

COURT FILE NUMBER 2403 15089
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
FREEDOM CANNABIS INC.

APPLICANTS FREEDOM CANNABIS INC.

DOCUMENT **APPLICATION BY FREEDOM CANNABIS INC.**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **SHAREK LOGAN & VAN LEENEN LLP**
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NOTICE TO RESPONDENT(S): SEE ATTACHED SCHEDULE "A"

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: **September 18, 2024**
Time: **2:00 PM**
Where: **Edmonton Law Courts, via Webex**
Before Whom: **The Honourable Justice Neilson**

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. The Applicant, Freedom Cannabis Inc (“**Freedom**” or the “**Applicant**”) seeks an order under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”) extending the stay of proceedings established in respect of the Applicant, 2563138 Alberta Ltd. and 2399751 Alberta Ltd. (the “**Non-Applicant Stay Parties**”, and collectively with the Applicant, the “**Freedom Group**”), which expires September 18, 2024, to October 18, 2024 (the “**Extended Stay Period**”).

Grounds for making this application:

2. Freedom is a privately owned licensed producer of cannabis products that is in the business of cannabis cultivation, processing, extraction, wholesale distribution, and business to business sales. Freedom owns the majority of the issued and outstanding shares of the Non-Applicant Stay Parties.
3. Freedom obtained an Initial Order under the CCAA on August 8, 2024, pursuant to which KPMG Inc. was appointed as Monitor (the “**Monitor**”) and granting an initial 10-day stay period. An Amended and Restated Initial Order (the “**ARIO**”) was granted August 15, 2024, extending the stay of proceedings to September 18, 2024 (the “**Stay Period**”).
4. The Applicant requires an extension of the Stay Period up to and including October 18, 2024 in order to continue developing a Sales Investment and Solicitation Process (the “**SISP**”) for the benefit of all stakeholders.
5. The cash flow forecast appended to the Second Report of the Monitor evidence that the Applicant has sufficient liquidity during the Extended Stay Period to continue these CCAA proceedings.
6. Since the granting of the Initial Order and ARIO, Freedom has been working diligently with the Monitor, the Monitor’s legal counsel, and JL Legacy Ltd., in its capacity as senior secured lender and DIP Lender, to develop a SISP process that will maximize its value and see Freedom sold as a going concern.
7. In furtherance of the contemplated SISP, Freedom is currently working with the Monitor and the DIP Lender to develop a stalking horse agreement (the “**Stalking Horse Agreement**”) to further maximize value for Freedom’s stakeholders.
8. Freedom requires additional time to finalize the particulars of the contemplated SISP and Stalking Horse Agreement, including having the Monitor review and opine on the proposed stalking horse bid under the Stalking Horse Agreement.
9. The Monitor continues to work with Freedom and JL Legacy Ltd. to confirm the terms of the Stalking Horse Agreement and the stalking horse bid.
10. The Applicant has acted, and is continuing to act, in good faith and with due diligence in advancing these CCAA proceedings.
11. No creditor will suffer material prejudice as a result of the extension of the Stay Period.

12. The Monitor supports the extension of the Stay Period sought by the Applicant.
13. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

14. The Affidavit of JohnFrank Potestio, sworn September 9, 2024;
15. The Second Report of the Monitor.

Applicable Acts and regulations:

16. *Companies Creditors Arrangement Act*, RSC 1985, c. C-36, as amended.
17. *Alberta Rules of Court*, Alta Reg 124/2010.

Any irregularity complained of or objection relied on:

18. None.

How the application is proposed to be heard or considered:

19. Via Webex before the Honourable Justice Neilson on the Edmonton Commercial List.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

SERVICE LIST