

COUNSEL SLIP

COURT FILE

NO.: CV-20-00636875-00CL

DATE: February 25, 2020

NO. ON LIST _____

TITLE OF PROCEEDING

In the Matter of a Plan of Compromise or Arrangement of 2607380 Ontario Inc.

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- APPLICANT(S)
- PETITIONER(S)

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Feb 25/20 I am granting the Initial Order under the CCAA as signed by me. The application was opposed by

the 2 senior secureds Mendian + bridging. In particular, they objected to the proposed DIP financing + associated expenses during the 10 day period. Mendian has agreed to finance the \$220,000 that is "reasonably necessary for the continued operations" of the Applicant company during the 10 days.

While the App argued vociferously in favour of approving the DIP financing, I am mindful of the additional expenses (due diligence, commitment fee) ~~that would have to be borne~~ ^{now} in order to obtain that financing + there is an alternative available now that will be far more in keeping with the legislative requirement that this court only provide relief that is "reasonably necessary" during the 10 day period. Hereafter, this court can evaluate what continued financing arrangements are ~~now~~ required + should be put into place at the comeback hearing, after the 10 days has elapsed + the statutory restrictions ins. 11.001 are no longer in effect. This approach, in my view, is consistent with that of CJ Morawetz in Lydian International Limited (Re), 2019 ONSC 7473.

I am satisfied that the App is a debtor co to which the CCAA applies and that its liabilities exceed \$5 million. The stay is just + appropriate to give the App breathing room over the next 10 days to ~~properly~~ consider options for completing construction, re-financing + sale of the property. The stay is to ~~be~~ ^{be} beneficial to all stakeholders.

I am approving an administration charge to enable the Monitor to be appointed + act during ^{the 10 days.} I consider the Directors charge reasonable. I am extending the stay to the interconnected co Nivo Network Inc + to the directors to the limited extent set out in para 13.

DTG as signed by me
Comeback hearing before me on March 6/20
Conway at 11
am.

* and the priority to be afforded to the DIP lender over the secureds.