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COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF RDFN FUM NATURAL PRODUCTS LTD. and RDFN FUM NATURAL PRODUCTS INC.
APPLICANT	RDFN FUM NATURAL PRODUCTS LTD. and RDFN FUM NATURAL PRODUCTS INC.
DOCUMENT:	**BENCH BRIEF OF THE APPLICANTS (SANCTION ORDER)**
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APPLICATION BEFORE THE HONOURABLE JUSTICE C.D. SIMARD

TO BE HELD ON OCTOBER 7, 2026 AT 10:00 A.M. ON THE COMMERCIAL LIST

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I. OVERVIEW

1. This Brief is submitted on behalf of RDFN FUM Natural Products Ltd. ("**FUM**"), and RDFN FUM Natural Products Inc. ("**FUM US**", and together with FUM, the "**FUM Group**" or the "**Applicants**"), in support of their application for the following relief;

    a. an Order:

        (i) sanctioning the Plan of Compromise and Arrangement, dated August 19, 2026 (the "**Plan**"); and

        (ii) approving the activities, including the fees and disbursements of Alvarez & Marsal Canada Inc. (the "**Monitor**") and its legal counsel, as set out in the Fifth Report of the Monitor dated September 23, 2026 (the "**Fifth Report**") and the Sixth Report, dated October 2, 2026 (the "**Sixth Report**").

2. The Plan was voted on at the Meeting (defined below) on October 2, 2026 and approved by the Required Majority. The Plan meets the statutory requirements of the *CCAA*, is fair and reasonable, and ought to be sanctioned and approved.

3. Approving the extension of the Stay Period is in the best interest of all stakeholders as it will provide the Applicants and the Monitor with the time and space required to implement the Plan and conclude a successful restructuring.

4. Capitalized terms used herein that are not otherwise defined have the meaning ascribed to them in the Plan.

II. FACTUAL BACKGROUND

5. The facts and background for the Application are set out more fully in the Sixth Affidavit of Braeden Pauls, sworn September 23, 2026 (the "**Sixth Affidavit**"), the Seventh Affidavit of Braeden Pauls, sworn October 2, 2026 (the "**Seventh Affidavit**"), the Fifth Report, the Sixth Report and the Fourth Report of the Monitor, dated August 21, 2026 (the "**Fourth Report**") and are summarized below.

6. Capitalized terms used herein that are not otherwise defined have the meaning ascribed to them in the Plan.

A. Status of the CCAA Proceedings

7. The FUM Group is engaged in the development, production, and sale of nicotine-free, smokeless, vaporless, non-electronic flavoured air devices under the FUM brand (the "**Products**"). The Products are an alternative health product, frequently used as a behavioral aid for individuals seeking to cease their smoking or vaping habits.[1]

8. The Applicants experienced financial strain as a result of tariffs imposed in the United States, significantly increased advertising costs, and a substantially increased debt burden after settling trademark litigation with BFL Metal Products Co., Ltd. ("**BFL**") that required the Applicants to, among other things, pay $100,000 each month to BFL.[2]

9. Due to the strain on their liquidity, on February 4, 2026, the Applicants each filed a Notice of Intention to Make a Proposal (the "**NOIs**") under section 50.4 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"). Alvarez & Marsal Canada Inc. ("**A&M**") was appointed as the proposal trustee of the Applicants.

10. On March 2, 2026 (the "**Filing Date**"), the FUM Group sought and obtained an order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed Monitor of the Applicants.

11. On March 12, 2026, the Honourable Justice J.S. Little granted the Amended and Restated Initial Order (the "**ARIO**") which, among other things, extended the Stay Period up to and including May 26, 2026, approved an Administration Charge up to the maximum amount of $500,000, approved a Directors' Charge up to the maximum amount of $200,000, and authorized FUM to act as the Foreign Representative on behalf of itself and FUM US for the purpose of having the CCAA Proceedings recognized in the United States.

12. On March 24, 2026, the CCAA Proceedings were recognized under Chapter 15 of the United States Bankruptcy Code by the United States Bankruptcy Court for the District of Nevada (Case No. BK-26-11021-hlb).

[1] Sixth Affidavit of Braeden Pauls, sworn September 23, 2026 at para 5 ("**Sixth Pauls Affidavit**").
[2] Sixth Pauls Affidavit at para 6.

13. On April 23, 2026, the Honourable Justice A.G. Kuntz granted an Order extending the Stay Period up to and including July 31, 2026 (the "**First Stay Extension Order**"). The First Stay Extension Order further stayed enforcement against any guarantees granted by the Applicants' current or former directors, officers, or employees, including certain guarantees granted in favour of Business Development Bank of Canada by Braeden Pauls, Daniel Ogden, and Josiah Pauls.

14. Also on April 23, 2026, the Honourable Justice A.G. Kuntz granted a Claims Process Order (the "**Claims Process Order**"), which provided for a Claims Bar Date of June 15, 2026. The Claims Process Order provided claimants with seven calendar days to submit a Notice of Dispute in response to any Notice of Revision or Disallowance issued by the Monitor and required such claimants to schedule an application with the Court within 14 days of issuing the Notice of Dispute.

15. On July 27, 2026, the Honourable Justice R.W. Armstrong granted an Order extending the Stay Period up to and including October 2, 2026, approving a Key Employee Retention Plan (the "**KERP**") and corresponding KERP Charge up to the amount of $100,000, and approving the Monitor's actions and activities to date (the "**Second Stay Extension Order**").

16. On August 28, 2026, the Honourable Justice C.D. Simard granted an Order (the "**First Creditors' Meeting Order**") that, among other things: (a) accepted the Plan for filing; (b) authorized the classification of creditors for purposes of voting on the Plan into two classes: Affected Secured Creditors and Affected Unsecured Creditors; (c) authorized and directed FUM to call, hold, and conduct a meeting of creditors to vote on a resolution to approve the Plan (the "**Meeting**"); and (d) set a date for the hearing of the application for a Sanction Order.

17. On September 22, 2026, the Honourable Justice C.D. Simard granted an Order amending the Creditors' Meeting Order to, among other things, authorize the Applicants, in consultation with the Montior, to adjourn and re-schedule the Meeting (the "**Amended Creditors' Meeting Order**" and the First Creditors' Meeting Order are collectively referred to as the "**Creditors' Meeting Order**").

18. On October 1, 2026 the Honourable Justice C.D. Simard granted an Order extending the Stay Period up to and including November 30, 2026.

B. Notice to Affected Creditors and the Meeting

19. In accordance with the Creditors' Meeting Order, the Monitor distributed copies of the Meeting Materials to the Service List and to each Affected Creditor at the email address set out in such Affected Creditors' Proof of Claim.[3]

20. As set out in the Creditors' Meeting Order, Affected Creditors were authorized to vote by proxy by way of the Affected Creditor Proxy Form. Prior to the Meeting, the Monitor counted the votes cast by proxy.[4]

21. The Meeting was initially set to take place on September 18, 2026 but was subsequently adjourned multiple times to October 2, 2026 in accordance with the Creditors' Meeting Order.[5]

22. As set out in the Creditors' Meeting Order, there were two classes of creditors: Affected Secured Creditors and Affected Unsecured Creditors (together, the "**Affected Creditors**") entitled to vote on the Plan. No Creditors of FUM US were entitled to vote on the Plan. The Plan was approved by the requisite majority of both classes.[6]

C. Plan and Plan Implementation

23. The purpose of the Plan is to:

    a. effect a compromise, settlement, release and discharge of all Affected Claims in exchange for distributions to Affected Creditors;

    b. ensure the continuation of FUM and its operations for the benefit of all stakeholders; and

    c. facilitate the bankruptcy of FUM US under Chapter 7 of the United States Bankruptcy Code.[7]

[3]Fifth Report of the Monitor, dated September 23, 2025, at para 24(b) (the "**Fifth Report**").
[4]Sixth Report of the Monitor, dated October 2, 2026 at Appendix D (the "**Sixth Report**").
[5]Seventh Affidavit of Braeden Pauls, sworn October 2, 2026 at para 17 (the "**Seventh Pauls Affidavit**"); Fifth Report at para 25.
[6]Seventh Pauls Affidavit at para 20.
[7]Seventh Pauls Affidavit, Exhibit "A" at Article 2.1 (the "**Plan**").

24. The Plan contemplates that Affected Creditors shall receive distributions, comprised as follows:

a. Creditors with Accepted Secured Claims shall receive Secured Pro Rata Distributions from the Secured Creditor Cash Fund ($1,100,000) plus Secured Pro Rata Installments of approximately $26,871 per month over a seven (7) month period, for total secured distributions of approximately $1,288,100;[8]

b. Creditors with Accepted Unsecured Claims greater than $2,500 that do not make a Convenience Class Election shall receive their applicable Unsecured Pro Rata Distributions equal to their pro rata share of $330,000, funded by Unsecured Pro Rata Installments of $30,000 per month commencing thirty (30) days after completion of the Secured Pro Rata Installments and continuing over an eleven (11) month period, until they have received their maximum applicable Unsecured Pro Rata Distribution; and[9]

c. Convenience Class Creditors and Creditors with Accepted Unsecured Claims who have made a Convenience Class Distribution Election shall receive a payment equal to the lesser of: (i) $2,500; or (ii) the cash amount of such Accepted Claim, on or shortly after the implementation of the Plan.[10]

25. The Plan does not affect the following Unaffected Claims:

a. Claims secured by the CCAA Charges;

b. D&O Indemnity Claims;

c. Claims against FUM US;

d. Post-Filing Ordinary Course Payables Claims; and

e. Claims that cannot be compromised pursuant to section 19(2) of the *CCAA*.[11]

[8]Plan at Article 5.2 and 7.1.
[9]Plan at Article 5.2 and 7.2.
[10]Plan at Article 5.2.
[11]Plan at Article 3.3.

26. Those with Unaffected Claims were not entitled to vote and are not entitled to receive any distribution under the Plan in respect of such Unaffected Claims. All Claims against FUM US shall be exclusively dealt with in the bankruptcy proceedings of FUM US under Chapter 7 of the United States Bankruptcy Code.[12]

27. On the Effective Date, all outstanding obligations secured by the Administration Charge shall be paid from the Plan Implementation Fund. The Administration Charge shall continue for post-Effective Date professional fees until discharged by further Order of the CCAA Court. All other CCAA Charges shall be terminated.[13]

28. The Plan Implementation Fund will be established from FUM's Cash on Hand and will be used to pay or satisfy the CCAA Charges, establish the Secured Creditor Cash Fund, and establish the Unsecured Creditor Cash Fund.[14]

29. The Plan will result in greater recoveries for all Affected Creditors than would be achieved in a liquidation scenario.[15]

30. The Plan Outside Date is November 30, 2026.

D. The Release Provisions of the Plan

31. Article 10.4 of the Plan contains releases (the "**Releases**") in favour of: (i) FUM and its affiliates, representatives, employees or agents; (ii) the Directors and Officers and any current or former alleged fiduciary of FUM; (iii) the legal and financial advisors to FUM and their respective partners, representatives, employees or agents; and (iv) Alvarez & Marsal Canada Inc. and its current and former legal counsel, representatives, directors, officers, affiliates, member companies, related companies, administrators, employees, and agents (collectively, the "**Released Parties**").[16]

32. The Releases are tied to claims that are to be compromised pursuant to the Plan and cover matters relating to, arising out of, or in connection with: (i) the business and operations of FUM; (ii) the property and assets of FUM; (iii) the Affected Claims, the Plan

[12]Plan at Article 5.5.
[13]Plan at Article 3.6.
[14]Plan at Article 4.1.
[15]Seventh Pauls Affidavit at para 21; Fourth Report of the Monitor, dated August 21, 2026, at para 29 (the "**Fourth Report**").
[16]Plan at Article 10.4(a).

or the CCAA Proceedings; (iv) contracts that have been restructured, terminated, repudiated, disclaimed or resiliated; (v) any Restructuring Transactions; (vi) liabilities of the directors, managers and officers of the Released Parties; and (vii) any Claim that has been barred or extinguished by the Claims Process Order (collectively, the "**Released Claims**").[17]

33. The Releases do not extend to: (a) Unaffected Claims; (b) obligations of the Released Parties under the Plan; (c) gross negligence, willful misconduct, criminal or fraudulent acts of the Released Parties; (d) regulatory enforcement actions permitted by section 11.1 of the *CCAA*; or (e) any unresolved Disputed Claims.[18]

34. Approval of the Plan, which includes the Releases, is a condition precedent to implementation of the Plan.

35. The Released Parties have made significant and often critical contributions to the development and implementation of the FUM Group's restructuring and the Plan. The services, expertise, and contributions of the Released Parties were and are necessary for the ultimate success of the Plan.

36. The Released Parties have worked diligently toward ensuring the implementation and restructuring of the FUM Group for the benefit of its stakeholders. Such efforts have resulted in approval of the Plan by the Affected Creditors and its concomitant recoveries for Affected Creditors. If the Plan is sanctioned and implemented, FUM's going concern value will be preserved for all stakeholders.

37. Insofar as the Releases relate to the Monitor, the Monitor has carried out its mandate professionally, has been integral to the development of the Plan, and will be administering certain distributions contemplated under the Plan.

38. The Monitor has reviewed the Releases and supports their approval.[19]

[17]Plan at Article 10.4(b).
[18]Plan at Article 10.4(c).
[19] Sixth Report at para 38.

39. The release provisions have been fully disclosed to the Affected Creditors in the Plan. No party as of the date of this Brief has raised any concern with the Applicants regarding the proposed Releases.[20]

40. The Monitor is supportive of the Plan and is of the view that the Applicants have pursued the Plan with due diligence and good faith. The Monitor concludes that the Plan will result in recoveries to Affected Creditors greater than would be received in a liquidation.[21]

III. ISSUES

41. The issues to be determined by the Court are whether:

    a. the Plan should be sanctioned.

IV. LAW AND ARGUMENT

A. <u>The Plan Should be Sanctioned</u>

42. This Honourable Court has jurisdiction pursuant to section 6(1) of the *CCAA* to sanction a plan of compromise or arrangement if a majority in number representing two-thirds in value of the creditors present and voting at a meeting of creditors has approved the Plan.[22]

43. The Plan was approved by the Required Majority of both classes of Affected Creditors, representing two thirds in value and fifty percent in number, voting at the Creditors' Meeting in person and by proxy. As such this Court has jurisdiction to sanction the Plan.

44. The test to be applied for Court approval of the Plan is well established:

    a. there must be strict compliance with all statutory requirements;

    b. all material filed and procedures carried out must be examined to determine if anything has been done or purported to be done which is not authorized by the *CCAA*; and

[20]Sixth Report at para 38(f).
[21]Fourth Report at paras 53-55; Seventh Pauls Affidavit at para 21.
[22]*Companies' Creditors Arrangement Act*, RSC 1985, c C-36, at s 6(1) ("***CCAA***").

c. the Plan must be fair and reasonable.[23]

(a) The Applicants Have Complied with the Statutory Requirements

45. When considering if the applicant has complied with all statutory requirements under the *CCAA*, the Court may consider whether:

a. the plan entities come within the definition of a "debtor company" under section 2(1) of the *CCAA*;

b. the applicant has total claims in excess of $5,000,000;

c. the creditors were properly classified;

d. the notice of meeting was sent in accordance with the Creditors' Meeting Order;

e. the meeting was properly constituted;

f. the voting was properly carried out; and

g. the plan was approved by the requisite majorities.[24]

46. The Applicants have satisfied all of these requirements. In particular:

a. Definition of "Debtor": This Court determined, at the time it granted the Initial Order, that the Applicants came within the definition of "debtor company" under section 2(1) of the *CCAA*. As the Claims Process has confirmed, the Applicants (as affiliated debtor companies) have total aggregate claims well in excess of $5,000,000.[25]

b. Notice of Meeting: The Applicants and the Monitor have complied with all of the requirements in the Creditors' Meeting Order to disseminate materials concerning

[23] *Laurentian University of Sudbury*, 2022 ONSC 5645 at para 23 ("***Laurentian***"); *Imperial Tobacco Canada Limited*, 2025 ONSC 1358 at para 177 ("***Imperial Tobacco***").
[24] *Laurentian* at para 24; *Canadian Airlines Corp. (Re),* 2000 ABQB 442 at para. 62 ("***Canadian Airlines***"), leave to appeal ref'd 2000 ABCA 238, variation ref'd 2001 ABCA 9, leave to appeal ref'd [2001] 2 S.C.R. xii (note).
[25] Fourth Report at para 26.

the Plan and the Creditors' Meeting to the Affected Creditors and other interested persons.[26]

c. Classification: There were two classes of creditors (Affected Secured Creditors and Affected Unsecured Creditors) entitled to vote on the Plan, as approved by the Creditors' Meeting Order.[27] This two-class structure was authorized by the Creditors' Meeting Order and is appropriate given the different nature and rank of the Creditors' and their Claims contained in each class. The remedies available for the Creditors are the same within each class.

d. Constitution and Voting: The Meeting was properly constituted, and the voting carried out, in accordance with the Creditors' Meeting Order.[28]

e. Majority Vote: the Plan was overwhelmingly approved by the Required Majority of both classes of Affected Creditors, representing two thirds in value and fifty percent in number, voting at the Meeting in person and by proxy.[29]

47. In addition, the Plan complies with the statutory requirements set out in Article 6(3), 6(4), 6(5), and 6(6) and 6(8) of the *CCAA*. Under ss. 6(3) to 6(6) of the CCAA, the Court may not sanction a plan unless it contains specified provisions concerning Crown, employee, and pension claims. These provisions are satisfied here:

a. Pursuant to Article 7.7(d) of the Plan, all valid Accepted Claims payable to His Majesty in right of Canada or a province shall be payable in full for all amounts outstanding as of the Initial Order date and within six months after court sanction of the Plan; and

b. Pursuant to Article 1.1 of the Plan, Post-Filing Ordinary Course Payables is defined as post-Filing Date payables incurred after the Filing Date and before the Effective Date, in the ordinary course of business, and in compliance with the Initial Order and other CCAA Orders, which would include post-filing tax-claims and post filing wages, salaries, commissions. Article 3.3(d) provides that Post-Filing Ordinary

[26] Fifth Report at para 24.
[27] Creditors' Meeting Order granted August 28, 2026.
[28] Seventh Pauls Affidavit at para 19; Sixth Report at para 28.
[29] Seventh Pauls Affidavit at para 20; Sixth Report at para 29.

Course Payables Claims are Unaffected Claims and shall be paid in the ordinary course in accordance with usual practice.

48. As the Applicants do not participate in any prescribed pension plans, s. 6(6) of the CCAA does not apply.[30] Finally, in compliance with s. 6(8) of the CCAA, the Plan does not provide for any recovery for equity holders.[31]

(b) No Unauthorized Steps Were Taken by the FUM Group

49. In determining whether anything has been done – or is purported to have been done – that is not authorized by the CCAA, the Court should rely on the parties and their stakeholders and the reports of the Monitor.[32]

50. The Monitor has filed six reports detailing the activities of the FUM Group throughout these CCAA proceedings. Demonstrably, the FUM Group has acted in good faith and with due diligence, as noted by the Court in extending the stay of proceedings on several occasions. The Plan complies with the requirements under the CCAA and the orders of this Court.[33] There is no suggestion that anything has been done that is not authorized either by the CCAA or this Court.

(c) The Plan is Fair and Reasonable

51. Perfection is not required when assessing whether a plan is fair and reasonable; rather, in assessing the fairness and reasonableness of the Plan, this Court should consider the relative degree of prejudice that would flow if the relief sought was granted or refused, and whether the Plan represents a reasonable and fair balancing of interests in light of the other commercial alternatives available.[34]

52. In doing so, the Court may consider the following factors:

a. whether the claims were properly classified and whether the requisite majorities of creditors approved the Plan;

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[30] Fourth Report at para 52(d).
[31] Plan at Article 5.2(d)(i).
[32] *Re: Canwest Global Communications Corp.,* 2010 ONSC 4209 at para. 17 ("***Canwest Global***").
[33] *Canwest Global* at para. 19, citing *Canadian Airlines* at para. 3; *Re AbitibiBowater Inc.*, 2010 QCCS 4450 at para. 33 ("***AbitibiBowater***"); *Laurentian* at para. 31.
[34] *Laurentian* at para 31.

b. what creditors would receive in a bankruptcy or liquidation as compared to the Plan;

c. alternatives available to the Plan and bankruptcy;

d. oppression of the rights of creditors;

e. unfairness to shareholders; and

f. the public interest.[35]

53. The Plan is fair and reasonable, given that:

a. the Claims of Affected Creditors were properly classified into two classes (Affected Secured Creditors and Affected Unsecured Creditors), and the Required Majority of Affected Creditors in each class approved the Plan;

b. the Monitor has determined that liquidation would result in lesser recovery or no recovery to the Affected Creditors;[36]

c. the Plan treats all Affected Creditors within the same class equally in terms of treatment under the Plan and distributions, and the two-class structure provides different but appropriate treatment for secured and unsecured creditors based on the nature and rank of their respective claims;

d. the Plan will advance, preserve, and protect FUM's business operations while providing a recovery to stakeholders that would not otherwise be available to them;[37] and

e. no Affected Creditor has raised any objection to the treatment of their Affected Claims under the Plan, let alone alleged that they are treated oppressively under the Plan.

54. Accordingly, all these factors weigh in favour of sanctioning the Plan. It fulfills the principal goal of the CCAA proceedings: it effects a going concern restructuring of FUM as an

[35] *Laurentian* at para 32.
[36] Fourth Report at paras 53-54.
[37] Fourth Report at para 30.

ongoing business thereby preserving enterprise value for all stakeholders. As well, the Plan provides for recoveries to holders of Affected Claims.

55. The Court's discretion should be informed by the objectives of the *CCAA*, namely to facilitate the reorganization of a debtor company for the benefit of the company, its creditors, employees and in many instances, a much broader constituency of affected persons. Parliament has recognized that reorganization, if commercially feasible, is in most cases preferable, economically and socially, to liquidation.[38]

56. An important measure of whether a plan is fair and reasonable is the degree to which it is supported by the creditors and the relevant stakeholders of the debtor company. This support, which reflects the business judgment of the participants that their interests are treated equitably under the Plan, creates an inference that the arrangement is fair and reasonable to those who may be affected by it. The Court should be reluctant to interfere with the business decisions of creditors reached as a body.[39] In the circumstances, the Affected Creditors overwhelmingly voted in favour of the Plan and as such the Plan should be sanctioned.

57. The Plan represents a negotiated compromise between the Applicants and their stakeholders. No alternatives to the Plan have been proposed, much less alternatives that would achieve the positive outcomes available under the Plan.[40]

58. The Monitor supports the granting of the Sanction Order.[41]

59. Finally, the Plan furthers the public interest by preserving FUM's enterprise value, allowing the business to continue as a going concern while ensuring material recoveries for Affected Creditors.[42]

B. <u>The Releases Should be Granted</u>

60. The Releases contemplated in the Plan are standard in CCAA plans of arrangement and should be granted. If sanctioned, the Plan would provide releases for a number of parties

[38] *Canadian Airlines* at paras 95 and 97.
[39] *Canadian Airlines* at paras 95 and 97.
[40] Sixth Report at para 33.
[41] Sixth Report at para 34.
[42] Fourth Report at para 48.

as outlined above. The Releases are necessary to bring finality and certainty to these CCAA proceedings.

61. The *CCAA* does not expressly provide for the granting of third-party releases. However, it is well established that CCAA courts have jurisdiction to sanction plans containing third-party releases. As stated by the Ontario Court of Appeal in *Metcalfe & Mansfield Alternative Investments II Corp, Re*, "the open-ended CCAA permits third-party releases that are reasonably related to the restructuring at issue because they are encouraged in the comprehensive terms 'compromise' and 'arrangement' and because of the double-voting majority and court-sanctioning statutory mechanism that makes them binding on unwilling creditors."[43]

62. In considering whether to approve releases in CCAA proceedings, including third-party releases, Courts have considered a number of factors, including whether:

    a. the released claims are rationally connected to the purpose of the plan;

    b. the plan can succeed without the releases;

    c. the parties being released contributed to the plan;

    d. the releases benefit the debtors as well as the creditors generally;

    e. the creditors voting on the plan have knowledge of the nature and the effect of the releases; and

    f. the releases are fair, reasonable, and not overly-broad.[44]

63. The Releases contemplated in Article 10 of the Plan should be approved, given that:

    a. the Released Claims are rationally connected to the purpose of the Plan, as they cover matters relating to, arising out of or in connection with any Claim, including any Claim arising out of: (i) the restructuring, disclaimer, resiliation, breach or termination of any contract, lease, agreement or other arrangement, whether

[43] *Metcalfe & Mansfield Alternative Investments II Corp, Re,* 2008 ONCA 587 at para 78 ("***Metcalfe & Mansfield***").
[44] *Laurentian* at para 40, citing *Lydian International Limited (Re),* 2020 ONSC 4006 at para 54 ("***Lydian***"); *Metcalfe & Mansfield* at paras 70 to 71.

written or oral, entered into by FUM; (ii) the business of FUM; (iii) the Plan and any other transactions referenced in and relating to the Plan; and (iv) the CCAA Proceedings;

b. approval of the Plan, which includes the Releases, is a condition precedent to the implementation of the Plan;[45]

c. each of the Released Parties have made important critical contributions to the development and implementation of the FUM Group's restructuring and the Plan; the services, expertise, and contributions of the Released Parties were and are necessary for the ultimate success of the Plan;

d. the restructuring of the FUM Group and the Plan will advance, preserve and protect the business and operations of FUM and provide a recovery to stakeholders that would not otherwise be available to them;

e. the Releases ensure that all stakeholders in these CCAA proceedings have certainty and finality about their liabilities at the conclusion of the FUM Group's successful restructuring; and

f. the release provisions have been fully disclosed to the Affected Creditors in the Plan and no party has raised any concern regarding the proposed Releases.[46]

64. Canadian Courts have exercised their authority to grant similar releases in similar circumstances.[47]

65. The Applicants respectfully submit that, based on the significant contributions of the Released Parties, the proposed Releases are fair and reasonable in the circumstances, and that the contributions made by the Released Parties were and are critical to the design, negotiation, implementation, and successful approval of the Plan.

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[45] Sixth Report at para 38(b).
[46] Sixth Report at para 38(f).
[47] *Target Canada Co, Re*, 2016 ONSC 3651, at paras 40-47 and CV-15-10832-00CL, Sanction and Vesting Order, granted on June 2, 2016; *Sino-Forest Corp., Re*, 2012 ONSC 7050, at paras 70-74 and CV-12-9667-00CL, Plan Sanction Order, granted December 10, 2012; *Nordstrom Canada Retail, Inc*, 2024 ONSC 1622, at paras 31-34 and CV-23-00695619-00CL, Sanction and Vesting Order, granted on March 19, 2024; *Laurentian* at paras 39-45 and CV-21-00656040-00CL, Plan Sanction Order, granted on October 5, 2022; *Lydian* at paras 50-64 and CV-19-00633392-00CL, Order re: Plan Sanction and Implementation, granted on June 29, 2020.

V. RELIEF SOUGHT

66. The Applicants submit that they have met all requirements for the requested relief and respectfully request that this Court grant the proposed form of Sanction Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 2 DAY OF OCTOBER, 2026.

MLT AIKINS LLP



Ryan Zahara/Chris Nyberg
Counsel for the FUM Group

LIST OF AUTHORITIES

A. Legislation

1. *Companies' Creditors Arrangement Act*, RSC 1985, c C-36

B. Case Law

1. *Laurentian University of Sudbury*, 2022 ONSC 5645
2. *Imperial Tobacco Canada Limited,* 2025 ONSC 1358
3. *Canadian Airlines Corp., Re*, 2000 ABQB 442
4. *Canwest Global Communication Corp, Re*, 2010 ONSC 4209
5. *Re AbitibiBowater Inc,* 2010 QCCS 4450
6. *Metcalfe & Mansfield Alternative Investments II Corp, Re*, 2008 ONCA 587
7. *Lydian International Limited (Re)*, 2020 ONSC 4006
8. *Target Canada Co, Re,* 2016 ONSC 3651
9. *Sino-Forest Corp, Re,* 2012 ONSC 7050
10. *Nordstrom Canada Retail, Inc,* 2024 ONSC 1622
11. *Green Relief Inc. Re*, 2020 ONSC 6837
12. *Tacora Resources Inc, Re*, 2024 ONSC 4436
13. *Harte Gold Corp (Re),* 2022 ONSC 653

C. Court Orders

1. *Target Canada Co et al*, CV-15-10832-00CL, Sanction and Vesting Order, granted on June 2, 2016
2. *Sino-Forest Corporation, Re,* CV-12-9667-00CL, Plan Sanction Order, granted December 10, 2012

3. *Nordstrom Canada Retail, Inc et al,* CV-23-00695619-00CL, Sanction and Vesting Order, granted on March 19, 2024

4. *Laurentian University of Sudbury, Re,* CV-21-00656040-00CL, Plan Sanction Order, granted on October 5, 2022

5. *Lydian International Limited et al*, CV-19-00633392-00CL, Order re: Plan Sanction and Implementation, granted on June 29, 2020

6. *Green Relief Inc, Re*, CV-20-00639217-00CL, Approval and Vesting Order, granted on November 9, 2020

7. *Tacora Resources Inc, Re*, CV-23-00707394-00CL, Approval and Reverse Vesting Order, granted on July 26, 2024

8. *Harte Gold Corp, Re,* CV-21-00673304-00CL, Approval and Reverse Vesting Order, granted on January 28, 2022