2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

Notice Of Application in Chambers

To: the Service List attached at Schedule "A"
The Applicants Request an Order Against You:

The Applicants are applying to a judge in chambers for an initial order substantially in the form attached as **Schedule "B" hereto** (the "**Proposed Initial Order**"), pursuant to the *Companies' Creditors Arrangement Act,* RSC 1985, c C-36, as amended (the "**CCAA**") for an Order granting *inter alia,* the following relief:

(a) abridging and validating the time for service of this Notice of Application and dispensing with further service thereof;

(b) declaring that Mernova Medicinal Inc. ("**Mernova**") and Creso Canada Limited ("**Creso**" and together with Mernova, the "**Applicants**" or the "**Companies**") are companies to which the CCAA applies;

(c) appointing Grant Thornton Limited ("**Grant Thornton**") as the monitor (the "**Proposed Monitor**" and if appointed, the "**Monitor**") in respect of the business and affairs of the Applicants in these proceedings;

(d) authorizing the Applicants to remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**") and to continue to carry on business in a matter consistent with the preservation of their business (the "**Business**") and Property;

(e) staying, for an initial period of not more than ten days (the "**Stay Period**"), all actions, suits, or proceedings and remedies taken or that might be taken against or in respect of the Applicants, the Proposed Monitor, or the Applicants' directors and officers, or affecting the Applicants' Business and/or Property, except with the written consent of the Applicants and Proposed Monitor or otherwise permitted by this Honourable Court;

(f) granting the following charges over the Companies' Property, listed in order of priority:

(i) Firstly, an administration charge (the "**Administration Charge**") not exceeding an aggregate amount of $100,000 as security for the professional fees and disbursements of the Monitor, counsel for the Monitor and counsel for the Applicants, incurred both before and after the approval of the Proposed Initial Order; and

(ii) Secondly, a directors and officers charge (the "**D&O Charge**") not exceeding an aggregate amount of $150,000 as security for the liabilities to which the Applicants' directors and officers may be exposed after the commencement of these CCAA proceedings, except to the extent any obligation is incurred as a result of any director or officer's gross negligence or wilful misconduct; and

(g) such further and other relief as this Honourable Court may deem just and appropriate in the circumstances.

2. If the Proposed Initial Order is granted, the Applicants intend to seek an amended and restated initial order (the "**ARIO**") within 10 days of the Initial Order being granted for, among other things, an extension of the Stay Period.

Grounds For Order

The Applicants are applying for the order on the following grounds:

1. The Applicants bring this application on an urgent basis for protection under the CCAA in order to preserve the significant value associated with the Applicants' operations on a going-concern basis. The Applicants are insolvent and face an unsustainable liquidity crisis and increased pressure from their secured creditors.

2. Evidence respecting the Applicants' corporate structure, financial position, stakeholder interest, and other relevant information are outlined in the Affidavit of Micheline MacKay, sworn on April 9, 2025 and filed with these materials.

Background

3. The Applicants are in the business of cultivation, processing and wholesale recreational and medical distribution of cannabis.

4. Mernova is a registered Nova Scotia corporation with its head office in Windsor, Nova Scotia.

5. Mernova is a licensed producer of cannabis and holds licenses from Health Canada pursuant to the *Cannabis Act* (Canada) and a cannabis license under the *Excise Act, 2001* (Canada). Mernova owns and operates a fully licensed cannabis cultivation facility in Nova Scotia and sells cannabis products to the medicinal and retail cannabis markets.

6. Creso is a registered federal corporation, with its registered office in Windsor, Nova Scotia. Mernova is wholly-owned by Creso, who was incorporated solely to acquire Mernova. Aside from the shares of Mernova, Creso holds no other assets.

7. Creso is wholly-owned by Melodiol Global Health Limited ("**Melodiol**"), a publicly traded Australian corporation, which traded on the Australian Stock Exchange.

8. On December 3, 2024, Melodiol initiated voluntary administration proceedings in Australia.

Operations

9. Mernova is a licensed producer of cannabis and holds licenses from Health Canada pursuant to the *Cannabis Act* (Canada) (the "**Health Canada Licenses**") and a cannabis license under the *Excise Act, 2001* (Canada) (the "**Excise License**" and together with the Health Canada Licenses, the "**Licenses**"). The Licenses are critical to Mernova's overall operations as they cannot legally operate without them. The Licenses are either non-transferable or only transferable by, in effect, making a new application for a license.

10. Mernova owns and operates a fully licensed cannabis cultivation facility in Nova Scotia (the "**Facility**") and sells cannabis products to the medicinal and retail cannabis markets.

11. Mernova employs a total of 40 employees.

Liquidity Crisis and Challenges

12. Mernova has suffered significant financial loss as a result of a variety of factors. In general, Mernova faces the following pressures affecting the cannabis industry:

    (a) significant competition within the industry, an over-supply of cannabis products measured against demand resulting in high price compression, low margins of profit and selling inventory at a loss;

    (b) the continued impact of illicit supply and sale of cannabis products within Canada, including illegal or unlicensed dispensaries and black-market suppliers;

    (c) large operating costs associated with the regulatory regime in the industry;

    (d) the requirements of obtaining significant amounts of capital to successfully develop and generate revenue from new products;

    (e) capital market investors' shifting hesitancy towards the cannabis industry, lowering investors' confidence and resulting in the Applicants needing to seek more expensive forms of financing;

    (f) increases in interest rates leading to investors demanding increased rates of return beyond the rates that the Applicants are able to provide; and

    (g) the high cost of excise duties for cannabis products issued by the CRA.

13. The Applicants' two primary secured creditors, Briant Nominees Pty Ltd. ("**Briant**"), and its fulcrum creditor, La Plata Capital, LLC ("**La Plata**"), have both issued demands under their respective loan agreements. The Applicants are unable to repay this indebtedness.

14. Briant and La Plata as secured creditors are supportive of the Applicants seeking protection and running a SISP under the CCAA for the purposes of maximizing the recovery for their stakeholders.

Prior Restructuring Efforts

15. For the past six months, Mernova's management team has been actively pursuing an informal strategic alternative process (the "**SAP**") and engaged Hyde Advisory, an experience cannabis broker and advisor in the cannabis industry, to assist with a formal sales process.

16. During that time, Mernova has engaged with significant cannabis companies operating within the industry and local businesses who are known to have the financial capacity to acquire Mernova. However, Mernova's efforts, with the assistance of Hyde Advisory, to source a viable alternative to avoid the need to initiate these CCAA proceedings were ultimately unsuccessful.

Urgent Need for CCAA Relief

17. The Applicants are currently in the midst of a liquidity crisis, primarily due to the dramatic reduction in revenues, intense industry competition, significant operating costs, high regulatory costs, reduced capital investments, and high interest rates.

18. There are no longer any restrictions in place on Briant or La Plata immediately pursuing any and all remedies available to them to enforce their security and Mernova lacks the liquidity to respond to the issued demands.

19. The Applicants require the stability of the stay of proceedings in order to maintain the status quo, continue interim financing arrangements, obtain the necessary breathing room required to complete a sales investment and solicitation process in respect of the business and/or assets of Mernova, and to pursue and implement their restructuring strategy.

20. With the benefit of the protection and flexibility afforded by the CCAA, the Applicants will be able to maintain their going concern value, preserve jobs for its employees, and generally stabilize its business operations for the benefit of the Applicants' stakeholders.

Evidence Supporting Application

The Applicants offer the following affidavits in support of the Application:

1. The Affidavit of Micheline MacKay, sworn on April 9, 2025;

2. The pre-filing report of the Proposed Monitor (the "**Pre-Filing Report**");

3. The Consent of the Proposed Monitor to act as Monitor in these proceedings; and

4. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

A copy of each affidavit is to be delivered to you with this notice and further affidavits may be delivered before the deadlines provided in Civil Procedure Rule 5 – Application.

You May Participate

You may file with the court a notice of contest, and any affidavits upon which you rely. Filing the Notice of Contest entitles you to notice of further steps in the application, including notice of further affidavits.

Time, Date, And Place

The Application is to be heard by a judge in chambers on the **16th day of April 2025 at 9:30am** at the Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia. You have the right to be present and to be represented by counsel or to act on your own. If you are not present, the judge may proceed without you.

Possible Order Against You

The judge may grant a final order on the application without further notice to you if you fail to deliver your notice of contest on time, or if you or your counsel fail to appear in chambers at the above time, date, and place.

Filing And Delivering Documents

Any documents you file with the court must be filed at the office of the Prothonotary, located at the Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia, B3J 1S7 (Tel: 902.424.6900).

When you file a document, you must immediately deliver a copy of it to the application and each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not required, or a judge orders it is not required.

Contact Information

The Applicants designate the following addresses:

MLT Aikins LLP
2100 Livingston Place
222 3rd Ave SW
Calgary, AB T2P 0B4
Attention: **Ryan Zahara** (rzahara@mltaikins.com) & **Chris Nyberg** (cnyberg@mltaikins.com)

-and-

Cox & Palmer LLP
Suite 1500, 1625 Grafton Street
Halifax, NS B3J 0E8
Attention: **Gavin MacDonald** (gmacdonald@coxandpalmer.com)

Documents delivered to these addresses are considered received by the Applicants. Further contact information is available from the prothonotary.

Signature

Signed April 9, 2025

for **Ryan Zahara/Chris Nyberg**
MLT Aikins LLP
Counsel for the Applicants
2100 Livingston Place
222 3rd Ave SW
Calgary, AB T2P 0B4

GAVIN D. F. MACDONALD
A Barrister of the Supreme
Court of Nova Scotia

Gavin MacDonald
Cox & Palmer LLP
Local Counsel for the Applicants
Suite 1500, 1625 Grafton Street
Halifax, NS B3J 0E8

Prothonotary's Certificate

I certify that this Notice of Application was filed with the Court on April _____, 2025

Prothonotary

A

SCHEDULE "A"

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

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SERVICE LIST

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

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AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

SERVICE LIST

Party	Contact
Creso Canada Ltd. 1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax, NS B3J 3R7 **Mernova Medicinal Inc.** 50 Ivey Lane Windsor, NS B0N 2T0 **Micheline MacKay** micheline.mackay@mernova.com **Applicants**	**Ryan Zahara and Chris Nyberg** Counsel for the Applicants **MLT Aikins LLP** 2100 Livingston Place 222 3rd Ave SW Calgary, AB T2P 0B rzahara@mltaikins.com cnyberg@mltaikins.com and **Gavin McDonald and Meaghan Kells** Local Counsel for the Applicants **Cox & Palmer** Nova Centre, South Tower 1500-1625 Grafton Street PO Box 2380 Central Halifax, NS B3J 3E5 Phone: 1-902-421-6262 gmacdonald@coxandpalmer.com mkells@coxandpalmer.com
Grant Thornton Limited 1675 Grafton St Suite 1000 Halifax, NS B3J 0E9 **Liam Murphy** Liam.Murphy@doane.gt.ca **Proposed Monitor**	**Sara L. Scott** Counsel for the Proposed Monitor **Stewart McKelvey** 600-1741 Lower Water Street PO Box 997 Halifax, NS B3J 0J2 sscott@stewartmckelvey.com

West Hants Regional Municipality 76 Morison Dr., P.O. Box 3000 Windsor, NS B0N 2T0	**Carlee Rochon, Director of Finance** crochon@westhants.ca **Mark Phillips, Chief Administrative Officer** mphillips@westhants.ca
Briant Nominees Pty Ltd 22 Lindsay St Perth – WA 6000 Australia	**Brian McMaster** BMcMaster@garrisoncapital.net
La Plata Capital LLC 90 Madison Street, Suite 303 Denver CO 80206 USA	**Chris Burr** Counsel for La Plata Capital LLC **Blakes** 199 Bay Street, Suite 4000 Toronto, Ontario, M5L 1A9 chris.burr@blakes.com and **Mark F. Bell** Counsel for La Plata Capital LLC **STINSON LLP** 1144 Fifteenth Street, Suite 2400 Denver, CO 80202 mark.bell@stinson.com
Bruce Leasing Limited 90 Commercial Street Middleton NS B0S 1P0	**Justin Barker, President** jbarker@bruceautogroup.com Fax: 902-825-2525
Office of the Superintendent of Bankruptcy Maritime Centre 1505 Barrington Street, 16th Floor Halifax, NS B3J 3K5	osbccaa-laccbsf@ised-isde.gc.ca

EMAIL: osbccaa-laccbsf@ised-isde.gc.ca; jbarker@bruceautogroup.com; mark.bell@stinson.com; chris.burr@blakes.com; BMcMaster@garrisoncapital.net; mphillips@westhants.ca; crochon@westhants.ca; sscott@stewartmckelvey.com; Liam.Murphy@doane.gt.ca; gmacdonald@coxandpalmer.com; mkells@coxandpalmer.com; rzahara@mltaikins.com; cnyberg@mltaikins.com; micheline.mackay@mernova.com

B

SCHEDULE "B"
Proposed Initial Order

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

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Initial Order

Before the Honourable Justice in chambers:

Creso Canada Ltd. and Mernova Medicinal inc. (the "**Applicants**" or the "**Companies**") propose to make a compromise or arrangement under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "**CCAA**") and they applied for an initial order and, now or in the future, other relief under the CCAA as may be sought on notice of motion.

The following parties received notice of this application:

The Service List attached as Schedule "A"

The following parties, represented by the following counsel, made submissions:

Party	Counsel
Applicants	**MLT Aikins LLP** 2100 Livingston Place 222 3rd Ave SW Calgary, AB T2P 0B4 **Ryan Zahara** Tel: 403-693-5420 Email: rzahara@mltaikins.com **Chris Nyberg** Tel: 403-693-2636 Email: cnyberg@mltaikins.com - and - **Cox & Palmer LLP** Suite 1500 – 1625 Grafton Street Halifax, NS B3J 0E8

Gavin MacDonald
Tel: 902-491-4464
Email: gmacdonald@coxandpalmer.com

Proposed Monitor,
Grant Thornton Limited

Stewart McKelvey LLP
600-1741 Lower Water Street
Halifax, NS B3J 0J2

Sara Scott
Tel: 902-420-3363
Email: sscott@stewartmckelvey.com

On motion of the Applicants, the following is ordered and declared:

Service

1. The service of the notice of application in chambers, and the supporting documents, as set out in the affidavit of service is hereby deemed adequate notice so that the motion is properly returnable today and further service thereof is hereby dispensed with.

Application

2. The Companies are affiliated debtor companies within the meaning of the CCAA and are companies to which the CCAA applies.

Plan of Arrangement

3. The Applicants, in consultation with the Monitor, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the "**Plan**").

Possession of Property and Operations

4. The Companies shall remain in possession and control of their current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further order of this Court, the Companies shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Companies shall be authorized and empowered to continue to retain and employ consultants, agents, experts, accountants, counsel, and such other persons (collectively "**Assistants**") and the employees currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order

5. The Companies shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of Micheline Mackay, or replace it

with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. The Companies may pay the following expenses whether incurred prior to or after this Order:

   a. all outstanding and future wages, salaries, employee and pension benefits, vacation pay, and expenses payable to employees who continue to provide service on or after the date of this Order ("**Active Employees**"), in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

   b. all existing and future employee health, dental, life insurance, short and long term disability and related benefits (collectively, the "**Group Benefits**") payable on or after the date of this Order to Active Employees, in each case incurred in the ordinary course of business and consistent with existing policies and arrangements or such amended policies and arrangements as are necessary or desirable to deliver the existing Group Benefits;

   c. with prior written approval of the Monitor, the fees and disbursements for any Assistants retained or employed by the Companies in respect of these proceedings, at their reasonable standard rates and charges.

7. Except as otherwise provided to the contrary herein, with the consent of the Monitor, the Companies may pay all reasonable expenses incurred by the Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

   a. all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance including directors and officers insurance, maintenance, and security services; and

   b. payment for goods or services actually supplied to the Companies following the date of this Order.

8. With the consent of the Monitor, the Companies may make payments owing to suppliers, contractors, subcontractors and other creditors in respect of amounts owning prior to the

date of this Order where such payments are deemed by the Applicant to be necessary for the ongoing operation of the Applicant or the preservation of the Property, up to an aggregate limit of **$65,000.**

9. The Companies shall remit or pay, in accordance with legal requirements or on terms as may be agreed to between the Companies and the applicable authority:

   a. any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of: (i) employment insurance, (ii) Canada Pension Plan and (iii) income taxes;

   b. all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Companies in connection with the sale of goods and services by the Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

   c. any amount payable to the Crown in right of Canada or of any Province or any regulatory or administrative body or any other authority, in all cases in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are: (i) entitled at law to be paid in priority to claims of secured creditors; (ii) attributable to or in respect of the ongoing Business carried on by the Companies; and (iii) payable in respect of the period commencing on or after the date of this Order.

10. Until such time as the Companies disclaim a real property lease in accordance with the CCAA, the Companies shall pay all amounts constituting rent or payable as rent under real property leases, including, for greater certainty, common area maintenance charges, utilities and realty taxes, and any other amounts payable to the landlord under the lease, or as otherwise may be negotiated between the Companies and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, in accordance with its existing lease agreements. On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid.

11. Except as specifically permitted herein or by further order of this Court, the Companies are hereby directed, until further order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Companies to any of their creditors as of this date without prior written consent of the Monitor; (ii) to grant no security interests, trusts, liens, charges, or encumbrances upon or in respect of any of their Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business or with the prior written approval of the Monitor.

Restructuring

12. The Companies shall, subject to such requirements as are imposed by the Monitor and under any agreements for debtor in possession financing which may be granted, have the right to:

    a. permanently or temporarily cease, downsize or shut down any of their business or operations,

    b. terminate the employment of such of their employees or temporarily lay off such of their employees as it deems appropriate and, as applicable, in accordance with the terms of any collective agreement;

    c. pursue all avenues of refinancing of the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any refinancing; and

    d. in accordance with the ordinary course of business, dispose of redundant or nonmaterial assets not exceeding $100,000 in value.

No Proceedings Against the Companies or the Property

13. Until and including the day of , 2025, or such later date as this Court may order (the "**Stay Period**"), no claim, grievance, application, action, suit, right or remedy, or proceeding or enforcement process in any court, tribunal, or arbitration association (each, a "**Proceeding**") shall be commenced, continued, or enforced against or in respect of any of the Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the Companies, and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Companies or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Companies or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Companies and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Companies to carry on any business which the Companies are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA; (iii) exempt the Companies from compliance with statutory or regulatory provisions relating to health, safety, or the environment; (iv) prevent the filing of any registration to preserve or perfect a security interest; or (v) prevent the registration of a claim for lien and the related filing of an action to preserve the right of a lien holder, provided that the Companies shall not be required to file a defence during the Stay Period.

No Interference with Rights

15. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate, or cease to perform any right, renewal right, contract, agreement, licence, or permit in favour of or held by the Companies, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the Companies, and the Monitor, or leave of this Court.

Continuation of Services

16. During the Stay Period, all Persons having oral or written agreements with the Companies or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Business or the Companies, are hereby restrained until further order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Companies, and the Companies shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and each of the Companies, and the Monitor, or as may be ordered by this Court.

Non-Derogation of Rights

17. Notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Companies.

Proceedings Against Directors and Officers

18. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the Companies or this Court, these Proceedings are dismissed by final order of this Court, or with leave of this Court.

Appointment of Monitor

19. Grant Thornton Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Business and financial affairs of the Companies, the Property, and the Companies' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and the Companies and their

shareholders, officers, directors, employees and assistants and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations, and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

20. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

   a. monitor the Companies' receipts and disbursements;

   b. report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the activities of the Companies, and such other matters as may be relevant to the proceedings herein;

   c. advise the Companies in their development of any plan and any amendments to such plan, and, to the extent deemed appropriate by the Monitor, assist in its negotiations with creditors, customers, vendors, and other interested Persons;

   d. assist the Companies, to the extent deemed appropriate by the Monitor, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

   e. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents and to the Business of the Companies, to the extent that is necessary to adequately assess the Companies' Business and financial affairs or to perform its duties arising under this Order;

   f. be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order, including any affiliate of, or person related to the Monitor;

   g. develop a claims process to ascertain the quantum of the claims of all creditors;

   h. prepare and supervise a sales process of the assets of the Companies, subject to further Court approval; and

   i. be at liberty to perform such other duties as are required by this Order or by this Court from time to time.

21. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

22. Nothing herein contained shall limit the protections afforded the Monitor at law including those protections set out in the CCAA.

23. The Monitor shall provide any creditor of the Companies or a potential debtor-in-possession lender ("**DIP Lender**") with information provided by the Companies in response to reasonable requests for information made in writing by such creditor or a DIP Lender addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Companies is confidential, the Monitor shall not provide such information to creditors or a DIP Lender unless otherwise directed by this Court or on such terms as the Monitor, and the Companies may agree.

24. The Monitor, counsel to the Monitor, counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case not to exceed their standard rates and charges, by the Companies as part of the costs of these proceedings. The Companies are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants on a monthly basis.

25. The Monitor and its legal counsel shall pass their accounts from time to time before a judge of this court or a referee appointed by a judge.

Administrative Charge

26. The Monitor, the Monitor's counsel, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Companies' Property, which absent further order from this Court such charge shall not exceed an aggregate amount of $100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 31 herein.

D&O Charge

27. The Companies shall indemnify their current directors and officers (the "**Current Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Companies after the commencement of the within proceedings, except that to the extant that with respect to any officer or director, the obligation or liability was incurred as a result of such directors or officers' gross negligence or wilful misconduct.

28. The Current Directors and Officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Companies' Property, which absent further order from this Court such charge shall not exceed an aggregate amount of $150,000, as security for the indemnity provided in paragraph 27. The D&O Charge shall have the priority set out in paragraph 31 herein.

29. Notwithstanding any language in any applicable insurance policy to the contrary, (i) no insurer shall be entitled to be subrogated to or claim the benefit of the D&O Charge, and (ii) the Current Directors and Officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' or officers'

insurance policy, or to the extent such coverage is insufficient to pay amounts indemnified in accordance with paragraph 28 of this Order.

Validity And Priority of the Charges Created by This Order

30. The filing, registration or perfection of the Administration Charge and the D&O Charge (collectively, 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 the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

31. The priorities of the Charges, as among them, with respect to the Property shall be as follows:

    a. First - Administration Charge (to the maximum amount of $100,000):

    b. Second - D&O Charge to the maximum amount of $150,000).

32. The Charges shall constitute a charge on the Property and shall rank in priority to claims of all secured creditors, including for certainty, Canada Revenue Agency, Briant Nominees Pty Ltd. , and La Plata Capital, LLC, and shall rank in priority to any other interests, trusts, liens, charges, and encumbrances and claims, statutory or otherwise, in favour of any Person other than those parties with equipment financing liens or leases who finance or lease equipment to the Companies in their ordinary course of business and who have not received notice of this Application.

33. The Companies and beneficiaries of the Charges shall be entitled, upon giving notice to parties likely affected, to seek an order changing the amount of the Charges or providing the Charges shall rank in priority to other parties not named in paragraph 32.

34. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any encumbrance over any Property that ranks in priority to, or *pari passu* with the Charges unless the Companies also obtain the prior written consent of the beneficiaries of the Charges, or further order of this Court.

35. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries of the Charges shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application for a bankruptcy order issued pursuant to the 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; or (d) any negative covenants, prohibitions, or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, sublease, offer to lease, or other agreement (collectively, an "**Agreement**") which binds the Companies, and notwithstanding any provision to the contrary in any Agreement:

    a. the creation of the Charges shall not create or be deemed to constitute a breach by the Companies of any Agreement to which they are party;

b. none of the beneficiaries of the Charges shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Companies seeking the creation of the Charges; and

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

Service and Notice

36. The Monitor shall: (i) without delay, publish in AllNovaScotia.com a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Companies of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

37. The Companies, and the Monitor may give notice of this Order, any other materials and orders in these proceedings, and any notices, and provide correspondence, by forwarding originals or true copies by prepaid ordinary mail, courier, personal delivery, or electronic transmission (including email) to the Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies and any such notice by courier, personal delivery, or electronic transmission (including email) shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

38. The Companies and the Monitor, and any party who has filed a demand of notice may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsel's e-mail addresses as recorded on the service list from time to time, and the Monitor may post a copy of any or all such materials on its website at www.DoaneGrantThornton.ca/Mernova.

General

39. The Companies, and the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

40. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, construction lien trustee, or a trustee in bankruptcy of the Companies, the Business or the Property.

41. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside Nova Scotia, is requested to give effect to this Order and to assist the Companies, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully

requested to make such orders and to provide such assistance to the Companies, and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Companies, and the Monitor and their respective agents in carrying out the terms of this Order.

42. Each of the Companies, and the Monitor may apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor may act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

43. Any interested party, including the Companies, and the Monitor, may apply to this Court to vary or amend this Order on such notice required under the *Civil Procedure Rules* or as this Court may order.

44. This Order and all of its provisions are effective as of _____________ (Atlantic Standard Time) on the ___ day of April 2025.

Issued this _______day of April 2025

____

Prothonotary

SCHEDULE "A"

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

SERVICE LIST

[TO BE INCLUDED]

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

SERVICE LIST

Party	Contact
Creso Canada Ltd. 1300 - 1969 Upper Water Street Purdy's Wharf Tower II Halifax, NS B3J 3R7 **Mernova Medicinal Inc.** 50 Ivey Lane Windsor, NS B0N 2T0 **Micheline MacKay** micheline.mackay@mernova.com **Applicants**	**Ryan Zahara and Chris Nyberg** Counsel for the Applicants **MLT Aikins LLP** 2100 Livingston Place 222 3rd Ave SW Calgary, AB T2P 0B rzahara@mltaikins.com cnyberg@mltaikins.com and **Gavin McDonald and Meaghan Kells** Local Counsel for the Applicants **Cox & Palmer** Nova Centre, South Tower 1500-1625 Grafton Street PO Box 2380 Central Halifax, NS B3J 3E5 Phone: 1-902-421-6262 gmacdonald@coxandpalmer.com mkells@coxandpalmer.com
Grant Thornton Limited 1675 Grafton St Suite 1000 Halifax, NS B3J 0E9 **Liam Murphy** Liam.Murphy@doane.gt.ca **Proposed Monitor**	**Sara L. Scott** Counsel for the Proposed Monitor **Stewart McKelvey** 600-1741 Lower Water Street PO Box 997 Halifax, NS B3J 0J2 sscott@stewartmckelvey.com

West Hants Regional Municipality 76 Morison Dr., P.O. Box 3000 Windsor, NS B0N 2T0	**Carlee Rochon, Director of Finance** crochon@westhants.ca **Mark Phillips, Chief Administrative Officer** mphillips@westhants.ca
Briant Nominees Pty Ltd 22 Lindsay St Perth – WA 6000 Australia	**Brian McMaster** BMcMaster@garrisoncapital.net
La Plata Capital LLC 90 Madison Street, Suite 303 Denver CO 80206 USA	**Chris Burr** Counsel for La Plata Capital LLC **Blakes** 199 Bay Street, Suite 4000 Toronto, Ontario, M5L 1A9 chris.burr@blakes.com and **Mark F. Bell** Counsel for La Plata Capital LLC **STINSON LLP** 1144 Fifteenth Street, Suite 2400 Denver, CO 80202 mark.bell@stinson.com
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Office of the Superintendent of Bankruptcy Maritime Centre 1505 Barrington Street, 16th Floor Halifax, NS B3J 3K5	osbccaa-laccbsf@ised-isde.gc.ca

EMAIL: osbccaa-laccbsf@ised-isde.gc.ca; jbarker@bruceautogroup.com; mark.bell@stinson.com; chris.burr@blakes.com; BMcMaster@garrisoncapital.net; mphillips@westhants.ca; crochon@westhants.ca; sscott@stewartmckelvey.com; Liam.Murphy@doane.gt.ca; gmacdonald@coxandpalmer.com; mkells@coxandpalmer.com; rzahara@mltaikins.com; cnyberg@mltaikins.com; micheline.mackay@mernova.com

~~20~~ **2025** **Hfx**
No.

~~Supreme Court of Nova Scotia~~

~~Application by (the "Applicant")~~
~~for relief under~~ **SUPREME COURT OF NOVA SCOTIA**

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

Initial Order

Before the Honourable Justice ~~[name or blank]~~ ____________________________ in chambers~~.~~:

~~The Applicant proposes~~Creso Canada Ltd. and Mernova Medicinal inc. (the "**Applicants**" or the "**Companies**") propose to make a compromise or arrangement under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "**CCAA**") and ~~it~~they applied for an initial order and, now or in the future, other relief under the CCAA as may be sought on notice of motion.

The following parties received notice of this application:

The Service List attached as Schedule "A"

The following parties, represented by the following counsel, made submissions:

Party	Counsel
~~Applicant~~ **Applicants**	**MLT Aikins LLP** 2100 Livingston Place 222 3rd Ave SW Calgary, AB T2P 0B4 **Ryan Zahara** Tel: 403-693-5420 Email: rzahara@mltaikins.com

Chris Nyberg
Tel: 403-693-2636
Email: cnyberg@mltaikins.com

- and -

Cox & Palmer LLP
Suite 1500 – 1625 Grafton Street
Halifax, NS B3J 0E8

Gavin MacDonald
Tel: 902-491-4464
Email: gmacdonald@coxandpalmer.com

Proposed Monitor,
Grant Thornton Limited

Stewart McKelvey LLP
600-1741 Lower Water Street
Halifax, NS B3J 0J2

Sara Scott
Tel: 902-420-3363
Email: sscott@stewartmckelvey.com

On motion of the ~~Applicant~~Applicants, the following is ordered and declared:

Service

1. The service of the notice of application in chambers, and the supporting documents, as set out in the affidavit of service is hereby deemed adequate notice[1] so that the motion is properly returnable today ~~[~~and further service thereof is hereby dispensed with~~]~~[2] .

Application

[1] ~~The Applicant should seek to have service deemed adequate if it was done in a manner other than as authorized by the Rules of Court.~~

[2] ~~This provision should only be used when all parties entitled to notice have been served with notice of the application. If all parties entitled to notice have not been served then the section should be deleted and the Initial Order should provide for a motion hearing.~~

2. The ~~Applicant is a company~~Companies are affiliated debtor companies within the meaning of the CCAA and are companies to which the CCAA applies[3].

Plan of Arrangement

3. ~~3.~~ The ~~Applicant~~Applicants, in consultation with the Monitor, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (the ~~"~~"**Plan**~~").~~ ").

Possession of Property and Operations

~~4.~~ The ~~Applicant~~Companies shall remain in possession and control of ~~its~~their current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the ~~"~~"**Property**~~").~~ "). Subject to further order of this Court, the ~~Applicant~~Companies shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the ~~"~~"**Business**~~")~~") and Property. The ~~Applicant~~Companies shall be authorized and empowered to continue to retain and employ consultants, agents, experts, accountants, counsel, and such other persons (collectively

4. ~~"~~"**Assistants**~~")~~") and the employees currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order~~.~~

~~5.~~ [4]~~The Applicant may pay the following expenses whether incurred prior to or after this Order:~~

[3] ~~If there are multiple applicants, the Order should confirm that the applicants are "affiliated debtor companies" within the meaning of the CCAA.~~

[4] ~~If the Applicant has a central cash management system, the provision below may be inserted in advance of paragraph 5 above. This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of Applicant. Specific attention should be paid to cross-border and inter-company transfers of cash. If there are multiple Applicant companies, it may be appropriate to create an inter-company charge that provides a charge against the assets of one applicant company for any amount advanced from another applicant company.~~

> ~~"5. The Applicant shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of ____________________ or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the~~

5. The Companies shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of Micheline Mackay, or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Companies, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. The Companies may pay the following expenses whether incurred prior to or after this Order:

a. all outstanding and future wages, salaries, employee and pension benefits, vacation pay, and expenses payable to employees who continue to provide service on or after the date of this Order ("**Active Employees**"), in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

b. all existing and future employee health, dental, life insurance, short and long term disability and related benefits (collectively, the "**Group Benefits**") payable on or after the date of this Order to Active Employees, in each case incurred in the ordinary course of business and consistent with existing policies and arrangements or such amended policies and arrangements as are necessary or desirable to deliver the existing Group Benefits;

c. with prior written approval of the Monitor, the fees and disbursements for any Assistants retained or employed by the ~~Applicant~~Companies in respect of these proceedings, at their reasonable standard rates and charges.

~~6.~~7. Except as otherwise provided to the contrary herein, with the ~~Applicant~~consent of the Monitor, the Companies may pay all reasonable expenses incurred by the ~~Applicant~~Companies in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

~~Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System."~~

a. all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance including directors and officers insurance, maintenance, and security services; and

b. payment for goods or services actually supplied to the ~~Applicant~~Companies following the date of this Order.

8. ~~The Applicant~~With the consent of the Monitor, the Companies may make payments owing to suppliers, contractors, subcontractors and other creditors in respect of amounts owning prior to the date of this Order where such payments are deemed by the Applicant to be necessary for the ongoing operation of the Applicant or the preservation of the Property, up to an aggregate limit of **$65,000.**

~~7.~~9. The Companies shall remit or pay, in accordance with legal requirements or on terms as may be agreed to between the ~~Applicant~~Companies and the applicable authority:

a. any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of: ~~-~~(i) employment insurance, (ii) Canada Pension Plan~~, iii) Quebec Pension Plan,~~ and ~~iv~~(iii) income taxes;

b. all goods and services or other applicable sales taxes (collectively, ~~"~~"**Sales Taxes**~~")~~") required to be remitted by the ~~Applicant~~Companies in connection with the sale of goods and services by the ~~Applicant~~Companies, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

c. any amount payable to the Crown in right of Canada or of any Province or any regulatory or administrative body or any other authority, in all cases in respect of municipal realty, municipal business, or other taxes, assessments or levies of any nature or kind which are: ~~-~~(i) entitled at law to be paid in priority to claims of secured creditors; (ii) attributable to or in respect of the ongoing Business carried on by the ~~Applicant~~Companies; and (iii) payable in respect of the period commencing on or after the date of this Order.

~~8.~~10. Until such time as the ~~Applicant [*disclaims/disclaims or resiliates*][5]~~ Companies disclaim a real property lease in accordance with the CCAA, the ~~Applicant~~Companies shall pay all amounts constituting rent or payable as rent under real property leases, including, for greater certainty, common area maintenance charges, utilities and realty taxes, and any other amounts payable to the landlord under the lease, or as otherwise may be

~~[5] The term "resiliate" should be included if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

negotiated between the ~~Applicant~~Companies and the landlord from time to time ~~("~~(“**Rent**~~"),~~”), for the period commencing from and including the date of this Order, in accordance with its existing lease agreements. ~~-~~On the date of the first of such payments, any arrears relating to the period commencing from and including the date of this Order shall also be paid.

~~9.~~11. Except as specifically permitted herein or by further order of this Court[6], the ~~Applicant is~~Companies are hereby directed, until further order of this Court: ~~-~~(i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the ~~Applicant~~Companies to any of ~~its~~their creditors as of this date without prior written consent of the Monitor; (ii) to grant no security interests, trusts, liens, charges, or encumbrances upon or in respect of any of ~~its~~their Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business or with the prior written approval of the Monitor.

[6] ~~This language is inserted to clearly allow for payments which may be authorized by the Court under a companion charging order or otherwise.~~

Restructuring

12. ~~10.~~ The ~~Applicant~~Companies shall, subject to such requirements as are imposed by the Monitor and under any agreements for debtor in possession financing which may be granted, have the right to:

a. permanently or temporarily cease, downsize or shut down any of ~~its~~their business or operations,

b. ~~[~~terminate the employment of such of ~~*its*~~their employees or temporarily lay off such of ~~*its*~~their employees as it deems appropriate and, as applicable, in accordance with the terms of any collective agreement~~];~~[7];

c. pursue all avenues of refinancing of ~~its~~the Business or Property, in whole or part, subject to prior approval of this Court being obtained before any refinancing; and

d. in accordance with ~~its~~the ordinary course of business, dispose of redundant or nonmaterial assets not exceeding $~~—~~100,000 in value.

No Proceedings Against the ~~Applicant~~Companies or the Property

13. ~~11.~~ Until and including the ___day of ~~, 20 [no more than 30 days]~~ _________________________, 2025, or such later date as this Court may order (the ~~"~~"**Stay Period**~~"),~~"), no claim, grievance, application, action, suit, right or remedy, or proceeding or enforcement process in any court, tribunal, or arbitration association (each, a ~~"~~"**Proceeding**~~")~~") shall be commenced, continued, or enforced against or in respect of any of the ~~Applicant~~Companies or the Monitor, or affecting the Business or the Property, except with the written consent of the ~~Applicant~~Companies, and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the ~~Applicant~~Companies or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

No Exercise of Rights or Remedies

14. ~~12.~~ During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being ~~"~~"**Persons**~~"~~" and each being a ~~"~~"**Person**~~")~~") against or in respect of the ~~Applicant~~Companies or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Companies and the Monitor, or leave of this Court, provided that nothing in this Order shall~~-~~: (i) empower the ~~Applicant~~Companies to carry on any business which the ~~Applicant is~~Companies are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA; (iii) exempt the ~~Applicant~~Companies from compliance with statutory or regulatory provisions relating to health, safety, or the environment; (iv) prevent the filing of any registration to preserve or perfect a security interest; or (v) prevent the registration of a claim for lien and the related

[7] ~~Reference should be made to section 33 of the CCAA.~~

filing of an action to preserve the right of a lien holder, provided that the ~~Applicant~~Companies shall not be required to file a defence during the ~~stay period.~~ Stay Period.

No Interference with Rights

15. ~~13.~~ During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate, or cease to perform any right, renewal right, contract, agreement, licence, or permit in favour of or held by the ~~Applicant~~Companies, including but not limited to renewal rights in respect of existing insurance policies on the same terms, except with the written consent of the ~~Applicant~~Companies, and the Monitor, or leave of this Court.

Continuation of Services

16. ~~14.~~ During the Stay Period, all Persons having oral or written agreements with the ~~Applicant~~Companies or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility, or other services to the Business or the ~~Applicant~~Companies, are hereby restrained until further order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the ~~Applicant~~Companies, and the ~~Applicant~~Companies shall be entitled to the continued use of ~~its~~their current premises, telephone numbers, facsimile numbers, internet addresses, and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and each of the Companies, and the Monitor, or as may be ordered by this Court.

~~Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.~~

Non-Derogation of Rights

17. ~~15.~~ Notwithstanding anything else contained herein, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property, or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the ~~Applicant.~~ [8] Companies.

Proceedings Against Directors and Officers

[8] ~~The Order must conform with the provisions of the CCAA. Particular attention should be paid when drafting the Order as a number of actions or steps cannot be stayed and the stay is subject to certain limits and restrictions under the CCAA. See, for example, CCAA sections 11.01, 11.04, 11.06, 11.07, and 11.08, and subsections 11.1(2) and 11.5(1).~~

18. ~~16.~~ During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current, or future directors or officers of the ~~Applicant~~Companies with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the ~~Applicant~~Companies whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the ~~Applicant~~Companies, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Companies or this Court, these ~~proceedings~~Proceedings are dismissed by final order of this Court, or with leave of this Court.

Appointment of Monitor

~~17.~~ Grant Thornton Limited is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Business and financial affairs of the ~~Applicant~~Companies, the Property, and the

19. ~~Applicant's~~Companies' conduct of the Business with the powers and obligations set out in the CCAA or set forth herein and the ~~Applicant~~Companies and ~~its~~their shareholders, officers, directors, employees and ~~Assistants~~assistants and shall ~~advise the Monitor of all material steps taken by the Applicant pursuant to this Order,~~ cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations, and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the ~~Monitor's~~Monitor's functions.

~~18.~~20. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

a. monitor the ~~Applicant's~~Companies' receipts and disbursements;

b. report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the activities of the Companies, and such other matters as may be relevant to the proceedings herein;

~~Applicant, and such other matters as may be relevant to the proceedings herein;~~

c. advise the ~~Applicant~~Companies in ~~its~~their development of ~~the Plan~~any plan and any amendments to ~~the Plan~~such plan, and, to the extent deemed appropriate by the Monitor, assist in its negotiations with creditors, customers, vendors, and other interested Persons;

d. assist the ~~Applicant~~Companies, to the extent deemed appropriate by the Monitor, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

~~Plan;~~

e. have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents and to the Business of the ~~Applicant~~Companies, to the extent that is necessary to adequately assess the ~~Applicant's~~Companies' Business and financial affairs or to perform its duties arising under this Order;

f. be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order, including any affiliate of, or person related to the Monitor;

g. develop a claims process to ascertain the quantum of the claims of all creditors; ~~and~~

h. prepare and supervise a sales process of the assets of the Companies, subject to further Court approval; and

~~h.~~i. be at liberty to perform such other duties as are required by this Order or by this Court from time to time.

~~19.~~21. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

~~20.~~22. Nothing herein contained shall limit the protections afforded the Monitor at law including those protections set out in the CCAA.

~~21.~~23. The Monitor shall provide any creditor of the ~~Applicant~~Companies or a potential ~~Debtor In Possession~~debtor-in- possession lender ("**DIP Lender**") with information provided by the ~~Applicant~~Companies in response to reasonable requests for information made in writing by such creditor or a DIP Lender addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the ~~Applicant~~Companies is confidential, the Monitor shall not provide such information to creditors or a DIP Lender unless otherwise directed by this Court or on such terms as the Monitor, and the ~~Applicant~~Companies may agree.

~~22.~~24. The Monitor, counsel to the Monitor, ~~and all~~ counsel to the ~~Applicant~~Applicants shall be paid their reasonable fees and disbursements, in each case not to exceed their standard rates and charges, by the ~~Applicant~~Companies as part of the costs of these proceedings. The ~~Applicant is~~Companies are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor ~~and~~, counsel for the ~~Applicant~~Applicants on a ~~[~~monthly~~/*semi-annual*/other]~~ basis ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the~~

~~amounts of $, $, and $ respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.~~ .

~~23.~~25. The Monitor and its legal counsel shall pass their accounts from time to time before a judge of this court or a referee appointed by a judge.

~~[~~**Administrative Charge**[9]

~~*24.*~~ The Monitor, the Monitor's counsel, and the ~~*Applicant's*~~Applicants' counsel ~~*(collectively, the*~~

26. ~~*"Chargees")*~~ shall be entitled to the benefit of and are hereby granted a charge (the ~~"~~"**Administration Charge**~~")~~") on the Companies' Property, which absent further order from this Court such charge shall not exceed an aggregate amount of $~~—~~100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. –The Administration Charge shall have the priority set out in paragraph 31 herein.

D&O Charge

27. The Companies shall indemnify their current directors and officers (the "**Current Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Companies after the commencement of the within proceedings, except that to the extant that with respect to any officer or director, the obligation or liability was incurred as a result of such directors or officers' gross negligence or wilful misconduct.

28. The Current Directors and Officers of the Companies shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Companies' Property, which absent further order from this Court such charge shall not exceed an aggregate amount of $150,000, as security for the indemnity provided in paragraph 27. The D&O Charge shall have the priority set out in paragraph 31 herein.

29. Notwithstanding any language in any applicable insurance policy to the contrary, (i) no insurer shall be entitled to be subrogated to or claim the benefit of the D&O Charge, and (ii) the Current Directors and Officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' or officers' insurance policy, or to the extent such coverage is insufficient to pay amounts indemnified in accordance with paragraph 28 of this Order.

Validity And Priority of the Charges Created by This Order

~~25.~~30. The filing, registration or perfection of the Administration Charge and the D&O Charge (collectively, the "**Charges**") shall not be required and the ~~*Administration Charge*~~Charges shall be valid and enforceable for all purposes, including as against any right, title or

[9] ~~If a companion CCAA Charging Order is not granted, these provisions may be used to provide for an interim Administrative Charge.~~

interest filed, registered, recorded or perfected subsequent to the ~~*Administration Charge*~~Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

31. The priorities of the Charges, as among them, with respect to the Property shall be as follows:

a. First - Administration Charge (to the maximum amount of $100,000):

b. Second - D&O Charge to the maximum amount of $150,000).

~~*26.*~~32. The Charges shall constitute a charge on the Property and shall rank in priority to claims of ~~*the following*~~all secured creditors~~: [name secured creditors who have received notice as required by CCAA section 11.52~~, including for certainty, Canada Revenue Agency, Briant Nominees Pty Ltd. , and ~~over whom priority is sought]~~ La Plata Capital, LLC, and shall rank in priority to any other interests, trusts, liens, charges, and encumbrances and claims, statutory or otherwise, in favour of any Person~~.~~ other than those parties with equipment financing liens or leases who finance or lease equipment to the Companies in their ordinary course of business and who have not received notice of this Application.

~~*27.*~~33. The ~~*Applicant*~~Companies and beneficiaries of the ~~*Chargees*~~Charges shall be entitled, upon giving notice to parties likely affected, to seek an order changing the amount of the ~~*Administration Charge*~~Charges or providing ~~*that*~~ the ~~*Administrative Charge*~~Charges shall rank in priority to ~~*secured creditors*~~other parties not named in paragraph ~~*26.*~~ 32.

~~*28.*~~34. Except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~*Applicant*~~Companies shall not grant any encumbrance over any Property that ranks in priority to, or *pari passu* with the ~~*Administration Charge*~~Charges unless the ~~*Applicant*~~Companies also ~~*obtains*~~obtain the prior written consent of the ~~*Chargees*~~beneficiaries of the Charges, or further order of this Court.

~~*29.*~~35. The ~~*Administration Charge*~~Charges shall not be rendered invalid or unenforceable and the rights and remedies of the ~~*Chargees*~~beneficiaries of the Charges shall not otherwise be limited or impaired in any way by:~~–~~ (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application for a bankruptcy order issued pursuant to the 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; or (d) any negative covenants, prohibitions, or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, sublease, offer to lease, or other agreement (collectively, an ~~"~~“**Agreement**~~")~~”) which binds the ~~*Applicant*~~Companies, and notwithstanding any provision to the contrary in any Agreement:

a. the creation of the ~~*Administration Charge*~~Charges shall not create or be deemed to constitute a breach by the ~~*Applicant*~~Companies of any Agreement to which ~~*it is a*~~they are party;

b. none of the ~~*Chargees*~~beneficiaries of the Charges shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~*Applicant*~~Companies seeking the creation of the ~~*Administration Charge*~~Charges; and

c. the payments made by the ~~*Applicant*~~Companies pursuant to this Order do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.~~]~~

Service and Notice

~~30.~~36. The Monitor shall: ~~-~~(i) without delay, publish in AllNovaScotia.com a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the ~~Applicant~~Companies of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

~~31.~~37. The ~~Applicant~~Companies, and the Monitor may give notice of this Order, any other materials and orders in these proceedings, and any notices, and provide correspondence, by forwarding originals or true copies by prepaid ordinary mail, courier, personal delivery, or electronic transmission (including email) to the ~~Applicant's~~Companies' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Applicant~~Companies and any such notice by courier, personal delivery, or electronic transmission (including email) shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

~~32.~~38. The ~~Applicant~~Companies and the Monitor, and any party who has filed a demand of notice may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to ~~counsel's~~counsel's e-mail addresses as recorded on the service list from time to time, and the Monitor may post a copy of any or all such materials on its website at ~~—.com.~~www.DoaneGrantThornton.ca/Mernova.

General

~~33.~~39. The ~~Applicant or~~Companies, and the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

~~34.~~40. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, construction lien trustee, or a trustee in bankruptcy of the ~~Applicant~~Companies, the Business or the Property.

~~35.~~41. The aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction outside Nova Scotia, is requested to give effect to this Order and to assist the

~~Applicant~~Companies, the Monitor and their respective agents in carrying out the terms of this Order.~~ ~~ All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the ~~Applicant~~Companies, and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the ~~Applicant~~Companies, and the Monitor and their respective agents in carrying out the terms of this Order.

~~36.~~42. Each of the ~~Applicant~~Companies, and the Monitor may apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and the Monitor may act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~37.~~43. Any interested party, including the ~~Applicant~~Companies, and the Monitor, may apply to this Court to vary or amend this Order on such notice required under the *Civil Procedure Rules* or as this Court may order.

~~38.~~44. This Order and all of its provisions are effective as of ~~[*a.m./p.m.*] [~~ ________ (Atlantic Standard~~/*Atlantic Daylight Saving*]~~ Time) on the ___ day of ~~, 20~~April 2025.

________.

Issued ~~, 20~~ this ________ day of April 2025

____

________________________________ Prothonotary

SCHEDULE "A"

2025 **Hfx No.**

SUPREME COURT OF NOVA SCOTIA

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF an application by Mernova Medicinal Inc. and Creso Canada Limited (collectively, the "**Applicants**") for relief under section 11 of the CCAA and other relief

SERVICE LIST

Court File No. •

IN THE SUPREME COURT OF NOVA SCOTIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF an application of Mernova Medicinal Inc. and Creso Canada Limited;

AND IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. c-36, as amended ("**CCAA**")

<u>CONSENT TO ACT</u>

Grant Thornton Limited consents to act as an officer of this Court and to act as Monitor of Mernova Medicinal Inc. and Creso Canada Limited, pursuant to any order made by this Court under the *Companies Creditors Arrangement Act*.

Dated at Halifax, Nova Scotia, this 7th day of April, 2025.

GRANT THORNTON LIMITED

Per: ____________________
Name: Liam Murphy, CPA, CA, CIRP, LIT
Title: Senior Vice President