Individual Creditors, Community CU, and Betty Sorensen.

Lange #1 Affidavit at para 43.

- 42. Ms. Lange and Cory Lange made personal financial contributions to Tricanna on a number of occasions in the aggregate amount of \$1,800,000.00 to ensure that all operating expenses of Tricanna could be met.

Lange #1 Affidavit at para 44.

I. Events preceding the NOI

- 43. While the legalization of recreational cannabis in Canada in October 2018 triggered an influx of market activity, from initial public offerings, convertible debenture issues and merger and acquisition transactions, the cannabis industry is currently grappling with cash-flow issues, high excise taxes, limited access to capital, and falling valuations.

Lange #1 Affidavit at para 45.

- 44. Tricanna has recorded operating losses since its incorporation on June 18, 2018.

Lange #1 Affidavit at para 46.

- 45. For the majority of 2024, Tricanna had been seeking external sources of financing and investment to address its cash-flow issues, while it continued to experience an increasing working capital deficit.

Lange #1 Affidavit at para 47.

- 46. On January 6, 2025, Ms. Lange was informed by Leo Chamberland, a director of Tricanna and CannaWorld, that a potential lender he had been negotiating with for the past 6 months had decided to walk away from a financing proposal with CannaWorld. This proposal would have indirectly benefit Tricanna and provide the necessary working capital to continue operating and pay off Tricanna's indebtedness. The future viability of Tricanna was contingent upon this

financing arrangement proceeding as it would provide the necessary working capital for Tricanna to continue operating and would have pay off the CRA Arrears.

Lange #1 Affidavit at para 48.

47. Upon receiving this news, it was determined that Tricanna was insolvent and would be unable to recover. Tricanna has exhausted all of its other funding opportunities and is unable to pay its ongoing obligations as they become due and making it unlikely to be able to finance a further sales process.

Lange #1 Affidavit at para 49.

48. Considering the fact that Tricanna was deteriorating financially, no longer able to meet its obligations as they become due, nor able to secure agreements for refinancing of its indebtedness for the past 6 months, Tricanna was left with no choice other than to file an NOI with a view of selling Business of Tricanna to the Purchaser.

Lange #1 Affidavit at para 50.

J. Informal Sale Process

49. Upon determining that Tricanna was insolvent beyond recovery and speaking with legal counsel, it was determined that filing an NOI was the best course of action for Tricanna. With the Excise Licence originally scheduled to expire on January 22, 2025, prior to obtaining an extension, I made significant efforts to market and sell Tricanna to third parties. I conducted an informal sales process to see what interest I could get from potential purchasers.

Lange #1 Affidavit at para 51.

50. Tricanna has no working capital, low levels of stable revenue, and no ability to generate revenue without working capital. Ms. Lange was not able to find many potential purchasers who were willing to take the risk of purchasing Tricanna given these factors.

Lange #1 Affidavit at para 52.

51. Beginning on January 7, 2025, Ms. Lange contacted as many businesses and investors as she could to try and solicit offers to purchase Tricanna's assets or business. The businesses and investors Ms. Lange contacted were all parties that she believed would be interested in purchasing Tricanna and who would have the capital to do so, including:

- (d) two local cultivator businesses that Ms. Lange believed would benefit from Tricanna's processing capabilities to help with their growing customer demands. These two businesses considered the opportunity but both declined to make an offer due to the unknown risks associated with the Proposal Proceeding and the short time frame to close a transaction;
- (e) one CEO from Eastern Canada who runs a profitable cannabis business. After discussing Tricanna's current situation with him and the need to close a transaction quickly, Ms.

Lange was informed that he had many opportunities on his desk for companies all in a similar situation as Tricanna. The individual advised that he wouldn't be able to make a decision regarding Tricanna in a short amount of time as he needed to be able to assess Tricanna's business compared to all other offers before him;

- (f) an individual who is known to have a high net worth but who is unfamiliar with the cannabis industry. Due to this individual's lack of familiar with the cannabis industry and NOI proceedings, he declined the opportunity.
- (g) Fabrizio Rossi, being the Purchaser, the owner of a local cannabis company. Mr. Rossi had had engaged with Tricanna in November of 2024 as he wished to use Tricanna's services beginning in January of 2025.

Lange #1 Affidavit at para 53.

- 52. Beginning on January 10, 2025, Mr. Rossi and Ms. Lange began discussing what a purchase of Tricanna would look like. Ms. Lange had approximately 2-3 meetings per day in order for Mr. Rossi to perform his due diligence.

Lange #1 Affidavit at para 54.

- 53. On January 22, 2025, Mr. Rossi presented Tricanna with a non-binding letter of intent for the purchase of Tricanna in the amount of \$200,000.00 (the "**Letter of Intent**").

Lange #1 Affidavit at para 55.

- 54. Between January 22 and February 2, 2025, Ms. Lange negotiated with Mr. Rossi for an increase to the purchase price in his Letter of Intent (the "**Renegotiated Offer**").

Lange #1 Affidavit at para 56.

- 55. The Renegotiated Offer is expected to pay out Community CU the balance of any indebtedness in full and provide the Individual Creditors with a partial payment towards their indebtedness, which they have agreed to accept in satisfaction of the indebtedness owing to them on behalf of Tricanna.

- 56. On February 2, 2025, Tricanna and the Purchaser entered into the SPA, reflecting the Renegotiated Offer, which is intended to close by way of a reverse vesting transaction.

Lange #1 Affidavit at para 57.

K. During the Proposal Proceedings

- 57. Since the filing of the NOI, the Proposal Trustee has prepared and sent a notice to all known creditors of Tricanna advising them of the filing by Tricanna of the NOI and of the stay of proceedings resulting therefrom.

Lange #1 Affidavit at para 58.

58. During the Stay Period, Tricanna has continued its operations as a going concern, namely through funding provided by the Purchaser.

Lange #1 Affidavit at para 59.

L. The Proposed Transaction and the SPA

59. The key terms of the SPA are summarized in the Confidential Supplement and provide for the following Proposed Transaction:

- (a) the Purchaser shall:
 - i. be issued the New Tricanna Shares in the denominations specified in the SPA, free and clear of all Encumbrances; and
 - ii. acquire the Retained Assets, which shall remain vested in Tricanna free and clear of all Claims, Excluded Liabilities, and Encumbrances, except for the Retained Liabilities (as defined in the SPA);
 - (b) the aggregate purchase consideration is detailed in the Lange #2 Affidavit;
 - (c) all of the existing Tricanna shares, other than the New Tricanna Shares, will be cancelled for no consideration, resulting in the Purchaser becoming the sole shareholder of Tricanna;
 - (d) all of the Excluded Assets and the Excluded Liabilities shall be being vested in and to ResidualCo and the Excluded Liabilities shall continue to attach to the Excluded Assets after their transfer to ResidualCo with the same nature and priority as they had immediately prior to the Proposed Transaction;
 - (e) ResidualCo shall effectively replace Tricanna as the Applicant in the within Proposal Proceedings; and
 - (f) the closing of the Proposed Transaction as contemplated in the SPA is conditional upon, among other things:
 - i. approval of the Proposed Transaction and the SPA by this Honourable Court and the granting of the Reverse Vesting Order;
 - ii. the transfer of all Excluded Assets and Excluded Liabilities to ResidualCo;
 - iii. Tricanna and the Retained Assets shall be released and forever discharged of all Claims, Excluded Liabilities, and Encumbrances, other than the Retained Liabilities; and
 - iv. all of the closing deliveries being completed.
60. The Proposed Transaction is most efficiently implemented pursuant to the Reverse Vesting Order, which is uniquely structured to preserve the going-concern value Tricanna for the benefit of all stakeholders. In addition, it is a condition of the Proposed Transaction that it be implemented pursuant to a reverse vesting order granted by this Court.

61. With respect to Tricanna's rights in the Excise Licence, the Cannabis Licence, the cannabis inventory, and the tax attributes associated with Tricanna's tax losses (the "**Tax Attributes**"), being the only assets of value of Tricanna, a reverse vesting transaction preserves the significant value associated with the Property and ensures that no additional or significant steps need to be taken to transfer such Property rights to another entity.
62. There would be significant complexities and delays associated with transferring the Excise Licence and the Cannabis Licence to another entity given that the interests under the Excise Licence and the Cannabis Licence require approval of governmental agencies. Given the already urgent deadlines, any delays to the transfer of the Excise Licence and the Cannabis Licence, if the government agencies agree to the transfer of the interests, could negatively impact the value of the business and Property of Tricanna.
63. The Tax Attributes are not a transferrable or assignable interest of Tricanna and the value and benefit of this asset would be lost to the Purchaser outside of a reverse vesting transaction.
64. As a result, the only feasible structure for the Proposed Transaction is a sale of the equity of Tricanna by means of the Reverse Vesting Order. Any other transaction structure risks materially diminishing or eliminating the value of the Property if the interests in the Excise Licence and the Cannabis Licence, and Tax Attributes are delayed and/or unable to be transferred or assigned to the Purchaser.
65. Due to the nature of the business and in light of the foregoing, the Proposal Trustee has determined that completing the Proposed Transaction by a traditional asset sale and vesting order would be extremely difficult, lengthy, costly, and unlikely to preserve the going-concern value of Tricanna.

M. ResidualCo should be added as an Applicant

66. To complete the Proposed Transaction, all Excluded Contracts, Excluded Assets, and Excluded Liabilities with respect to Tricanna will be transferred and vested out into ResidualCo to allow the Purchaser to acquire Tricanna's business and assets on a free and clear basis.
67. ResidualCo should be added as an Applicant to these proceedings.

N. The Releases in the Reverse Vesting Order

68. Tricanna seeks the issuance of releases in favour of the current directors and officers of Tricanna (the "**Released D&Os**"), Tricanna's legal counsel and advisors, the Proposal Trustee, the Proposal Trustee's legal counsel, and the Purchaser (collectively, the "**Released Parties**") from any obligations or potential liabilities incurred prior to the closing of the Potential Transaction and which they may face during the Proposal Proceedings.
69. The Released Claims include claims against the Released D&Os for unpaid source deductions, goods and services tax, and excise taxes relating to the pre-filing period Tricanna.

70. The Released Parties are expected to continue assisting Tricanna until the Proposed Transaction closes. Tricanna will only be able to bring the current proceedings to fruition with the continued participation of its current directors, officers, counsel, and the Proposal Trustee and its counsel. These personnel and professionals are essential to the viability of Tricanna's restructuring efforts.

Lange #1 Affidavit at para 61.

71. The Releases are being sought to achieve certainty and finality for the Released Parties in the most efficient and appropriate manner given the circumstances.
72. The Releases sought are appropriate, given the significant and material contributions of the Released Parties in connection with the Proposal Proceedings, the maximizing of value to all stakeholders, and the significant value generated by the Proposed Transaction, which will allow Tricanna to continue its operations as a going concern.

Lange #1 Affidavit at paras 61-64.

73. The Released Claims do not provide a release of: (a) gross negligence or wilful misconduct on the part of any of the Released Parties; (b) any claim that is not permitted to be released pursuant to the *BIA*; and (c) any action, application or other proceeding in respect of any claim or liability which is an insured claim.

O. Administration Charge

74. There are a number of legal, financial and operational issues for which Tricanna requires the services of the Administrative Professionals in the Proposal Proceeding. The Administrative Professionals are integral to successfully developing a viable proposal, and in order to ensure their participation, the Administration Charge is required to protect and secure their fees and disbursements.

Lange #1 Affidavit at para 65-67.

75. The following retainers have been or are in the process of being paid by the Purchaser and Ms. Lange in respect of the Proposal Proceedings:

- (a) to MLTA: \$50,000.00; and
- (b) to the Proposal Trustee: \$100,000.00.

Lange #1 Affidavit at para 68.

76. The Administration Charge of \$150,000.00 is reasonable and appropriate in the circumstances and critical to the success of Tricanna's insolvency proceedings.

P. Lender's Charge

77. Tricanna understands that it is in default of its obligations to its creditors and is unable to make payments of financial obligations as they come due.

Lange #1 Affidavit at para 69.

78. As a result, cash flow and credit available to Tricanna to fund ongoing operations is significantly reduced. Payments to creditors have been significantly curtailed save for payments needed to ensure continued operations.

Lange #1 Affidavit at para 70.

79. Tricanna in discussion with the Purchaser and the Proposal Trustee, seeks a court ordered charge for interim financing to ensure the stability of continued operations of Tricanna and monetize assets in an effort to retire the secured debt owed by Tricanna to its creditors.

Lange #1 Affidavit at para 71.

80. As indicated in Tricanna's cash flow statement, Tricanna has limited working capital and is anticipating a cash shortfall. To alleviate cash constraints, the Purchaser has agreed to advance a deposit under the SPA, on the terms and conditions set forth in the SPA, to provide working capital for Tricanna during the Proposal Proceeding. The amounts advanced during the Proposal Proceeding by the Purchaser shall be applied to the final purchase price in the SPA upon the Proposed Transaction closing.

81. Tricanna proposes that the Purchaser be granted a lender's charge over the Property of Tricanna in the amount of \$100,000.00.

Q. Sealing Order

82. The confidential exhibits to the first supplemental to the First Report contain commercially sensitive and confidential information, the disclosure of which would prejudice the interests of the any future potential purchasers of Tricanna and its stakeholders should the Proposed Transaction not proceed.

Lange #1 Affidavit at para 74.

PART 3: LEGAL BASIS

1. The Applicant relies on:

- (a) Part III of Division I of the BIA and Rules 11 to 13 of the *Bankruptcy and Insolvency General Rules*, CRC, c 368;
- (b) the *Supreme Court Civil Rules*, BC Reg 241/2010, as amended;
- (c) the inherent and equitable jurisdiction of this Honourable Court; and
- (d) such further and other legal basis as counsel may advise and this Honourable Court may allow.

A. THE EXCISE LICENCE EXPIRATION AND STAMP DESK ACCOUNT HOLD SHOULD BE STAYED

2. Courts in insolvency proceedings have granted regulatory stays over Licences where the regulatory body would suspend or cancel the Licence absent the stay or a 'status quo order'. The rationale for this is the fall out caused by the regulatory bodies terminating the Licences in those cases would have caused amplified social and economic loss.

BZAM Ltd. Plan of Arrangement, 2024 ONSC 1645 (“**BZAM**”) at para 46.

3. Courts have specifically granted stays in order to prevent CRA from seeking to enforce its rights through regulatory actions related to Excise Licences during the stay period in insolvency proceedings.

Tricanna Labs Ltd., Re, 2023 BCSC 1450;
Aleafa Health Inc. (“**Aleafa**”) SISP Approval Order August 22, 2023 [CV-23-00703350-00CL].

4. Licences are among the most valuable assets for cannabis companies as they are required to permit the company to continue operating its business and to sell any of the assets of the business. Allowing the expiration or cancellation of Licences would suspend or terminate the business operations, prevent the business from purchasing Stamps, and potentially eliminate an insolvent business' ability to restructure, sell any of its inventory, or continue as a going concern.

BZAM at para 49.

5. Similarly, the ability of an Excise Licence holder to purchase Stamps from the Stamp Desk is critical for the continued operations of a cannabis company. All inventory sold by cannabis companies must have a cannabis stamp attached to them. Putting a hold over a debtor's account at the Stamp Desk and blocking them from accessing the only method for selling its inventory is effectively the same as terminating the Excise Licence. The Stamp Desk is a critical supplier to a cannabis company.

Lange #1 Affidavit at para 37.

6. Paragraph 69(1)(a) and 69.6 of the *BIA* provides for a stay in the Proposal Proceedings against creditors, the Crown, and regulatory bodies including the CRA in certain circumstances. The application of a stay granted to regulatory bodies applies where the regulatory body is enforcing a payment that has been ordered against an insolvent person by the regulatory body or Court.

BIA, ss. 69(1)(a), 69.6.

7. Courts have taken the following factors into consideration in concluding that a regulatory body is stayed from revoking a licence:
 - (a) in exceptional circumstances, where there is considerable urgency and significant interests are at risk such as the cessation of the business operations which would have a materially detrimental effect on the value of the assets, the success of the insolvency proceeding, and the recovery for all stakeholders;
 - (b) it would be unjust to allow regulatory steps that might shut down the applicant's entire business when the financial concerns that prompted those steps may be unjustified;

- (c) the stay would not offend the primary goals and policy objectives of the regulators;
- (d) permitting immediate termination of the licences would not avoid social and economic losses, but amplify them by extending them to the applicants' suppliers;
- (e) a compromise or plan could not be made if the licences were cancelled by the regulator;
- (f) the cancellation of licences would cause operations to shut down, impair the ability of the applicants to continue as a going concern and would likely impair restructuring efforts;
- (g) the monitor was of the view that the stay should be granted provided the Minister is paid amounts owing to it in the ordinary course post-filing;
- (h) the regulator did not need to use its administrative powers to protect the public, property or the environment; and
- (i) it was not contrary to the public interest that the regulator be prohibited from taking action for failure by the debtor to pay an amount.

Tricanna at para 33;
Indiva Limited et al., 2024 ONSC 3691 (“**Indiva**”) at paras 37-38;
Re Just Energy Corp, 2021 ONSC 1793 (“**Just Energy**”) at paras 82-83 and 87;
In the Matter of the Companies’ Creditors Arrangement Act and In the Matter of a Plan of Compromise or Arrangement of Original Traders Energy Ltd. and 2496750 Ontario Inc., 2023 ONSC 753 (“**Original Traders**”) at paras 49-50, 78-79;
Re Abbey Resources Corp., Unreported Fiat of Meschishnick J. of the SKKB dated August 13, 2021 (“**Re Abbey**”).

8. The effect of Tricanna’s Excise Licence expiring during the Stay Period will have a punitive effect on Tricanna and all of Tricanna’s stakeholders. Without an Excise Licence, Tricanna will not be able to sell its cannabis inventory in the Proposal Proceedings and would be forced to sell its inventory by no later than end of day February 17, 2024.
9. The effect of CRA continuing to put a hold on Tricanna’s account with the Stamp Desk, which is not in arrears, preventing Tricanna from purchasing Stamps will also have a punitive effect on Tricanna and all of Tricanna’s stakeholders. Without the ability for Tricanna to access Stamps, Tricanna will not be able to sell its cannabis inventory in the Proposal Proceedings or at all and will cease to be able to sell any inventory once its current inventory of Stamps has depleted.
10. The Superior Courts across Canada in insolvency proceedings relating to cannabis licences have dealt with regulatory bodies attempting to terminate the licence of a regulated insolvent person, which would prohibit the insolvent party from selling its inventory in the proceedings and defeat restructuring efforts. The courts consider the factual circumstances of the insolvent party, whether the stay of proceedings would offend the primary goals and policy objectives of the regulators, and whether the termination of the licences would avoid social and economic losses or amplify them. The Court determined that it may take steps against a regulator if it is of the view that the failure to stay those steps means that a viable proposal could not be made, provided that the stay is not contrary to public interest.

Just Energy at paras 78-83 and 87.
Original Traders at paras 21, 25, 47-50.
Tricanna at para 26-33.
Indiva at paras 30-32, and 37.
BZAM at paras 46-49.

11. In *Tricanna*, the British Columbia Supreme Court ordered that the cannabis excise Licence maintain the status quo as it was still valid at the time the *BIA* proposal commenced. The Court rejected the CRA's position that a ministerial decision to not renew a licence could not be the subject of a stay under the *BIA*.
12. In *Indiva*, the Ontario Supreme Court ordered that the cannabis excise licence was necessary for the company to continue their ongoing business operations and the suspension, cancellation, or revocation of the Excise Licence would cause the immediate cessation of the business. The result would have a materially detrimental effect of the assets of the debtor, the success of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("*CCAA*") proceeding, and the recovery for the stakeholders.
13. In *BZAM*, the Ontario Supreme Court ordered that the debtor's cannabis excise licence maintain the status quo as it had in *Tricanna*. The Court stated that the cannabis Licences are among the most valuable assets of the business and are required to permit the debtor to continue operating and to restructure or continue as a going concern business.
14. In *Re Abbey*, the debtor was a natural gas extraction company that applied for *CCAA* protection. Prior to the hearing for the initial order, the Saskatchewan Ministry of Energy and Resources informed the applicant it was required to pay a \$13,000,000 deposit failing which, the Ministry would cancel the licences the applicant needed to operate its natural gas business.
15. The Court in *Re Abbey* granted the initial order and the stay against the Ministry, who had opposed the order, stating:

[77] In the proposed order initially sought by Abbey it did not ask for an order under s. 11.1(3) staying actions, suits or proceedings by a regulatory body. When the Minister advised that it would be issuing orders for Abbey to cease operations if it did not deposit the security for potential decommissioning liabilities within 14 days it became necessary to ask for the inclusion in the initial order of a provision preventing the Minister from taking that action.

[78] Earlier in these reasons I analyzed the administrative powers of the Minister to protect the public, property and the environment and whether, at this time, Abbey's operations posed any such threat.

[79] Relying on that analysis I am of the view that Abbey has established that without a stay it will not be able to make a viable proposal and that it is not contrary to the public interest that the Minister be prohibited from taking action for failure to pay an amount that it says is to be deposited with it or is owing to it. There is no element of protection of the public, property or the environment associated with those actions.

16. Similar to *Tricanna, Indiva, Aleafa* and *BZAM*, Tricanna requires the Excise Licence to continue operating through the Proposal Proceeding and maintain any value in its assets. Tricanna also requires Stamps to continue operating through the Proposal Proceeding and sell any inventory.
17. Similar to *Re Abbey*, in the current matter, CRA does not need to refuse renewal of the licence or prevent the issuance of Stamps in order to protect the public, property or the environment, and Tricanna does not pose a risk to any of these things.
18. Allowing Tricanna's Excise Licence to expire and preventing Tricanna to access Stamps will shut down Tricanna's business, eliminate all value in Tricanna's Property, risk the sale of the Business to the Purchaser or Tricanna's ability to make a viable Proposal, and put the restructuring efforts of Tricanna into jeopardy (or defeat them entirely). Allowing the CRA to indirectly enforce against Tricanna through its refusal to issue Stamps to Tricanna has a similar devastating effect as Tricanna will be unable to generate any income as it will not be able to sell its inventory.
19. Any financial concerns raised by CRA in respect of the financial resource grounds may be unjustified, as will be demonstrated by the Proposal Trustee's Report, which will state that Tricanna has the means to meet its post-filing obligations to CRA, if CRA removed the freeze on Tricanna's account with the Stamp Desk.
20. Further, the Proposal Trustee supports the relief sought by Tricanna and Tricanna will continue to pay post-filing obligations to CRA.

B. STAMP DESK AS A CRITICAL SUPPLIER

21. In proceedings brought under the *CCAA*, a supplier is viewed as critical to a debtor company's post-filing operations where the particular goods or services are sufficiently integrated into the debtor company's operations that it would be materially disruptive to the debtor's operations and restructuring for the particular supplier to cease providing such services and/or it would be difficult or impossible to secure an alternate supplier.

Target Canada Co (Re), 2015 ONSC 303 at paras 62 to 65;
Clover Leaf Holdings Company (Re), 2019 ONSC 6966 at paras 24 to 27.

22. In consideration of the above, Tricanna requires the continued supply of Stamps from the Stamp Desk during the Proposal Proceedings to maintain ordinary course operations. The Stamp Desk is the only vendor for Stamps. Tricanna's ability to operate its business in the normal course is entirely dependent on its ability to maintain an uninterrupted supply of Stamps.

Lange #1 Affidavit at paras 37-38.

23. Tricanna paid all amounts owing to the Stamp Desk on January 31, 2025 and has no indebtedness to the Stamp Desk. CRA has imposed a freeze on the Tricanna account with Stamp Desk, preventing Tricanna from making any purchases with the Stamp Desk until the CRA Arrears are paid.

Lange #1 Affidavit at paras 37-38.

24. Tricanna intends to pay for all Stamp purchases in full at the time of the order.

Lange #1 Affidavit at para 38.

C. EXTENSION OF STAY OF PROCEEDINGS

6. Tricanna filed the NOI under Section 50.4(1) of the BIA on February 5, 2025. Section 69 of the *BIA* provides an insolvent person who files an NOI an initial stay of proceedings for a period of 30 days (the “**Initial Stay**”).

BIA, s. 69.

25. Tricanna seeks a 45-day extension to the Initial Stay, being April 20, 2025. If Tricanna is not granted an extension of the time within which Tricanna is required to file its proposal to creditors, Section 50.4(8) of the *BIA* will deem Tricanna to have made an assignment in bankruptcy on March 6, 2026.
26. Section 50.4(9) of the *BIA* provides three requirements which an insolvent person must satisfy in order for this Honourable Court to exercise its discretion to extend the initial stay of proceedings. That section reads as follows:

Extension of time for filing proposal

(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.

7. As discussed in more detail below, Tricanna meets all three requirements necessary to be granted an extension of time for filing a proposal to creditors. Accordingly, Tricanna respectfully submits that it is a worthy candidate to be granted an order for a 45-day extension (from March 6, 2025 to April 20, 2025) of the time.

Tricanna is Acting in Good Faith and With Due Diligence

8. Tricanna has acted in good faith and with due diligence.
9. Tricanna is taking all possible steps to close the SPA with the Purchaser, which requires seeking court approval for the SPA and Reverse Vesting Order, making an application to Health Canada

in order to perform security clearance for the Purchaser to have him added as a director under the Cannabis Licence and the application to renew the Excise Licence to CRA upon the closing of the Proposed Transaction. The additional time requested for the Proposal Proceeding is to allow Tricanna and the Purchaser the necessary time to close the Proposed Transaction in the event there are issues or delays with closing the Proposed Transaction, including with respect to the Licences.

10. Tricanna has regularly communicated in a transparent fashion with the Individual Creditors, the Purchaser, and the Proposal Trustee regarding its restructuring, the sale of the Business, and its affairs. Tricanna has openly consulted with the Individual Creditors regarding the sale of the Business, including pricing and contractual terms.
11. There is nothing to suggest that Tricanna is pursuing an extension of time to file a proposal to its creditors in order to achieve an ulterior motive or to delay or frustrate creditor recovery. Rather, Tricanna has taken tangible steps towards maximizing stakeholder recovery given the circumstances it was faced with and has made significant progress toward that end. Tricanna has therefore met the requirements of good faith and due diligence for an extension of the time within which it is required to file a proposal to its creditors under section 50.4(9)(a) of the *BIA*.

Tricanna is Likely to Make Viable Proposals to Its Creditors if the Extension is Granted

12. Tricanna's progress in developing a proposal to its creditors indicates that it is likely that Tricanna will be able to make a viable proposal to its creditors if the 45-day extension is granted.
13. The requirement that an insolvent person prove that it is likely that they will be able to make a viable Proposal to their creditors if the extension sought is granted must be interpreted in light of the ability of the Court to grant an insolvent person up to an aggregate of six months to file a Proposal under section 50.4(9) of the *BIA*. In other words, an insolvent person is not required to strictly prove that they will be able to make a viable Proposal within the period of the extension, but that there is some likelihood that a viable proposal will be advanced within the time frame of the extension. An insolvent person is not required to prove that its major creditors support the extension being granted. Justice Moir of the Nova Scotia Supreme Court so held in *Re Kocken Technologies Systems Inc.*:

[19] Next is the requirement that a viable proposal is likely to be made.

[20] Ms. Graham swears that the Bank of Montreal "has lost all confidence and trust in current management and ownership". "BMO will not engage in negotiations." She is of the view "that any proposal is doomed to fail". The Bank of Montreal is the primary secured creditor and its support will be necessary when the time comes for a vote.

[21] Such statements by a secured creditor with a veto are not determinative. They are forecasts rather than evidence of present fact. We must not assume intransigence in a world in which misunderstandings occur, they are sometimes corrected, and trust is sometimes restored in whole or in part. Nor may we, in this case, assume that the proposed terms will require a restoration of confidence or trust or a continuing relationship with the Bank of Montreal.

[22] I have some difficulty with the decision of Justice Penny in *NS United Kaiun Kaisha, Ltd. v. Cogent Fibre Inc.*, 2015 ONSC 5139 (Ont. S.C.J.), which suggests that s. 50.4(9)(b) requires at least a hint of what the insolvent will offer to the

secured creditor and what the proposal will contain. It is in the nature of proposals that they are developed and, if an extension is needed, the proposal is developing.

[23] The requirement is “would likely be able to make a viable proposal”, not “has settled on terms likely to be accepted”. I think that is the point made by Justice Goodfellow in *H & H Fisheries Ltd., Re*, 2005 NSSC 346 (N.S. S.C.), when he says that s. 50.4(9)(b) means “that a reasonable level of effort dictated by the circumstances must have been made that gives some indication of the likelihood a viable proposal will be advanced within the time frame of the extension applied for.” [Emphasis added]

Re Kocken Technologies Systems Inc., 2017 NSSC 80.

14. While Tricanna has been delayed in finalizing its proposal to its creditors, the delay has occurred primarily as a result of Tricanna negotiating the SPA with the Purchaser and having discussions with CRA regarding the termination of the Excise Licence and the Stamps. Tricanna has developed a preliminary plan for the proposal to its creditors. Tricanna respectfully seeks a 45-day extension to allow it to complete the Proposed Transaction and to file its Proposal to creditors on or before April 20, 2025.
15. The only alternative outcome to granting a further extension is the automatic deemed assignment in bankruptcy of Tricanna pursuant to section 50.4(8) of the *BIA*. That outcome would undermine the benefits of Tricanna’s efforts to date. This would reduce the overall recovery for the Tricanna stakeholders and would very clearly have a negative impact on its stakeholders.
16. Tricanna has made meaningful progress in developing its plan for the sale of the Business and its proposal to creditors since entering the Letter of Intent January 22, 2025. If Tricanna continues to make progress at a similar pace, there is a likelihood that it will close on the Proposed Transaction and/or advance a viable proposal to its creditors before the 45-day extension expires on March 6, 2025.
17. For all of these reasons, Tricanna respectfully submits that it meets the requirement of likely being able to make a viable Proposal to its creditors under section 50.4(9)(b) of the *BIA*.

No Creditor of Tricanna Will Be Materially Prejudiced if the 45-Day Extension is Granted

18. The proposed 45-day extension of time for Tricanna to file a proposal to its creditors will not materially prejudice any of Tricanna’s creditors.
19. The focus of the requirement that an insolvent person show that none of its creditors will be materially prejudiced under section 50.4(9)(c) of the *BIA* is on whether the extension to the Stay Period will cause prejudice to the insolvent person’s creditors, and not whether the eventual proposal might cause prejudice to the insolvent person’s creditors.

Re Scotian Distribution Services Ltd, 2020 NSSC 131 at para 22.

20. Second, the test is one of objective material prejudice. As discussed by Justice Steeves of the British Columbia Supreme Court in *Andover Mining Corp. (Re)*:

[76] The third requirement under s. 50.4(9) is that no creditor should be materially prejudiced if an extension is granted. As emphasized in *Cantrail* at para. 21 the test is not

prejudice but material prejudice. It is also an objective test: *Cumberland* at para. 11. In the subject case there is no evidence that the security in the first promissory note would be less if an extension was granted. Enirgi asserts that Andover is restructuring its assets but there is no evidence of that and, in the event it occurs, remedies are available on short notice. Unlike in *Cumberland*, the debtor here is not converting inventory into cash. It is true that the note (or notes) is non-interest bearing but Enirgi knew that when it became an assignee in March 2013 and the note had not been unpaid since October 2012. I conclude that there is some prejudice to Enirgi but not material prejudice. [Emphasis added]

Enirgi Group Corp. v. Andover Mining Corp., 2013 BCSC 1833.

21. Tricanna's creditors stand to gain in the form of enhanced recovery from Tricanna being provided with additional time to close the Proposed Transaction and develop a proposal to its creditors. If the Proposed Transaction doesn't close and Tricanna isn't able to make a proposal to its creditors by the Stay Period, the status quo of the Excise Licence will expire and the inventory will become unsaleable and the value of the Business will have little to no value. There is no evidence that Tricanna's creditors will be materially prejudiced by Tricanna being provided with a 45-day extension to file a proposal. Tricanna therefore respectfully submits that it meets the requirement for an extension of time to file a Proposal under section 50.4(9)(c) of the *BIA*.

D. THE ADMINISTRATION CHARGE IS APPROPRIATE

27. The Court's authority to grant the Administration Charge is confirmed by subsections 64.2 of the *BIA*, which provide as follows:

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.

Priority

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

Soccer Express Trading Corp. (Re), 2020 BCSC 2109 at para 3;
Danier Leather Inc., Re, 2016 ONSC 1044 (“**Danier Leather**”) at para 56.

28. The secured creditors of Tricanna who are likely to be affected by the security or charge have been provided with notice of this Application.
29. Tricanna is not aware of any secured creditor or other stakeholder who opposes the granting of a first-priority Administration Charge in the amount of \$150,000.00. Such a charge is necessary and is reasonable in the circumstances. In order to put themselves in a position to close the Proposed Transaction, or file a Proposal, Tricanna requires the assistance of their legal counsel and of the Proposal Trustee (and the Proposal Trustee, in turn, requires the assistance of its own legal counsel). Each of those professional firms requires some certainty as to payment, and a first-priority charge in their favour is, Tricanna submits, a standard and optimal way to provide such certainty.

Lange #1 Affidavit at paras 65-68.

E. THE LENDER CHARGE IS APPROPRIATE

30. Tricanna requires working capital and funding to facilitate the Proposal Proceeding. As part of the consideration under the SPA, the Purchaser has agreed to advance a deposit of \$100,000.00 (the “**Interim Funding**”) to be used by Tricanna for the purpose of facilitating the Proposal Proceeding. Section 50.6 of the *BIA* provides this Honourable Court with the jurisdiction to approve interim financing and declare the Property be subject to an interim lender’s charge:

Order — interim financing

50.6 (1) On application by a debtor in respect of whom a notice of intention was filed under section 50.4 or a proposal was filed under subsection 62(1) and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the debtor’s property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the debtor an amount approved by the court as being required by the debtor, having regard to the debtor’s cash-flow statement referred to in paragraph 50(6)(a) or 50.4(2)(a), as the case may be. The security or charge may not secure an obligation that exists before the order is made.

Priority

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

31. A non-exhaustive list of factors to be considered when determining whether to grant the Lender’s Charge is provided in section 50.6(5) of the *BIA*:

Factors to be considered

- (5) In deciding whether to make an order, the court is to consider, among other things,
 - (a) the period during which the debtor is expected to be subject to proceedings under this Act;
 - (b) how the debtor's business and financial affairs are to be managed during the proceedings;
 - (c) whether the debtor's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor;
 - (e) the nature and value of the debtor's property;
 - (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
 - (g) the trustee's report referred to in paragraph 50(6)(b) or 50.4(2)(b), as the case may be.
- 32. Tricanna submits that the Lender's Charge should be approved as it is essential to provide Tricanna with the financing it requires to continue to operate its business in the Proposal Proceedings and either close the Proposed Sale or make a viable proposal to creditors. Additionally, the following factors support the relief:
 - a) Tricanna initiated the Proposal Proceedings with the concurrence of its largest secured creditors and the Purchaser;
 - b) Tricanna will manage its business and financial affairs during these Proposal Proceedings in a cost-effective and efficient manner, with oversight from the Proposal Trustee;
 - c) the Interim Funding is limited only to what is reasonably necessary for Tricanna to maintain ongoing expenses in the near-term for the Proposed Transaction and the completion of the Proposal Proceedings;
 - d) the Interim Funding will be used to sustain ongoing operating expenses, including employee compensation, trade creditors, general administrative expenses, and payment of the professional advisors engaged to assist with its restructuring efforts;
 - e) The Interim Funding will be credited against the total consideration payable by the Purchaser under the SPA;
 - f) the benefit of approving the Lender's Charge materially outweighs any resulting prejudice to creditors; and
 - g) the Proposal Trustee supports the relief sought by Tricanna.
- 33. While in the context of *CCAA* proceedings, Courts have noted the "essential and necessary" nature of interim financing and the related charge:

The alternative... of a DIP Charge without super priority – is not, in my view, realistic, nor is directing the Monitor to investigate alternative financing without providing super priority. If there is going to be any opportunity for the Timminco Entities to put forth a restructuring plan, it seems to me that it is essential and necessary for the DIP Financing to be approved and the DIP Charge granted. The alternative is a failed CCAA process.

Timminco Limited (Re), 2012 ONSC 948 at paras 46-47.

34. As with the Administration Charge, at this time, the Lender's Charge will rank in priority to Community CU, the Individual Creditors, and Betty Sorensen, absent further order of the Court on notice to all potentially affected parties.
35. For the foregoing reasons, this Honourable Court should exercise its discretion to approve the interim financing and grant the Lender's Charge.

F. APPROVING THE PRE-FILING PROPOSED TRANSACTION

The SPA

36. Section 65.13(4) of the *BIA* provides a non-exhaustive list of factors the Court is to consider upon an application to approve a sale out of the ordinary course:

(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.

37. The factors outlined in section 65.13(4) of the *BIA* are similar to the test established by the Court in *Royal Bank v Soundair Corp*, which includes:

- h) whether the party conducting the sale process has made a sufficient effort to obtain the best price and has not acted improvidently;

- i) whether the interests of all parties have been considered;
- j) the efficacy and integrity of the process by which offers have been obtained; and
- k) whether there has been unfairness in the working out of the process.

Royal Bank v Soundair Corp, [1991] OJ No. 1137 at para 16.

38. The SPA and the Proposed Transaction contemplated therein satisfies the above test, given that:

- a) the process undertaken by Tricanna, with the assistance of Ms. Lange, to market the Property and/or Business was commercially reasonable in the circumstances. Tricanna was informed that it did not secure financing 16 days before the expiration of the Excise Licence. Tricanna had less than three weeks to seek legal advice and attempt to market and solicit an offer for the Property and/or Business of Tricanna. There is very little appetite in the market for investment into cannabis companies, insolvent or otherwise. Ms. Lange's approach of contacting potential purchasers who might have the business need and the financial position to make a purchase in such a short timeframe was reasonable;
- b) the SPA is the highest and best offer obtained for the Business following a canvassing of the market. The Letter of Intent was the only offer received by Tricanna and therefore maximizes value to stakeholders in the circumstances. The first secured creditor, Community CU, will be paid out in full for any amounts owing after accounts receivables have been collected. Tricanna would need to obtain an offer that is at least greater than \$1,470,585.21, plus the amount which will be owing to Community CU, in order for an offer for the Business to be better;
- c) the Proposed Transaction is unconditional, except for Court approval;
- d) the deposit paid by the Purchaser is non-refundable unless the Court does not approve the Proposed Transaction;
- e) the Proposal Trustee is supportive of the Proposed Transaction and believes that the approval of the SPA and the Proposed Transaction contemplated therein are in the best interests of Tricanna's stakeholders, as outlined in its First Report; and
- f) the fulcrum creditors, the Individual Creditors, with an indebtedness of \$1,470,585.21, support the Proposed Transaction.

Express Jurisdiction under the BIA to approve a sale in an NOI without a Proposal to Creditors

39. Court approval of a sale of assets is available under s. 65.13 of the *BIA* when the debtor is unable to present a proposal to its creditors. Under s. 65.13 of the *BIA*, the court's jurisdiction to authorize the sale of assets outside of the ordinary course of business is not expressed as limited to cases when the debtor is capable of presenting a proposal to its creditors. The ability to present a proposal is not one of the listed factors to be considered on a motion under s. 65.13(4) of the *BIA*. The presentation of a proposal to creditors is not a condition to the court's authority to approve, if appropriate, a sale of assets under s. 65.13.

Komtech Inc. (Re), 2011 ONSC 3230 at paras 25, 33.

40. In line with the relief sought by Tricanna, courts have granted sale approval and vesting orders to debtors which have filed an NOI but have made no proposal to creditors. Doing so in this case would be consistent with the remedial purpose shared by the *CCAA* and the *BIA*.

In the Matter of the Bankruptcy of Bear Creek Contracting Ltd., 2021 BCSC 783 at paras 1, 65-67;
Atlantic Crane & Material Handling Limited (Re), 2022 NSSC 342 at paras 3, 5, 9.
Century Services Inc. v Canada (Attorney General), 2010 SCC 60 at para 15.

The Proposed Transaction should be approved

41. An assessment of the factors set out in subsection 65.13(4) of the *BIA* and the *Soundair* principles favours the approval of the Proposed Transaction for the following reasons:
- a) the Sale Process was as thorough as it could have been given the circumstances. Only one potential purchaser indicated any interest in carrying out the necessary due diligence required to form a view on the opportunity and submit an offer. Tricanna and their counsel made significant solicitation efforts including by contacting third parties who were identified as cannabis companies who would benefit from Tricanna's Business and private equity investors. Tricanna made efforts to obtain the best price, negotiating with the Purchaser to double their initial offer, and did not act improvidently;
 - b) the Proposed Transaction is in the best interests of all parties. The Proposed Transaction is supported by the fulcrum secured creditors of Tricanna, being the Individual Creditors, and will result in payment in full to the first priority secured creditor, Community CU.. The Individual Creditors are the only creditors with a significant economic interest in Tricanna and the only creditors who will recover after Community CU is paid out as no other offers were received during the Sale Process. Given the market conditions, it would take a significant amount of time to try and solicit an offer that would not only exceed the consideration offered by the Purchaser, but to exceed the amount owing to the Individual Creditors in order for any other creditor to recover;
 - c) the Sale Process was conducted in an open and transparent manner. Notwithstanding that no other offers were received by Tricanna, Ms. Lange and her counsel canvassed as many parties as they could in order to try to solicit genuine offers. The Sale Process was efficacious and had integrity;
 - d) there was no unfairness in the Sale Process. All potential purchasers were entitled to participate in the Sale Process and were vehemently invited to. All available information with respect to the opportunity was made available to any prospective purchaser who requested it and all prospective purchasers had the same opportunity to submit an offer to Tricanna based on that information; and
 - e) the Individual Creditors, being the fulcrum creditors, were provided notice of the Proposed Transaction and all interested parties, including all secured creditors and unsecured creditors, were provided notice of this Application.

Reverse Vesting Order

42. Courts have found that s. 183 of the *BIA* provides the jurisdiction for the approval of a reverse vesting order in *BIA* proposal proceedings.

PaySlate Inc. (Re), 2023 BCSC 608 (“*PaySlate 1*”) at paras 85-86.
British Columbia v. Peakhill Capital Inc., 2024 BCCA 246 at paras 3-5.

43. Reverse vesting orders are generally appropriate in at least three types of circumstances:
- a) where the debtor operates in a highly-regulated environment in which its existing permits, licences or other rights are difficult or impossible to assign to a purchaser;
 - b) where the debtor is party to certain key agreements that would be similarly difficult or impossible to assign to a purchaser; and
 - c) where maintaining the existing legal entities would preserve certain Tax Attributes that would otherwise be lost in a traditional vesting order transaction.

Harte Gold at para 71; *PaySlate 1* at para 1.

44. Tricanna’s value is tied to its business as a going concern, the continued existence of permits, Licences, and other rights granted in respect of the cannabis inventory. Without those assets, and without certainty that all of those assets are transferable to a third party, Tricanna has limited or no value to any purchaser.

45. In deciding whether to grant the Reverse Vesting Order, this Court should consider the following questions:

- a) Why is a reverse vesting order necessary in this case?
- b) Does the reverse vesting transaction produce an economic result at least as favourable as any other viable alternative?
- c) Is any stakeholder worse off under the reverse vesting transaction than they would have been under any viable alternative?
- d) Does the consideration being paid for the debtor’s business reflect the importance and value of the licences and permits (or other intangible assets) being preserved under the reverse vesting transaction?

Harte Gold at para 38.

46. The following factors lead to the conclusion that the Transaction ought to be approved and the Reverse Vesting Order granted:

- e) the Reverse Vesting Order is necessary in this case as it is critical to keep the existing legal entity in place in order to preserve Tricanna’s Business as a going concern. The Proposed Transaction allows the Purchaser to obtain control of Tricanna and allows the Property to remain with Tricanna without the complex process, additional costs, and

delays associated with transferring and/or assigning the registration of Licences, permits, and agreements issued to Tricanna to the Purchasers, and preserves any tax attributes Tricanna may have. Tricanna has taken the steps to have the Purchaser added to the Cannabis Licence and has also applied for a renewal of the Excise Licence with the Purchaser as the director;

- f) the Reverse Vesting Order preserves the going-concern value of the Property. Tricanna's assets of value are the cannabis inventory, the Licences, which are time sensitive and governed by regulatory authorities, and the Tax Attributes. Without these assets, the Transaction is of no value to the Purchaser or the stakeholders of Tricanna. The only feasible structure for the Transaction is a sale of the equity of Tricanna by means of a reverse vesting order. Any other structure risks all of the value in the Property being eliminated, resulting in no recovery for any of the Tricanna stakeholders;
- g) the Proposed Transaction represents the highest and best recovery available to Tricanna's stakeholders in the circumstances. The Purchaser's offer was the only offer received by Tricanna and is supported by the Individual Creditors. The only way any other creditor would benefit from the sale of the Business or Property is if the offer exceeded the aggregate amount owing to Community CU and the Individual Creditors. Additionally, the Proposed Transaction is the only viable alternative to effect a going-concern transaction and is a requirement of the Purchaser. The Proposed Transaction will ensure the continuity of employment for the employees and will ensure the continuity of the Licences;
- h) the Proposal Trustee is not aware of any stakeholders that would be worse off under the SPA as opposed to another viable transaction structure. No other offers were received. The Purchaser is an arms length third party. No creditors subordinate to the Individual Creditors will receive a return from the Proposed Transaction and the Individual Creditors support the SPA notwithstanding that they will not receive a payout in full. No creditors will be worse off because of the reverse vesting transaction structure; and
- i) the interested parties were provided notice of this application and were served with the First Report. The interested parties are not required to take any action or provide any services following the Proposed Transaction. The unsecured creditors were provided notice, notwithstanding that they will receive no value from the Proposed Transaction. The SPA provides only enough consideration to compensate Community CU, the Individual Creditors, in part, and the Proposal Trustee for its costs and fees of this Proposal Proceeding.

*Black Rock at para 116;
PaySlate at paras 62-65.*

47. The Proposal Trustee respectfully submits that the Reverse Vesting Order is appropriate in the circumstances and recommends that this Honourable Court grant the Reverse Vesting Order approving the SPA and the Proposed Transaction on the terms contained therein.

The Releases

48. Tricanna seeks the issuance of releases in favour of the directors and officers of Tricanna (the "Released D&Os"), Tricanna's legal counsel, the Proposal Trustee and its legal counsel, and the Purchaser (the "Release Parties") in respect of the Released Claims (including the Released D&O Claims (as defined in the Reverse Vesting Order)).

49. It is well established that *BIA* courts have jurisdiction to sanction plans containing third-party releases.

Aquilini Development Limited Partnership v Garibaldi at Squamish Limited Partnership, 2024 BCSC 764;
PaySlate Inc. (Re), 2023 BCSC 977.

50. Third-party releases are now a key component of most restructuring processes. Factors that must be considered by the court when approving releases in restructuring proceedings have been distilled into what is now known as the “nexus test”:

- a) whether the parties to be released from claims were necessary and essential to the restructuring of the debtor;
- b) whether the claims to be released were rationally connected to the purpose of the plan and necessary for it;
- c) whether the plan could succeed without the releases;
- d) whether the parties being released were contributing to the plan; and
- e) whether the release benefitted the debtors as well as the creditors generally..

Lydian International Limited (Re), 2020 ONSC 4006 at para 54; *Metcalf & Mansfield Alternative Investments II Corp, Re*, 2008 ONCA 587 at paras 70 to 71; *Green Relief Inc*, 2020 ONSC 6837 at para 67.

51. No single factor will be determinative, nor is it necessary for each factor to apply. Nevertheless, some factors may assume greater weight, depending on the situation.

52. The same test governs third-party releases within court-sanctioned restructuring transactions, including reverse vesting orders. The Court in *Blackrock Metals* stated that it is “now commonplace for third-party releases, in favour of parties to a restructuring, their professional advisors as well as their directors, officers and others, to be approved outside of a plan in the context of a transaction.”

Arrangement relatif à Blackrock Metals Inc., 2022 QCCS 2828 at para 128;
8640025 Canada Inc, Re, 2021 BCSC 1826 at para 43.

53. As outlined above, the Reverse Vesting Order (if granted) provides for releases involving these Proposal Proceedings and the Proposed Transaction for various third parties, including the current director and officers of Tricanna, Tricanna’s legal counsel and advisors, the Proposal Trustee and its legal counsel, and the Purchaser. The D&O Released Claims include claims against the Released D&Os for unpaid source deductions, goods and services tax, and excise taxes relating to the pre-filing period.

54. For the reasons that follow, the Applicants submit that the Releases in the Reverse Vesting Order should be granted

The Released Parties were Necessary and Essential to the Restructuring

55. The Released Parties, including the Released D&Os, have made significant contributions to the Proposal Proceedings. Prior to and since the initiation of the Proposal Proceedings, the Released Parties and, in particular, the Released D&Os have worked diligently and in good faith towards the sale of Tricanna's business, resulting in the Proposed Transaction and the maximization of the value of the Business.
56. The Released D&Os were involved in facilitating and overseeing the marketing of Tricanna's Property, which pre-dated the commencement of the Proposal Proceedings and maintained and supported the operations of Tricanna throughout the proceedings so that the business could be sold as a going concern.
57. Moreover, the continued involvement of the Released Parties is critical to the successful implementation of the Proposed Transaction.

The Claims to be Released are Rationally Connected to and Necessary for the Proposed Transaction

58. All of the Released Parties are integrally connected to the Proposed Transaction. They were all heavily involved in the negotiation and performance of the Proposed Transaction and closing of the Proposed Transaction is conditional upon the granting of the Reverse Vesting Order, the form of which includes the releases of the Released Claims, and the granting of which is a condition precedent to the SPA being closed.

The Releases Benefit Creditors

59. The Releases will benefit the Tricanna creditors and other stakeholders by protecting Tricanna and ResidualCo against potential contribution and indemnity claims, minimizing potential claims, and thus maximizing the proceeds of the Proposed Transaction.

Harte Gold at para 82.

The Released D&O Claims are Appropriate and Necessary

60. None of the Released D&O Claims waive or bar any claim or liability arising out of any gross negligence or willful misconduct on the part of the Released D&Os, that is not permitted to be released pursuant to the *BIA*.
61. As outlined above, the directors and officers of Tricanna risk personal liability for excise tax unpaid during their tenure, along with the source deduction liability. However, their continued involvement in Tricanna and extensive efforts to maximize the realization for the Tricanna's stakeholders have been instrumental in the Proposal Proceedings.

62. Although the Released D&Os will be released from personal liability for the CRA Arrears attributed to their tenure, the Releases are subject to a key limitation. Any person, including the CRA, is permitted to pursue an action under any insurance policy maintained by Tricanna and, to the extent liability is established, is entitled to recover solely from those proceeds, if any. There remains a potential avenue for some recovery in respect of certain claims against the current directors and officers through any available insurance.
63. A release of claims in connection with matters relating to cannabis excise tax for the period prior to the commencement of insolvency proceedings has been granted by Canadian Courts in several recent proceedings, including:
- (a) *Atlas Global Brands Inc. et al*, Approval and Reverse Vesting Order granted on October 4, 2024, Court File No. CV-24-00722386-00CL (ONSC)
 - (b) *Indiva*;
 - (c) *Heritage Cannabis Holdings Corp., et al*, Approval and Reverse Vesting Order granted on June 26, 2024, Court File No. CV-24-00717664-00CL (ONSC);
 - (d) *Aleafia*; and
 - (e) *Delta 9 Cannabis Inc (Re)*, 2025 ABKB 52 (“*Delta 9*”).
64. The completion of the Proposed Transaction and granting of the Reverse Vesting Order will allow Tricanna to carry on business as a going-concern, maximize value for the stakeholders of Tricanna and will benefit retained employees, vendors, suppliers, and customers.
65. Tricanna submit that the Reverse Vesting Order mechanism does not harm the CRA and the CRA would be in the same position in both a traditional asset sale scenario and in a bankruptcy. The Court in *Atlas Global* and *Delta 9* agreed with this position.

Atlas Global Brands Inc., 2024 ONSC 5570 (“*Atlas Global*”) at paras 93 and 94;

Delta 9 at paras 91-94, 124, 138

66. The releases sought in this case, with respect to matters relating to the CRA Arrears, tracks the language used in the foregoing Orders and similar relief should be granted in the present case.

Effect of the Proposed Transaction on the CRA

67. Tricanna acknowledges that the Proposed Transaction does not provide sufficient proceeds to satisfy the claims of the CRA for the CRA Arrears against Tricanna for the pre-filing period. However, as detailed above, this result is a function of the value of Tricanna’s business and the priority of the CRA claims relative to Tricanna’s senior secured creditors. In light of both factors, the CRA would be no better off under a bankruptcy or a traditional asset sale scenario.
68. In similar circumstances, the court in *Atlas Global* found that those priorities were “clear and carry the day” vis-à-vis the CRA claims.

69. The CRA's consent is not required before Tricanna can transfer the CRA Arrears to ExcludedCo as an Excluded Liability. This step is equivalent to what occurs in a traditional asset sale – namely, the transfer to the purchaser of the assets and liabilities that a purchaser wishes to assume, leaving behind the liabilities that it does not. In this case, the CRA's claims are being left behind because there is no value in excess of the higher-ranking claims to satisfy its claims; the transfer to ExcludedCo is merely the mechanism by which this occurs in the reverse vesting order structure. Whether the transaction is structured as a sale approval and vesting order and reverse vesting order, there are no additional proceeds that can be generated from the Proposed Transaction to satisfy the CRA's lower ranking claims.
70. In considering whether there is any prejudice to the CRA the proper benchmark is whether the CRA would receive better treatment under a bankruptcy, not whether CRA would receive more favourable terms under some other hypothetical scenario that does not exist and would not be feasible given the results of the Sale Process.
71. Here, the Proposal Trustee is satisfied that the transfer of Tricanna's CRA Arrears to ResidualCo is not a worse outcome for the CRA than would be expected in a bankruptcy.
72. The Releases will achieve certainty and finality in the most efficient and appropriate manner given the circumstances. The Releases are critical to Tricanna's restructuring and are necessary to ensure that the Proposed Transaction closes. The Proposal Trustee observed that each Released Parties have meaningfully contributed to the Proposed Transaction, and more generally, Tricanna's successful restructuring.
73. The Released D&Os are the current director and officers of Tricanna who have made significant and material significant contributions to enable Tricanna to emerge from these Proposal Proceedings as a going concern.

Other Relief is Appropriate

74. In order to complete the Proposed Transaction as contemplated, certain steps will be completed by Tricanna and the Proposal Trustee prior to the exit of Tricanna from this Proposal Proceeding.
75. The Proposed Transaction provides for Tricanna to file articles of amendment in accordance with the *Business Corporations Act*, SBC 2002, c 57 ("*BCA*"), or such other documents or instruments as may be required to permit or enable and effect the steps necessary for reorganization.
76. Section 257(2)(b) of the *BCA* provides that the company may alter its notice of articles by a court order and that the alterations take effect in accordance with that order. The Court has the authority to validate the "creation, allotment, or issue" of shares, to accept a surrender of shares by way of gift or for cancellation, and reduce a company's capital. The provisions permit the Court to approve the cancellation of outstanding shares and to validate the issuance of shares to give effect to the Proposed Transaction.

BCA, sections 68(2), 74(1), 75(b), 257(2)(b), and 259(8).

77. Tricanna submits that this Honourable Court has the jurisdiction to authorize the reorganization steps required to implement the Proposed Transaction, which includes:

- a) amending the articles of Tricanna in order to provide for the cancellation of any issued and outstanding Tricanna shares;
- a) the termination and cancellation of all other subscription rights, conversion rights, options, plans, and instruments created or granted in connection with their respective share capital; and
- b) the issuance of the New Tricanna Shares to the Purchaser in accordance with the SPA.

D. SEALING ORDER

78. In *Sierra Club of Canada v Canada (Minister of Finance)*, the Supreme Court of Canada outlined the test which must be met in order for a Court to make an order which limits Court openness as follows:

- a) The order is necessary to prevent a serious risk to an important interest, including a commercial interest, because reasonable alternative measures will not prevent the risk; and
- b) The salutary effects of the order outweigh its deleterious effects, including the effects on the right to free expression, which includes public interest in open and accessible court proceedings.

Sierra Club of Canada v Canada (Minister of Finance) (“**Sierra Club**”), 2002 SCC 41 at para 53.

79. In *Sherman Estate v Donovan*, the Supreme Court of Canada affirmed and reframed the Sierra Club test to require three prerequisites which must be met in order for a Court to make an order limiting openness of the courts, including a sealing order. These prerequisites are:

- a) Court openness poses a serious risk to a competing interest of public importance;
- b) The order sought is necessary to prevent the identified risk because reasonably alternative measures will not prevent this risk; and
- c) The benefits of the order restricting Court openness outweighs its negative effects.

Sherman Estate v Donovan, 2021 SCC 25 (“**Sherman Estate**”) at para 38.

80. The Supreme Court in *Sherman Estate* confirmed that a “general commercial interest of preserving confidential information” can constitute an important public interest.

Sherman Estate at paras 41 and 43.

81. In insolvency proceedings, Courts have frequently found that the Sierra Club test is met where materials sought to be sealed contain commercially sensitive and confidential information, the disclosure of which would prejudice the interests of debtors and their stakeholders.

Maxtech Manufacturing Inc., Re., 2010 ONSC 1161 at para 30;
Stelco Inc., Re., [2006] OJ No. 275 at paras 2-5.

82. The Confidential Supplement and confidential exhibits thereto contain information of a commercially sensitive and confidential nature, the disclosure of which could materially prejudice the interests of Tricanna and its stakeholders and jeopardize the success of a future sale process in the event that the Proposed Transaction is not completed.

Lange #1 Affidavit at para 73.

83. The disclosure of the confidential exhibits in the Confidential Supplement would pose a serious risk to the general commercial interest of preserving confidential information and preserving the integrity of a sale process.
84. In the circumstances, the Sealing Order provides the least restrictive manner to preserve the confidentiality of the information contained in Confidential Supplement and confidential exhibits thereto and to protect the interests of Tricanna and its stakeholders, and there is no reasonably alternative measures that will prevent the risks thereto.
85. Tricanna respectfully submits that the Sealing Order will not prejudice any of the its stakeholders. The benefits of the sealing order sought outweighs any negative effects.

E. CONCLUSION

86. For all of the foregoing reasons, Tricanna respectfully requests that the Stay Order, the Reverse Vesting Order, and the Sealing Order be granted in the draft forms attached hereto.
87. Tricanna continues to carry on its Business and will continue to do so in accordance with the Proposal Proceedings. None of Tricanna's stakeholders will suffer material prejudice if the relief is granted in this Notice of Application as requested, and the Proposal Trustee and the Individual Creditors are supportive of this relief.

PART 4: MATERIAL TO BE RELIED ON

1. First Report of the Proposal Trustee, to be filed;
2. First Affidavit of Dayna Lange, sworn on February 6, 2025;
3. Such further and other material as counsel may advise and as this Honourable Court may allow.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

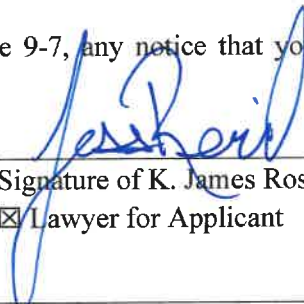
file an application response in Form 33,

file the original of every affidavit, and of every other document, that

1. you intend to refer to at the hearing of this application, and

2. has not already been filed in the proceeding, and
- serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
3. a copy of the filed application response;
 4. a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 5. if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: February 6, 2025



 Signature of K. James Rose / Jess R. Reid
 Lawyer for Applicant

To be completed by the court only:

Order made
 in the terms requested in paragraphs of Part 1 of this notice of
 application

with the following variations and additional terms:

Date:[dd/mmm/yyyy].....

Signature of Judge Associate Judge

Appendix

(2) THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

SCHEDULE “A”

District of British Columbia
Division No. 3 - Vancouver

Court No. _____
Estate No. 11-3183821

IN THE SUPREME COURT OF BRITISH COLUMBIA

**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 TRICANNA INDUSTRIES INC.**

ORDER MADE AFTER APPLICATION
(Stay Order)

BEFORE THE HONOURABLE)
JUSTICE COVAL) FEBRUARY 14, 2025
)

ON THE APPLICATION of the Applicant, Tricanna Industries Inc. (“**Tricanna**”), coming on for hearing in person at Vancouver, British Columbia, on the 14th day of February, 2025; **AND ON HEARING** K. James Rose, counsel for Tricanna, Jeffrey Bradshaw, counsel for the Proposal Trustee, and those other counsel listed on **Schedule “A”** hereto; **AND UPON READING** the material filed, including the First Affidavit of Dayna Lange, made on February 6, 2025, the First Report of the Trustee, MNP LLP (the “**Proposal Trustee**”), made on February __, 2025 (the “**Trustee’s Report**”), and any supplements thereto; **AND UPON BEING ADVISED** that Canada Revenue Agency (“**CRA**”) was given notice of this Application; **AND** pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended (the “**BIA**”), the *British Columbia Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

Service

1. The time for service of the Notice of Application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this Notice of Application is properly returnable today, and no other than those persons served is entitled to service of the Notice of Application.
2. Service of this Order may be effected by facsimile, electronic mail, personal delivery, or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Stay of Proceedings

3. Until and including April 20, 2025, or such later date at this Court may order (the “**Stay Period**”), no individual, firm, corporation, organization, governmental unit, body or agency, or any other entities shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by Tricanna, except with the written consent of Tricanna and the Proposal Trustee, or leave of this Court.
4. Pursuant to section 69.6(3) of the *BIA*, CRA is subject to the stay of proceedings provided for in section 69.1 of the *BIA* and is stayed, for the duration of the Stay Period, from taking the following actions against Tricanna:
 - (a) declaring Tricanna ineligible for the renewal of the cannabis excise licence issued by CRA pursuant to the *Excise Act, 2001*, SC 2002, c 22 (the “**Excise Licence**”);
 - (b) terminating the Excise Licence of Tricanna;
 - (c) preventing or delay Tricanna from purchasing and receiving cannabis excise stamps (“**Excise Stamps**”) from Canadian Bank Note Company, Limited or any other entity can issue Excise Stamps; and
 - (d) destroying any cannabis inventory, cannabis stamps, or any other assets of Tricanna during the Stay Period.

“Status Quo” of Tricanna Licences

5. The status quo in respect of Tricanna’s licence to cultivate, process and/or sell cannabis, and cannabis related activities (the “**Cannabis Licence**”) issued by Health Canada pursuant to the *Cannabis Act*, SC 2018 and the Excise Licence (together with the Cannabis Licence, the “**Licences**”) shall be preserved and maintained during the pendency of the Stay Period, including Tricanna’s ability to sell cannabis inventory in the ordinary course under the Licences and Tricanna’s ability to purchase Excise Stamps.
6. To the extent any Licences may expire during the Stay Period, the term of such Licences shall be deemed to be extended by a period equal to the Stay Period.
7. Pursuant to Subsection 65.13 of the *BIA*, Tricanna, subject to the approval of the Proposal Trustee, shall be entitled to sell or otherwise dispose of its inventory, including cannabis inventory, outside the ordinary course of business without further authorization to do so by the court.

Administration Charge

8. As security for their respective professional fees and disbursements incurred both before the commencement of these Proposal proceedings and before or after the granting of this Order, legal

counsel to Tricanna, MLT Aikins LLP, the Proposal Trustee, and legal counsel to the Proposal Trustee, DLA Piper (Canada) LLP (collectively, the “**Administrative Professionals**”), shall be entitled to the benefit of, and are hereby granted, a first ranking charge (the “**Administration Charge**”) on all of Tricanna’s present and after-acquired assets, property and undertakings (the “**Property**”), which charge shall not exceed \$150,000.00 as security for the Administrative Professionals’ professional fees and disbursements incurred at normal rates and charges, both before and after the commencement of these Proposal proceedings and the making of this Order. The Administration Charge shall have the priority set out in paragraphs 11 and 13 of this Order.

Lender’s Charge

9. The deposit provided by Fabrizio Rossi (the “**Purchaser**”) to be used as interim financing pursuant to the Subscription Agreement dated February 2, 2025 (the “**SPA**”) shall be used on the terms and subject to the conditions set forth in the SPA.
10. The Purchaser shall be entitled to the benefits of and is hereby granted a charge (the “**Lender’s Charge**”) on the Property to secure all obligations under the SPA, which charge shall not exceed \$100,000.00. The Lender’s Charge shall have the priority set out in paragraphs 13 and 15 hereof.
11. Notwithstanding any other provision of this Order:
 - (a) the Purchaser may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Lender’s Charge or the SPA;
 - (b) upon the occurrence of an event of default under the SPA or the Lender’s Charge, the Purchaser, upon notice to Tricanna and the Proposal Trustee, may exercise any and all of its rights and remedies against Tricanna or the Property under or pursuant to the SPA and the Lender’s Charge, including without limitation, to make demand for immediate repayment of any unused amounts of the funds advanced by the Purchaser; and
 - (c) the foregoing rights and remedies of the Purchaser shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of Tricanna or the Property.
12. The Purchaser shall be treated as unaffected in any proposal filed by Tricanna under the *BIA* with respect to any advances made under the SPA.

Validity and Priority of Charges

13. The priorities of the Administration Charge and the Lender’s Charge (together, the “**Charges**”), as against the Property, shall be as follows:
 - (a) First — Administration Charge (to the maximum amount of \$150,000.00); and
 - (b) Second — Lender’s Charge (to the maximum amount of \$100,000.00).
14. The filing, registration, or perfection of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed,

registered, recorded, or perfected subsequent to any of the Charges coming into existence, notwithstanding any such failure to file, register, record, or perfect.

15. Each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, as defined in the *BIA*.
16. Except as otherwise expressly provided for herein, or as may be approved by this Court, Tricanna shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges unless Tricanna also obtains the prior written consent of the Proposal Trustee, the beneficiaries of the Charges (collectively, the “**Chargees**”), or further order of this Court.
17. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (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**”) that binds Tricanna, and notwithstanding any provision to the contrary in any Agreement.

18. Endorsement of this Order by counsel appearing on this application, other than counsel for Tricanna, is hereby dispensed with

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of K. James Rose
 Party Lawyer for the Applicant

BY THE COURT

REGISTRAR

Schedule "A"

(List of Counsel)

Name of Counsel	Party Represented
K. James Rose Jess R. Reid	The Applicant, Tricanna Industries Inc.
Jeffrey Bradshaw	The Proposal Trustee, MNP LLP

SCHEDULE “B”

District of British Columbia
Division No. 3 - Vancouver

Court No. B-_____
Estate No. 11-318382

IN THE SUPREME COURT OF BRITISH COLUMBIA

**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 TRICANNA INDUSTRIES INC.**

ORDER MADE AFTER APPLICATION
(Reverse Vesting Order)

BEFORE THE HONOURABLE)
JUSTICE COVAL) FEBRUARY 14, 2025
)

ON THE APPLICATION of the Applicant, Tricanna Industries Inc. (“**Tricanna**”), coming on for hearing in person at Vancouver, British Columbia, on the 14th day of February, 2025; **AND ON HEARING** K. James Rose, counsel for Tricanna, Jeffrey Bradshaw, counsel for the Proposal Trustee, and those other counsel listed on **Schedule “A”** hereto; **AND UPON READING** the material filed, including the First Affidavit of Dayna Lange, made on February 6, 2025, the First Report of the Trustee, MNP LLP (the “**Proposal Trustee**”), made on February __, 2025 (the “**Trustee’s Report**”), and any supplements thereto; **AND UPON BEING ADVISED** that Canada Revenue Agency (“**CRA**”) was given notice of this Application; **AND** pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended (the “**BIA**”), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

Service

1. The time for service of the Notice of Application for this order (the “**Order**”) is hereby abridged and deemed good and sufficient and this Notice of Application is properly returnable today, and no other than those persons served is entitled to service of the Notice of Application.
2. Service of this Order may be effected by facsimile, electronic mail, personal delivery, or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Definitions

3. Capitalized terms used but not otherwise defined in this Order have the meaning given to them in the Subscription Agreement dated February 2, 2025 (the “**Subscription Agreement**”) between Tricanna and Fabrizio Rossi (the “**Purchaser**”), a copy of which is attached to the confidential supplement to the Trustee’s Report.
4. In this Order, the following terms shall bear the meaning given to them below:
 - (a) “**Claims**” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, arbitrations, information or other similar processes, assessments or reassessments, judgments, debts, indebtedness, liabilities, obligations, guarantees, warranties, expenses, costs, damages or losses, contingent or otherwise (whether contractual, statutory, or otherwise), of any kind or nature whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether arising by subrogation, set-off, right of indemnification or otherwise), whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including loss of value, professional fees, including fees and disbursements of legal counsel, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing and any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person;
 - (b) “**Encumbrances**” means all claims, Liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, reservations of ownership, options, royalties, privileges, interests, actions, assignments, liens, security interests, charges, levies, mortgages, pledges, hypothecs, trusts, deemed trusts (statutory or otherwise), judgments, writs of seizure or execution, notices of sale, contractual rights (including purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual rights) and other encumbrances, whether contractual, statutory, financial, monetary or otherwise, and whether or not they have been registered, published or filed and whether secured, unsecured or otherwise;
 - (c) “**Excluded Liabilities**” means all Liabilities of the Company other than the Retained Liabilities; and
 - (d) “**Liability**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, legal, beneficial or equitable, present or future, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person, and

includes, without limiting the generality of the foregoing, any debt, dues, guarantee, surety, indemnity obligation or other obligation;

- (e) “**Proposal Trustee’s Certificate**” means the certificate substantially in the form attached as **Schedule “B”** hereto; and

Approval of the Transaction

5. The share purchase transaction (the “**Transaction**”) contemplated by the Subscription Agreement is hereby approved, and the Subscription Agreement is commercially reasonable. The execution of the Subscription Agreement by Tricanna and the Purchaser is hereby authorized and approved, with such minor amendments as Tricanna and Purchaser may agree to, with the written consent of the Proposal Trustee, provided that such alterations, changes or amendments do not materially alter or impact the Transaction or the consideration which Tricanna’s stakeholders will benefit from as part of the Transaction. Tricanna is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction including, without limitation, the issuance of the Subscribed Shares.
6. This Order shall constitute the only authorization required by Tricanna and the Purchaser to proceed with the Transaction and no shareholder or other approval shall be required in connection therewith.

ResidualCo

7. On or before the Closing Date, the Proposal Trustee shall incorporate a new subsidiary of Tricanna (“**ResidualCo**”) and, to the extent required, a representative of the Proposal Trustee may be the sole director of ResidualCo for the sole purpose of satisfying incorporating requirements of ResidualCo. Immediately following incorporation, the sole director of ResidualCo shall resign. To the extent required, the Proposal Trustee may sign for and on behalf of ResidualCo, in its capacity as ResidualCo and not in its personal or corporate capacity.
8. As of the Closing Time, as defined in the Proposal Trustee’s Certificate:
- (a) ResidualCo shall be deemed to be a company to which the *BIA* applies;
 - (b) ResidualCo shall be added as an applicant in this Proposal proceeding and any reference in any Order of this Court in respect of this Proposal proceeding to:
 - (i) an “Applicant” shall refer to ResidualCo, *mutatis mutandis*; and
 - (ii) “Property” shall include the current and future assets, licenses, undertakings and real and personal properties of every nature and kind whatsoever (including all books and records in relation thereto), and wherever situate, including all proceeds thereof, of ResidualCo, as applicable, including the Excluded Assets;
 - (c) Tricanna shall be deemed to be released from the purview of any Order of this Court granted in respect of this Proposal proceeding, save and except for this Order and any Order granted on or prior to February 14, 2025, the terms of which as they relate to Tricanna shall continue to apply in all respects to Tricanna; and

- (d) The title and style of cause of this Proposal proceeding is hereby, and shall be deemed to be, amended as follows:

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 [RESIDUALCO].

9. Any document filed after the Closing Date (other than the Proposal Trustee's Certificate contemplated by this Order) shall be filed using such revised title and style of cause of proceedings.
10. The administration of ResidualCo shall remain subject to the Court's oversight and these proceedings, and the Proposal Trustee is hereby authorized and empowered, but not obligated, to assign ResidualCo into bankruptcy.
11. In addition to and without limiting the rights and protections afforded to the Proposal Trustee under the *BIA*, the Proposal Trustee and its employees and representatives shall not incur any liability as a result of acting in accordance with this Order or administering ResidualCo, save and except for any gross negligence or wilful misconduct on the part of any such parties. All protections afforded to the Proposal Trustee pursuant to the *BIA* and any further order granted in these proceedings shall continue to apply.

Vesting of Assets and Liabilities

12. Upon delivery by the Proposal Trustee to the Purchaser of the Proposal Trustee's Certificate, the following shall occur and be deemed to have occurred commencing at the time of delivery of the Proposal Trustee's Certificate (the "**Closing Time**") in the following sequence and as set out in the Subscription Agreement (collectively, the "**Reorganization Steps**"):
- (a) All of the right, title, and interest of Tricanna in and to the Excluded Assets shall be transferred to, assumed by, and vested absolutely and exclusively in ResidualCo all Excluded Liabilities shall continue to attach to such Excluded Assets with the same nature and priority as they had immediately prior to their transfer;
- (b) All Excluded Liabilities and Claims and Encumbrances related thereto in respect of Tricanna shall be transferred to and assumed by and shall vest absolutely and exclusively without recourse in ResidualCo, and such Claims, Encumbrances, and Excluded Liabilities shall continue to attach to the Excluded Assets with the same nature and priority as they had immediately prior to the Closing Time, as if the Excluded Assets had not been conveyed and had remained in the possession or control of the person having possession or control immediately prior to the transfer;
- (c) Tricanna shall issue to ResidualCo the Excluded Liability Prom Note in consideration for ResidualCo assuming the Excluded Assets and Excluded Liabilities;
- (d) Tricanna and all of the Retained Assets, including, but not limited to, all of Tricanna's remaining assets, licences, undertakings, and properties of every nature and kind whatsoever

and wherever situate shall be and are hereby forever released and discharged from all Excluded Liabilities, including all related Claims, Liabilities, and Encumbrances, other than Retained Liabilities listed in the Subscription Agreement, and are hereby expunged and discharged as against the Retained Assets, Tricanna and the Purchaser, and the Retained Assets will be retained by Tricanna free and clear of all Encumbrances except the Retained Liabilities;

- (e) Without the need for any further action by any of Tricanna's shareholders, directors, or officers, Tricanna shall issue to the Purchaser the New Tricanna Shares. All of the right, title and interest in and to the New Tricanna Shares issued by Tricanna to the Purchaser shall vest absolutely in the Purchaser free and clear of and from any and all Claims including, without limiting the generality of the foregoing, any Encumbrances, and for greater certainty, all of the Encumbrances affecting or relating to the New Tricanna Shares and/or the Retained Assets are hereby expunged and discharged as against the New Tricanna Shares and all right, title, interest, and entitlement granted to the holders thereof shall vest free and clear of all Claims and Encumbrances;
 - (f) Without the need for any further action by any of Tricanna's shareholders, directors, or officers, Tricanna shall issue to the Purchaser the Subscribed Shares. All of the right, title and interest in and to the Subscribed Shares issued by Tricanna to the Purchaser shall vest absolutely in the Purchaser free and clear of and from any and all Claims including, without limiting the generality of the foregoing, any Encumbrances, and for greater certainty, all of the Encumbrances affecting or relating to the Subscribed Shares and/or the Retained Assets are hereby expunged and discharged as against the Subscribed Shares and all right, title, interest, and entitlement granted to the holders thereof shall vest free and clear of all Claims and Encumbrances;
 - (g) Any and all outstanding shares of Tricanna, other than the New Tricanna Shares, and any and all options, warrants, agreements, commitments of any character whatsoever, and other documents or instruments governing or having been created or granted in connection with the share capital of Tricanna existing prior to the Closing Date of the Transaction shall be deemed terminated, cancelled, and extinguished without any consideration or any other Claim against Tricanna or ResidualCo, and all certificates formerly representing any such shares shall be deemed to be cancelled and shall be null and void;
 - (h) Tricanna shall cease to be an Applicant in the within proceedings and shall be deemed released from the purview of all Orders of this Court granted in respect of the within proceedings, save and except for this Order and any Order granted on or before February 14, 2025, the provisions of which (as they related to Tricanna) shall continue to apply in all respect;
 - (i) Any directors and officers of Tricanna immediately prior to the Closing Time shall be deemed to have resigned as of the Closing Time.
13. Tricanna, the Proposal Trustee and ResidualCo, in completing the transactions contemplated in the Reorganization Steps, are authorized:

- (a) to execute and deliver any documents and assurances governing or giving effect to the Reorganization Steps as Tricanna, the Proposal Trustee and ResidualCo, in their discretion, may deem to be reasonable, necessary, or advisable to conclude the Reorganization Steps, including the execution of all such ancillary documents as may be contemplated in the Subscription Agreement or as are reasonable, necessary, or desirable for the completion and implementation of the Reorganization Steps, including without limitation, filing all documents, instruments and articles of any kind, and all such ancillary documents are hereby ratified, approved and confirmed; and
 - (b) to take such steps as are, in the opinion of Tricanna, the Proposal Trustee and ResidualCo, reasonable, necessary, advisable or incidental to the implementation of the Reorganization Steps which steps shall be deemed to be duly authorized, valid and effective notwithstanding any requirement under federal or provincial law.
- 14. As of the Closing Time:
 - (a) Tricanna shall continue to hold all right, title and interest in and to the Retained Assets, free and clear of all Excluded Liabilities and any Claims or Encumbrances related thereto; and
 - (b) Tricanna shall be deemed to have disposed of Excluded Assets and Excluded Liabilities and shall have no right, title or interest in or to Excluded Assets.
- 15. For greater certainty, any person that, prior to the Closing Time, had a Claim or Encumbrance against Tricanna or the Retained Assets or undertakings shall, as of the Closing Time, no longer have any such Claim or Encumbrance against or in respect of Tricanna or the Retained Assets, but shall have an equivalent Claim or Encumbrance, as applicable, against the Excluded Assets to be administered by the Proposal Trustee in ResidualCo from and after the Closing Time, with the same attributes, rights, security, nature and priority as such Claim or Encumbrance had immediately prior to its transfer to ResidualCo, and nothing in this Order limits, lessens, modifies (other than by change in debtor) or extinguishes the Claim or Encumbrance of any Person as against Excluded Assets.
- 16. From and after the Closing Time, the Purchaser and/or Tricanna shall be authorized to take all steps as may be necessary to effect the discharge and release as against Tricanna and the Retained Assets, the Claims, Encumbrances, and Excluded Liabilities that are transferred to and vested in ResidualCo pursuant to this Order.
- 17. The Proposal Trustee shall file with the Court a copy of the Proposal Trustee's Certificate forthwith after delivery thereof.
- 18. This Order shall constitute the only authorization required by the Proposal Trustee, Tricanna, or ResidualCo to proceed with the Transaction, including, without limitation, Reorganization Steps and the incorporation of ResidualCo and, except as specifically provided in the Subscription Agreement, and no director or shareholder approval shall be required and no authorization, approval or other action by or notice to or filing with any governmental authority or regulatory body exercising jurisdiction in respect of Tricanna or ResidualCo is required for the due execution, delivery and performance by the Proposal Trustee, , Tricanna, and by ResidualCo of the

Subscription Agreement and the completion of the Transaction including, without limitation, the Reorganization Steps.

19. Tricanna is hereby permitted to execute and file articles of amendment in accordance with the *Business Corporations Act*, SBC 2002, c 57 (“*BCBCA*”), or such further and other documents or instruments as may be required to permit or enable and effect the Reorganization Steps, including, without limitation, the cancellation of any issued and outstanding shares of Tricanna, the issuance of the Subscribed Shares, the appointment and/or resignation of directors of Tricanna, and such articles, documents or other instruments shall be deemed to be duly authorized, valid, and effective notwithstanding any requirement under federal or provincial law to obtain director or shareholder approval with respect to such actions or to deliver any statutory declarations that may otherwise be required under corporate law to effect the Reorganization Steps.
20. The Director, as defined in the *BCBCA*, as may be amended, shall accept and receive the articles of amendment, or such further and other documents or instruments as may be required to permit or enable and effect the Reorganization Steps, filed by either Tricanna, the Proposal Trustee or ResidualCo, as the case may be.
21. Upon delivery thereto of the Proposal Trustee’s Certificate and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities exercising jurisdiction with respect to Tricanna, Retained Assets, or Excluded Assets, including the CRA (collectively, “**Governmental Authorities**”), are hereby authorized, requested and directed to accept delivery of such Proposal Trustee’s Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required in order to give effect to the terms of this Order and the Subscription Agreement, including, but in no way limited to the Reorganization Steps.
22. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Subscription Agreement, including but in no way limited to the Reorganization Steps. Presentment of this Order and the Proposal Trustee’s Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registration such that the New Tricanna Shares and the Retained Assets shall be free from all Encumbrances, Liabilities, and Claims, except for the Retained Liabilities.
23. Pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* or Section 18(10)(o) of the *British Columbia Personal Information Protection Act*, Tricanna and its respective advisors are authorized and permitted to disclose and transfer to the Purchaser, and its advisors, personal information of identifiable individuals and banking information of Tricanna but only to extent required to complete the Transaction pursuant to the Subscription Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by Tricanna.

Releases

24. At the Closing Time: (i) the current director and officers of Tricanna; (ii) Tricanna's legal counsel and advisors; (iii) the Proposal Trustee and its legal counsel; and (iv) the Purchaser (collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitation, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part of any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Closing Time or arising in connection with or relating in any manner whatsoever to the Subscription Agreement, the Transaction, or the conduct of these Proposal Proceedings (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties; provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim that is (i) not permitted to be released *BIA*; or (ii) any of the Released Parties from the performance of their obligations pursuant to the Transaction.
25. Effective upon the filing of the Proposal Trustee's Certificate, the current director and officers of Tricanna and ResidualCo (collectively, the "**Released D&Os**" and each a "**Released D&O**") shall be and are hereby forever irrevocably released and discharged from any and all claims, including but not limited to claims for unpaid excise taxes, that any Person may have or be entitled to assert against the Released D&Os now or hereafter, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or not yet due, in law or equity and whether based on statute or otherwise, based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to commencement of these Proposal Proceedings in respect of Tricanna, the business, operations, assets, property, and affairs of Tricanna and/or these Proposal Proceedings (collectively, the "**D&O Released Claims**"), and any such D&O Released Claims are hereby irrevocably and permanently released, discharged, stayed, extinguished, and forever barred, and the Released D&Os shall have no liability in respect thereof.

Distribution

26. The proceeds of the Transaction, being the Purchase Price for the Property, shall forthwith be disbursed in accordance with the terms of the Subscription Agreement.

MISCELLANEOUS

27. Notwithstanding:
- (a) these proceedings;
 - (b) any application for a bankruptcy order or a receivership order in respect of Tricanna or ResidualCo now or hereafter made pursuant to the *BIA* or otherwise and any bankruptcy or receivership order issued pursuant to any such application;

- (c) any assignment in bankruptcy made by Tricanna or ResidualCo; or
- (d) the provisions of any federal or provincial statute,

the execution of the Subscription Agreement and the implementation of the Reorganization Steps, and the implementation of the Transaction shall be binding on any trustee or other administrator in respect of ResidualCo and any trustee in bankruptcy or receiver that may be appointed in respect of Tricanna, and shall not be void or voidable by creditors of ResidualCo or Tricanna, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *BIA* or any other applicable federal or provincial legislation or at common law, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 28. The Purchaser shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances as against the New Tricanna Shares and the Retained Assets.
- 29. The Proposal Trustee, with the consent of the Purchaser, shall be at liberty to extend the Closing Date to such later date as those parties may agree without the necessity of a further Order of this Court.
- 30. Tricanna and the Proposal Trustee shall be at liberty to apply for further advice, assistance and direction as may be necessary or desirable in order to give full force and effect to the terms of this Order and to assist and aid the parties in completing the Transaction.
- 31. The Proposal Trustee in addition to its prescribed rights and obligations under the *BIA*, is authorized, entitled and empowered to assign or cause to be assigned, at any time after the Closing Date, ResidualCo into bankruptcy and the Proposal Trustee shall be entitled but not obligated to act as trustee in bankruptcy thereof.
- 32. This Order shall have full force and effect in all provinces and territories in Canada.
- 33. This Court shall retain exclusive jurisdiction to, among other things, interpret, implement and enforce the terms and provisions of this Order, the Subscription Agreement and all amendments thereto, in connection with any dispute involving Tricanna or ResidualCo, and to adjudicate, if necessary, any disputes concerning Tricanna or ResidualCo related in any way to the Transaction.
- 34. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist Tricanna, the Proposal Trustee and their 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 Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Proposal Trustee and its agents in carrying out the terms of this Order.

35. Endorsement of this Order by counsel appearing on this application, other than counsel for Tricanna, is hereby dispensed with

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of K. James Rose

Party Lawyer for the Applicant

BY THE COURT

REGISTRAR

SCHEDULE "B"

Schedule "A"

(List of Counsel)

Name of Counsel	Party Represented
K. James Rose Jess R. Reid	The Applicant, Tricanna Industries Inc.
Jeffrey Bradshaw	The Proposal Trustee, MNP LLP

Schedule "B"

District of British Columbia
Division No. 03 - Vancouver

Court No. B-_____
Estate No. 11-3183821

IN THE SUPREME COURT OF BRITISH COLUMBIA

**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 TRICANNA INDUSTRIES INC.**

PROPOSAL TRUSTEE'S CLOSING CERTIFICATE

- A. On February 5, 2025, Tricanna Industries Inc. ("**Tricanna**") filed a Notice of Intention to Make a Proposal (the "**NOI**") under section 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**") and MNP Ltd. (the "**Proposal Trustee**") consented to act as proposal trustee in the NOI proceedings.
- B. Pursuant to an Order of the Honourable Justice Coval dated February 14, 2025 (the "**Reverse Vesting Order**"), the Court approved, *inter alia*, the subscription agreement dated February 2, 2025 (the "**Subscription Agreement**") between Tricanna and Fabrizio Rossi (the "**Purchaser**") and the transaction contemplated therein (the "**Transaction**") and ordered, *inter alia*:
- a. the vesting of all of Tricanna's right, title, and interest in and to the Excluded Assets and the Excluded Liabilities (each as defined in the Subscription Agreement) in the newly formed subsidiary of Tricanna ("**ExcludedCo**");
 - b. the discharge of the Claims and Encumbrances (each as defined in the Subscription Agreement) against Tricanna and the Retained Assets, except for the Retained Liabilities (each as defined in the Subscription Agreement);
 - c. certain ancillary relief set out the Reverse Vesting Order to become effective upon the Proposal Trustee filing a certificate confirming that the Purchaser has satisfied the purchase consideration and all conditions to closing the Transaction set out in the Subscription Agreement have been satisfied or waived by the Proposal Trustee and the Purchaser.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchaser has satisfied the purchase consideration in accordance with the Subscription Agreement.
2. The conditions to closing the Transaction, as set out in the Subscription Agreement, have been satisfied or waived by the Proposal Trustee and the Purchaser.
3. The Transaction has been completed to the satisfaction of the Proposal Trustee.
4. This Certificate was delivered by the Proposal Trustee at _____ [a.m./p.m.] on _____, 2025.

**MNP LLP in its capacity as Proposal Trustee
of TRICANNA INDUSTRIES INC., and not in
its personal or corporate capacity**

Per: _____
Name:
Title:

SCHEDULE “C”

District of British Columbia
Division No. 3 - Vancouver

Court No. _____
Estate No. 11-3183821

IN THE SUPREME COURT OF BRITISH COLUMBIA

**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 TRICANNA INDUSTRIES INC.**

ORDER MADE AFTER APPLICATION
(Sealing Order)

BEFORE THE HONOURABLE)
JUSTICE COVAL) FEBRUARY 14, 2025
)

ON THE APPLICATION of the Applicant, Tricanna Industries Inc. (“**Tricanna**”), coming on for hearing in person at Vancouver, British Columbia, on the 14th day of February, 2025; **AND ON HEARING** K. James Rose, counsel for Tricanna, Jeffrey Bradshaw, counsel for the Proposal Trustee, and those other counsel listed on **Schedule “A”** hereto; **AND UPON READING** the material filed, including the First Affidavit of Dayna Lange, made on February 6, 2025, the First Report of the Trustee, MNP LLP (the “**Proposal Trustee**”), made on February __, 2025 (the “**Trustee’s Report**”); **AND UPON BEING ADVISED** that Canada Revenue Agency (“**CRA**”) was given notice of this Application; **AND** pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended (the “**BIA**”), the British Columbia *Supreme Court Civil Rules*, and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. Access to Sealed Items permitted by:
- Counsel of Record
 - Parties of Record
 - Further Court Order
 - Others

Items to be sealed

Document Name	Date filed <i>(Date on Court Stamp)</i>	Number of copies filed, including any extra copies for the judge	Duration of sealing order <i>(to specific date or until further order)</i>	Sought	Granted	
					YES	NO
1) <u>Entire File</u>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) <u>Specific Documents</u> Supplement to the First Report of the Proposal Trustee	To be filed	Two - One copy, to be sealed in the file, and one copy to be included in the Application Record for the Honourable Judge.	Until further Order.	X	<input type="checkbox"/>	<input type="checkbox"/>
3) <u>Clerk's Notes</u>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4) <u>Order</u>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) <u>Reasons for Judgment</u>				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Endorsement of this Order by counsel appearing on this Notice of Application, except for counsel for the Applicant, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of K. James Rose
 Party Lawyer for the Applicant

BY THE COURT

REGISTRAR

Schedule "A"

(List of Counsel)

Name of Counsel	Party Represented