



**Report of  
KSV Kofman Inc.  
as Proposed CCAA Monitor of  
James E. Wagner Cultivation  
Corporation, James E. Wagner  
Cultivation Ltd., JWC 1 Ltd., JWC 2  
Ltd., JWC Supply Ltd. and  
GrowthStorm Inc.**

**March 31, 2020**

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COURT FILE NO.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E.  
WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY  
LTD. AND GROWTHSTORM INC.**

**REPORT OF KSV KOFMAN INC. AS PROPOSED MONITOR**

**March 31, 2020**

## **1.0 Introduction**

1. KSV Kofman Inc. ("KSV") understands that James E. Wagner Cultivation Corporation ("JWC"), James E. Wagner Cultivation Ltd. ("JWCL"), JWC 1 Ltd. ("JWC1"), JWC 2 Ltd. ("JWC2"), JWC Supply Ltd. ("JWCS") and GrowthStorm Inc. ("GrowthStorm") (collectively the "Applicants" and each an "Applicant") intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), for an initial order (the "Initial Order") granting the Applicants protection under the CCAA and appointing KSV as the CCAA monitor in these proceedings ("Monitor").
2. The principal purpose of these restructuring proceedings is to create a stabilized environment to enable the Applicants to pursue a restructuring of their business by conducting a "stalking horse" sale and investor solicitation process (the "SISP") while continuing operations in the ordinary course of business.
3. If the Initial Order is granted, the Applicants intend to return to Court within ten days (the "Comeback Motion") to seek the Court's approval of an amended and restated Initial Order which, *inter alia*, would:
  - a) approve the SISP;
  - b) increase the amount of each of the D&O Charge and Interim DIP Charge (each as defined below);

- c) extend the stay of proceedings; and
  - d) appoint a chief restructuring officer.
4. The Affidavit of Nathan Woodworth, the Applicants' President and Chief Executive Officer, sworn March 31, 2020 in support of the CCAA application (the "Affidavit"), provides, *inter alia*, the Applicants' background, including the reasons for the commencement of these proceedings.
  5. KSV is filing this report ("Report") as proposed Monitor.

### **1.1 Purposes of this Report**

1. The purposes of this Report are to:
  - a) provide KSV's qualifications to act as Monitor;
  - b) provide background information about the Applicants;
  - c) report on the Applicants' cash flow projection for the period March 28, 2020 to June 26, 2020 (the "Cash Flow Forecast");
  - d) summarize the terms of a debtor-in-possession loan facility (the "DIP Facility") in the maximum principal amount of \$4 million to be made available to the Applicants by Trichome Financial Corp. ("TFC"), pursuant to a term sheet dated March 31, 2020 (the "DIP Term Sheet");
  - e) discuss the rationale for:
    - a charge in the amount of \$500,000 on all of the Applicants' current and future assets, property and undertaking (the "Property") to secure the fees and disbursements of the Applicants' corporate and restructuring counsel, as well as the fees and disbursements of the Monitor and its counsel (the "Administration Charge");
    - a charge in the amount of \$450,000 on the Property in favour of the directors and officers of the Applicants (the "D&O Charge");
    - a charge up to the maximum amount of \$800,000 on the Property in favour of TFC to secure advances to the Applicants made under the DIP Facility prior to the Comeback Motion (the "Interim DIP Charge");
    - the proposed priority in the Initial Order of the Administration Charge, D&O Charge and the Interim DIP Charge; and
  - f) recommend that this Court grant the relief sought by the Applicants in its CCAA application materials.

## 1.2 Restrictions

1. In preparing this Report, KSV has relied upon the unaudited financial information of the Applicants, the books and records of the Applicants and discussions with the Applicants, the Applicants' counsel and TFC.
2. KSV has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

## 1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## 1.4 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) ("BIA"). KSV is not subject to any of the restrictions to act as monitor set out in Section 11.7(2) of the CCAA on who may be appointed monitor.
2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached as Appendix "A".
3. KSV has been involved with this situation for the last several weeks and during that time has obtained an understanding of the Applicants' financial and operational challenges. This knowledge will assist KSV to fulfil its duties as Monitor.

## 2.0 Company Background

1. JWC's principal business is the production and sale of cannabis through its wholly-owned subsidiary and licence holder, JWCL. KSV understands that the other Applicants, JWC1, JWC2, JWCS and GrowthStorm, do not presently, and have never, conducted active business operations. The corporate chart for the Applicants is provided in Appendix "B".
2. The common shares of JWC are listed on the Toronto Stock Venture Exchange and the OTCQX.

3. The Applicants' operations are based in Kitchener, Ontario. JWC currently leases three premises as follows: manufacturing facilities located at 855 Trillium Drive, Unit B, Kitchener, Ontario ("Trillium Facility") and 530 Manitou Drive, Kitchener Ontario ("Manitou Facility") and office space located at 860 Trillium Drive, Kitchener, Ontario.
4. JWCL currently holds the following cannabis licenses:
  - a) a license which permits JWCL to cultivate, process and sell cannabis for the medical and recreational/adult-use markets and to sell all of the authorized classes of cannabis to provincially/territorially authorized distributors/retailers and directly to consumers with medical documents, which includes cannabis plant seeds, cannabis plants, dried cannabis, fresh cannabis, edible cannabis, cannabis topicals, cannabis extracts and cannabis oil; and
  - b) a license which permits JWCL to cultivate cannabis and sell plant seeds and cannabis plants to provincially/territorially authorized distributors/retailers.
5. The Applicants presently have 160 employees. The employees are not unionized and the Applicants do not maintain a pension plan.

## **3.0 Creditors**

### **3.1 Secured Creditors**

#### **3.1.1 TFC**

1. TFC is a secured lender to the Applicants through a loan agreement dated February 9, 2019 which was amended and restated on November 6, 2019 (as amended by amendments dated January 9, 2020, February 19, 2020 and March 10, 2020) (collectively, the "Loan Agreement"). The current amount outstanding under the Loan Agreement is approximately \$7.6 million. Interest and costs continue to accrue.
2. TFC and JWC also entered into an accounts receivable purchase agreement on October 23, 2019, whereby JWC may elect to finance certain qualified receivables, in TFC's discretion (the "Factoring Agreement"). No amounts are currently outstanding under the Factoring Agreement.
3. Each of the Applicants, other than JWC, have guaranteed JWC's obligations under the Loan Agreement and the Factoring Agreement. The obligations of the Applicants owing to TFC are secured pursuant to a series of security documents (the "Security Documents").
4. Davies has reviewed the Security Documents and will issue an opinion, subject to the standard qualifications and assumptions, confirming that TFC has a validly perfected security interest.

#### **3.1.2 Lind Global Macro Fund**

1. On December 29, 2019, JWC entered into a convertible security funding agreement with Lind Global Macro Fund ("Lind") and borrowed approximately \$2 million.

2. On March 10, 2020, JWC entered into a second convertible security funding agreement with Lind and borrowed approximately \$1.2 million.
3. The current amount owing to Lind under these agreements is approximately \$3.8 million and is secured by JWC, JWCL and Growthstorm. Interest and costs continue to accrue.

### 3.2 Unsecured Creditors

1. Based on the Applicants' books and records, as of March 29, 2020, unsecured obligations totalled approximately \$5.4 million. The principal unsecured obligation is an unsecured loan from Ball Construction Ltd., an entity affiliated with Lind, in the amount of approximately \$3.7 million, which funds were used to advance construction in the Manitou Facility. The Applicants also have deferred rent owing to the landlord in respect of the Manitou Facility for February and March 2020 in the amount of approximately \$400,000.
2. JWC is also subject to a royalty agreement with Canopy Rivers Corporation, pursuant to which JWC has agreed to pay Canopy \$0.375 per gram of cannabis produced at the Trillium Facility. The royalty agreement provides for a minimum aggregate annual royalty payment of \$487,500 per year.
3. Further information concerning the Applicants' liabilities is provided in the Affidavit.

### 4.0 Cash Flow Forecast

1. The Applicants have prepared the Cash Flow Forecast for the period March 28, 2020 to June 26, 2020 (the "Period"). The Cash Flow Forecast and the Applicants' statutory report on the cash flow pursuant to Section 10(2)(b) of the CCAA is attached as Appendix "C".
2. The Cash Flow Forecast reflects that the Applicants require funding of approximately \$800,000 prior to the Comeback Motion, as reflected in the table below.

(unaudited; \$000s)	Apr 1 – Apr 10
Receipts	34
Disbursements	
Payroll <sup>1</sup>	408
Rent	238
Other	214
TFC	-
Professional fees	-
	860
Net Cash Flow	(826)
Opening Cash Balance	44
Net Cash Flow	(826)
Required DIP	782

<sup>1</sup> Including benefit payments.

3. Based on KSV's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "D".
4. The current balance in the Applicants' bank account is approximately \$44,000. In order to provide the Applicants with the liquidity required to fund the operations of the Applicants during the CCAA proceedings, the Applicants are seeking the approval of the DIP Term Sheet, provided that until the Comeback Motion, the Applicants will be permitted to draw no more than \$800,000 to fund the expenditures noted in the table above. The amounts are contemplated to be funded under the Interim DIP Charge.
5. The DIP Term Sheet contemplates the payment of certain fees to the DIP Lender, including an upfront fee of \$120,000. These fees will not be paid prior to the Comeback Motion and are subject to approval of the balance of the DIP Term Sheet at that motion.

## 5.0 DIP Facility<sup>2</sup>

1. The significant terms of the DIP Facility are summarized below. A copy of the DIP Term Sheet is attached to the Affidavit.
  - a) Borrower: JWC;
  - b) Lender: TFC;
  - c) Loan Amount: up to a maximum of \$4 million;
  - d) Guarantors: JWCL, JWC1, JWC2, JWCS and GrowthStorm;
  - e) Maturity date: the earlier of: (i) the occurrence of any Event of Default that has not been cured; (ii) the implementation of a Plan which has been approved by the requisite majorities of the Applicants' creditors and by an order entered by the Court; (iii) the closing of a sale for the Applicants' assets within the CCAA Proceedings which has been approved by orders entered by the Court; (iv) the conversion of the CCAA Proceedings into a proceeding under the BIA; and (v) June 30, 2020;
  - f) Interest rate: 10% per annum;
  - g) Upfront Fee: an upfront fee equal to 3% of the maximum loan amount, being \$120,000. As noted, the Upfront Fee is subject to approval of the DIP Facility at the Comeback Motion;
  - h) DIP Charge: the obligations of the Applicants under the DIP Facility are to be secured by the DIP Charge;
  - i) Reporting: reporting obligations include the provision of weekly "rolling" cash flow projections and a weekly budget-to-actual variance analysis, as more fully described in the DIP Term Sheet;

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<sup>2</sup> Terms not defined in this section have the meaning provided to them in the DIP Term Sheet.



- j) Conditions: key conditions include:
- i. the Court shall have issued an order, *inter alia*, approving the DIP Facility and the DIP Charge on or before April 1, 2020;
  - ii. TFC shall have received a list of the key individuals designated by the Applicants' pursuant to the Cannabis Act;
  - iii. TFC shall be satisfied that the Applicants have complied with and are continuing to comply in all material respects with all Licenses, other than as may be permitted under an Order or as to which any enforcement in respect of non-compliance is stayed by an Order, provided the issuance of such Court Order does not result in the occurrence of an Event of Default;
  - iv. No Material Adverse Change shall have occurred after the date of the issuance of the DIP Order;

In addition to the conditions above, the following conditions are not required for the initial advance, but are required to be satisfied following the initial advance:

- i. the Court shall have approved the engagement of Howard Steinberg as chief restructuring officer and the terms of the approval shall be satisfactory to TFC;
  - ii. A KERP acceptable to TFC, acting reasonably, shall have been approved by the Court within 10 days of the DIP Order or such other date as the Interim Lender may agree;
  - iii. the Upfront Fee will have been paid;
  - iv. a SISP acceptable to TFC, acting reasonably, shall have been approved by the Court; and
  - v. the Comeback Motion with the Court shall have occurred not more than 10 days after the issuance of the initial order by the Court.
- k) Events of Default: the following is a summary of the material Events of Default:
- i. the issuance of an Order:
    - dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit: (A) the enforcement of any Lien against one of the Applicants, or a material portion of their respective Property; or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor or enhancing any monitor's powers, or the making of a bankruptcy order against an Applicant;
    - granting any Lien which is senior to or *pari passu* with the DIP Charge, other than the Priority Charges; and

- staying, reversing, vacating or otherwise modifying any DIP Term Sheet or any order in a manner materially adverse to the interests of TFC, as determined by TFC;
- ii. failure of any of the Applicants to comply with any of the negative covenants in the DIP Term Sheet;
- iii. any update in the Revised Budget or Budget Variance Report that: (i) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget or contemplates a cash flow deficit in excess of \$100,000;
- iv. the occurrence of a Material Adverse Change;
- v. any material violation or breach of any Order;
- vi. the failure of any Applicants to maintain in good standing each of the Licenses;
- vii. the failure of any Applicants to continue to employ the Key Individuals identified as of the date of the DIP Order on terms sufficient to maintain the Licenses in good standing;
- viii. failure of JWC to pay any principal amount owing under the DIP Term Sheet when due; and
- ix. failure of any of the Applicants to perform or comply with any other term or covenant under this DIP Term Sheet, and such default shall continue unremedied for a period of three Business Days; and
- x. the SISF is not approved by the Court on or before 10 days from the issuance of the Initial Order.

## 5.1 Recommendation

1. KSV considered the following factors when reviewing the reasonableness of the DIP Facility, as well as those set out in Section 11.2 of the CCAA:
  - a) the Applicants have a critical and immediate need for interim financing. Without access to the DIP Facility, the Applicants will be unable to maintain their operations and commence their restructuring process. The Interim DIP Charge will allow the Applicants to continue to operate, including funding payroll, which is due on April 1, 2020;
  - b) the Applicants are seeking an Interim DIP Charge of \$800,000 to make critical payments until the Comeback Motion. The Applicants will be seeking to increase the DIP Charge to \$4 million at the Comeback Motion. The fees payable under the DIP Term Sheet, including the Upfront Fee, are subject to approval of the balance of the DIP Term Sheet at the Comeback Motion;

- c) KSV compared the terms of the DIP Facility to other DIP facilities approved by Canadian courts in CCAA proceedings commenced between 2018 to 2020. The comparison is attached as Appendix “E”. Based on KSV’s analysis, the cost of the proposed DIP Facility is well within the ranges of similar facilities approved by the Court and other Canadian courts in CCAA and other restructuring proceedings; and
  - d) KSV believes that approval of the DIP Facility is in the best interests of the Applicants’ stakeholders and will advance the Applicants’ restructuring process. KSV does not believe that creditors will be prejudiced as a result of the approval of the DIP Facility – to the contrary, they will benefit from it as it will allow the business to continue to operate, which will enhance value versus the alternative, which is the discontinuation of operations and the potential liquidation of its assets.
2. Based on the foregoing, KSV believes that the terms of the DIP Facility are reasonable in the circumstances.

## **6.0 Court Ordered Charges**

### **6.1 Administration Charge**

1. The Applicants are seeking an Administration Charge in an amount not to exceed \$500,000 to secure the fees and expenses of the Monitor, its counsel and the Applicants’ insolvency counsel and corporate counsel.
2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by certain of the professionals engaged to assist a debtor company and to protect them in the event that the debtor is unable to pay professional fees and costs during the CCAA process.
3. The Applicants worked with KSV to estimate the proposed amount of the Administration Charge.
4. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Applicants’ proceedings and the services to be provided by professionals involved in these proceedings. Additionally, based on the Applicants’ illiquidity, each of the professionals having the benefit of the Administration Charge has been providing services without receiving retainers.

### **6.2 D&O Charge**

1. KSV understands that the Applicants are current on their normal course payroll obligations (including withholding taxes) and sales taxes. KSV also understands that the Applicants’ vacation pay liability totals approximately \$110,000.

2. The Cash Flow Forecast contemplates payroll and sales taxes will continue to be paid in the ordinary course and the Applicants are projected to have sufficient liquidity to do so provided the Interim DIP Charge is approved at the Initial Application and the balance of the facility is approved at the Comeback Motion. The proposed D&O Charge provides protection for the directors and officers should the Applicants fail to pay certain obligations which may give rise to liability for directors and officers, including vacation pay.
3. The 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' and officers' insurance policy or to the extent such coverage is insufficient to pay an indemnified amount as described above.
4. As provided in the table below, the amount of the D&O Charge was estimated by the Applicants in consultation with the proposed monitor, taking into consideration payroll obligations, sales tax obligations and the Applicants' vacation pay liability:

(unaudited)	Amount (\$)
Payroll, including source deductions	270,000
Vacation Pay	110,000
Sales tax	50,000
Other	20,000
<b>Total</b>	<b>450,000</b>

5. KSV is of the view that the D&O Charge is required and reasonable in the circumstances and that the continued involvement of the directors and officers is beneficial to the Applicants and these proceedings.

### **6.3 Interim DIP Charge**

1. The Applicants are seeking a charge for TFC to secure the Interim DIP Charge. KSV is of the view that the Interim DIP Charge is required as: (i) the Applicants are in immediate need of liquidity, including to fund payroll; (ii) the terms of the DIP Facility are reasonable for the reasons set out in Section 5.1 of this Report; and (iii) TFC is not prepared to provide financing without the benefit of the Interim DIP Charge.

### **6.4 Priority of Charges**

1. The Applicants propose the Court-ordered charges have the following priority:
  - a) First, the Administration Charge;
  - b) Second, the D&O Charge; and
  - c) Third, the Interim DIP Charge.

## 7.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
  - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
  - b) within five days of the issuance of the Initial Order to:
    - i. make the Initial Order publicly available in the manner prescribed under the CCAA;
    - ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Company of more than \$1,000 advising that the order is publicly available; and
    - iii. prepare a list, showing the names and addresses of those creditors (other than employees), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. If appointed Monitor, KSV will also post the Initial Order and all motion materials on its website in accordance with the *E-Service Protocol*.

## 8.0 SISP

1. The Applicants, TFC and KSV are in the process of developing the SISP. Court approval of the SISP is expected to be sought at the Comeback Motion.
2. It is contemplated that the SISP will include a “stalking horse” bid from TFC. The stalking horse bid will assist to provide certainty to stakeholders that the Applicants’ operating business will continue on a going-concern basis.
3. The SISP will be addressed in the Court materials to be filed in the context of the SISP approval motion, including a report from the Monitor.

## 9.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(f) of this Report.

\* \* \*

All of which is respectfully submitted,



**KSV KOFMAN INC.**

**IN ITS CAPACITY AS PROPOSED MONITOR OF  
JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER CULTIVATION  
LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.  
AND NOT IN ITS PERSONAL CAPACITY**

# Appendix “A”

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF JAMES E. WAGNER CULTIVATION  
CORPORATION, JAMES E. WAGNER CULTIVATION LTD.,  
JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND  
GROWTHSTORM INC.

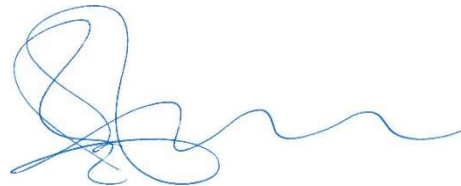
(collectively, the "**Applicants**" and each an "**Applicant**")

**CONSENT TO ACT AS MONITOR**

**KSV KOFMAN INC.** hereby consents to act as Monitor of the Applicants under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings, if so appointed by the court.

Dated at Toronto, Ontario this 31<sup>st</sup> day of March, 2020.

**KSV KOFMAN INC.**

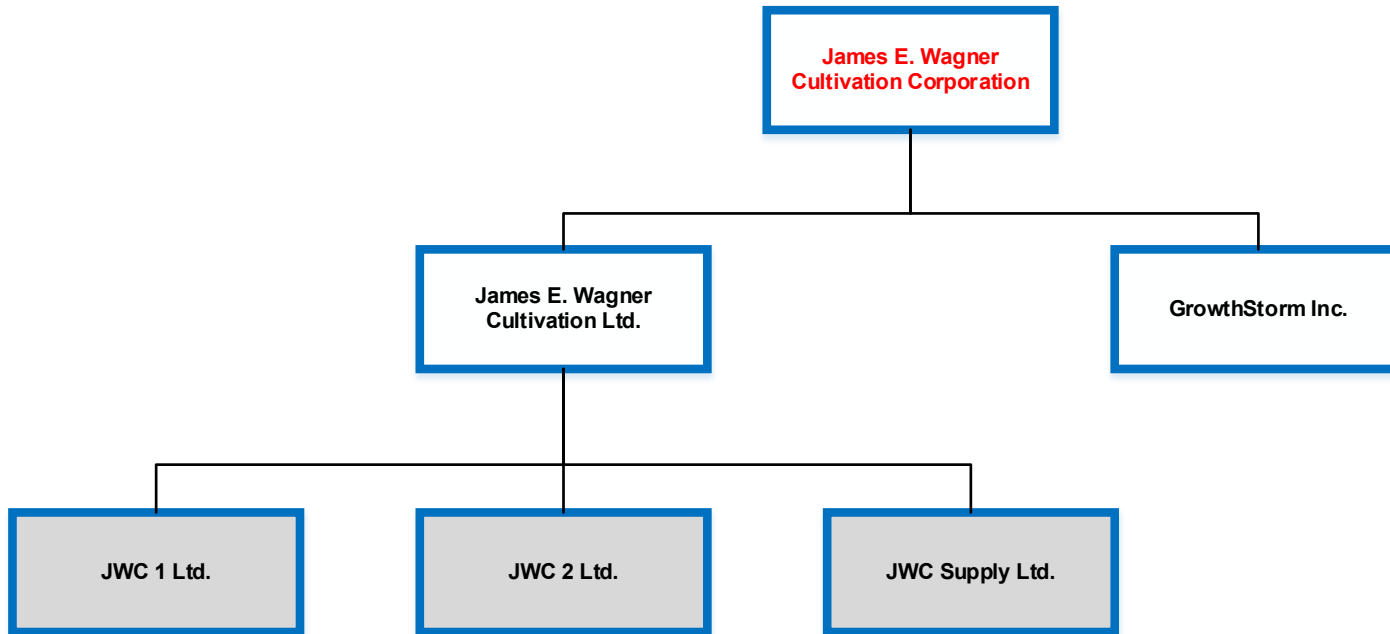


By: Robert Kofman, President

# Appendix “B”



## James E. Wagner Cultivation Corporation Organizational Structure



# Appendix “C”

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. And Growthstorm Inc.

**Projected Statement of Cash Flow**

For the Period Ending June 26, 2020

(Unaudited; \$C)

Notes	Weeks Ending													Total
	03-Apr-20	10-Apr-20	17-Apr-20	24-Apr-20	01-May-20	08-May-20	15-May-20	22-May-20	29-May-20	05-Jun-20	12-Jun-20	19-Jun-20	26-Jun-20	
1														
<i>Receipts</i>														
Cannabis Sales	17,250	17,250	17,250	17,250	17,250	17,250	89,750	455,744	17,250	220,875	544,750	17,250	371,000	1,820,119
<i>Disbursements</i>														
Operating Costs	467,097	-	590,370	5,000	307,032	95,000	252,032	68,171	397,032	5,000	263,457	95,000	370,203	2,915,396
Occupancy Costs	388,398	-	-	-	238,398	-	-	30,000	-	456,053	-	-	30,000	1,142,849
Excise Taxes	4,000	-	-	-	167,000	-	-	-	160,500	-	-	-	-	331,500
<i>Total Operating Disbursements</i>	859,495	-	590,370	5,000	712,430	95,000	252,032	98,171	557,532	461,053	263,457	95,000	400,203	4,389,745
<i>Net Cash Flow Before the Undernoted</i>	(842,245)	17,250	(573,120)	12,250	(695,180)	(77,750)	(162,282)	357,573	(540,282)	(240,178)	281,293	(77,750)	(29,203)	(2,569,626)
Restructuring Costs	-	-	563,000	-	-	-	348,000	-	-	-	348,000	-	-	1,259,000
DIP Interest and Fees	-	-	165,465	-	-	-	19,382	-	-	-	26,475	-	-	211,321
<i>Net Cash Flow</i>	(842,245)	17,250	(1,301,584)	12,250	(695,180)	(77,750)	(529,664)	357,573	(540,282)	(240,178)	(93,182)	(77,750)	(29,203)	(4,039,948)
Opening Cash Balance	44,000	-	17,250	-	12,250	-	-	-	357,573	-	-	-	-	44,000
DIP Financing	798,245	-	1,284,334	-	682,930	77,750	529,664	-	182,709	240,178	93,182	77,750	29,203	3,995,948
Closing Cash Balance	-	17,250	-	12,250	-	-	-	357,573	-	-	-	-	-	-
DIP Loan Balance	798,245	798,245	2,082,580	2,082,580	2,765,510	2,843,260	3,372,925	3,372,925	3,555,634	3,795,812	3,888,994	3,966,744	3,995,948	3,995,948

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. And Growthstorm Inc.

**Notes to Projected Statement of Cash Flow**

For the Period Ending June 26, 2020

(Unaudited; \$C)

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**Purpose and General Assumptions**

1. The purpose of the projection is to present a cash flow forecast of the Applicants for the period March 28, 2020 to June 26, 2020 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The cash flow forecast assumes that the Applicants file for protection under the CCAA on April 1, 2020.

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

**Hypothetical Assumptions**

- 2 Represents sales of cannabis to provincial, wholesale and medical customers.

**Probable Assumptions**

3. Operating costs include payroll and production costs.
4. Occupancy costs include rent and utilities.
5. Excise tax is paid one month in arrears.
6. Includes the estimated payments to the Chief Restructuring Officer, the Monitor, its counsel and the Applicants' corporate and insolvency counsel.
7. Represents interest and fees payable on the debtor-in-possession ("DIP") facility.
8. Represents projected DIP funding to be provided by Trichome Financial Corporation pursuant to the terms of the DIP Term Sheet.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER CULTIVATION  
LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

The management of James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 31st day of March, 2020 for the period March 28, 2020 to June 26, 2020 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

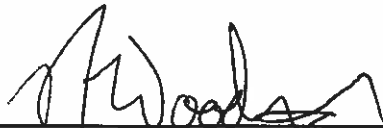
The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 31st day of March, 2020.

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc.



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Nathan Woodworth, Chief Executive Officer

# Appendix “D”

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER CULTIVATION  
LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT  
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc. (collectively, the "Applicants"), as of the 31<sup>st</sup> day March, 2020, consisting of a weekly projected cash flow statement for the period March 28, 2020 to June 26, 2020 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 31<sup>st</sup> day of March, 2020.

*KSV Kofman Inc*

**KSV KOFMAN INC.  
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF  
JAMES E. WAGNER CULTIVATION CORPORATION,  
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD.,  
JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC.  
AND NOT IN ITS PERSONAL CAPACITY**



# Appendix “E”

**Schedule of Debtor-in-Possession Financing Terms**

January 1, 2018 to March 16, 2020

(\$, 000)

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment	Interest Rate	Estimated Effective Interest Rate (%)	Fees	Estimated Fees (%)
2607380 Ontario Inc.	Meridian	CCAA	Richter	February 26, 2020	Ontario	Real Estate	7,200	9.3%	9.3%	Commitment fee of \$107, availability fee of \$2 per month.	1.8%
3834310 Canada Inc. (Groupe Capitales Medias)	Investissement Quebec	NOI	PwC	August 19, 2019	Quebec	Media	5,000	Confidential	Confidential	Confidential	Confidential
Accel Energy Canada Limited	Third Eye Capital Corporation (as agent) and ICC Credit Holdings Ltd. and other parties as lenders.	NOI	PwC	October 21, 2019	Alberta	Oil and Gas	30,000	12.0%	12.0%	\$600 closing fee	2.0%
AgMedica Bioscience Inc.	SV V Bridge III, LP	CCAA	EY	December 2, 2019	Ontario	Cannabis	7,500	9.5%	9.5%	N/A	0.0%
AgMedica Bioscience Inc.	Hillmount Capital Inc.	CCAA	EY	December 2, 2019	Ontario	Cannabis	7,500	9.5%	9.5%	2.25% commitment fee	2.3%
Air Georgian Limited	2229275 Alberta Ltd.	NOI	KPMG	January 31, 2020	Ontario	Aviation	800	12.0%	12.0%	N/A	0.0%
Aralez Pharmaceuticals Inc. and Aralez Pharmaceuticals Canada Inc.	Deerfield Management Company, L.P.	CCAA	Richter	August 10, 2018	Ontario	Pharmaceuticals	10,000	10.0%	10.0%	1% commitment fee, 1% extension fee	2.0%
Argex Titanium Inc.	11345974 Canada Inc.	NOI	PwC	July 2, 2019	Quebec	Technology	1,500	18.5%	18.5%	2% commitment fee	2.0%
Ascent Industries Corp.	Pillar Capital Corporation	CCAA	EY	March 1, 2019	British Columbia	Cannabis	2,000	15.0%	15.0%	3% structuring fee, monthly monitoring fee of \$.75 and due diligence fee of \$6.3.	3.8%
Aspen Air	C.F. Capital Corporation	NOI	KSV	June 12, 2018	Alberta	Manufacturing	300	10.0%	10.0%	2% commitment fee, 2% exit fee, professional costs of lender	4.0%
Bellatrix Exploration Ltd.	Names of lenders redacted	CCAA	PwC	October 2, 2019	Alberta	Oil and Gas	15,000 USD	10.0%	10.0%	USD \$750, earned as follows: i) USD \$250 on the date of initial advance, ii) USD \$250 if not repaid within 30 days, and iii) USD \$250 if not repaid within 60 days.	5.0%
Bioamber Canada & Bioamber Sarnia Inc.	Maynbridge Capital	CCAA	PwC	May 24, 2018	Ontario	Manufacturing	3,500	9.0%	9.0%	3% commitment fee, 2% standby fee, 3% break fee, early repayment penalties, professional costs of lender	3.0%
Biomod Concepts Inc.	T Investment Corp.	NOI	Richter	April 8, 2019	Quebec	Technology	700	15.0%	15.0%	N/A	0.0%
Bondfield Construction Company Limited	Zurich Insurance Company Ltd.	CCAA	EY	April 3, 2019	Ontario	Construction	8,000	6.0%	6.0%	N/A	0.0%
Bondfield Construction Company Limited	Bridging Finance, as agent	CCAA	EY	April 3, 2019	Ontario	Construction	6,000	14.0%	14.0%	N/A	0.0%
Burry's Shipyard	BDC	NOI	Deloitte	July 10, 2018	Newfoundland	Manufacturing	300	BDC's Floating Base Rate + 6.45% (12.25% effective rate)	15.3%	Loan processing fee of \$6, monthly administration fee of \$0.25, professional costs of lender.	3.0%
DEL Equipment Inc.	Diesel Equipment Limited	CCAA	MNP	October 22, 2019	Ontario	Automotive	1,000	6.5%	6.5%	N/A	0.0%
Divestco Inc.	Krik Popadynetz, Wade Darryl Brillon, Marvin Lefebvre, Monashees Vernon Liquor Store Ltd. and Michael Brent Gough	CCAA	Grant Thornton	March 4, 2019	Alberta	Oil and Gas	1,500	18.0%	18.0%	\$25 facility fee, professional costs of lender.	1.7%
Donaldson & James Ltd. and the Agency Employment Services Ltd.	FundThrough Inc.	NOI	Farber	January 23, 2019	Ontario	Staffing	3,000	24.0%	24.0%	1.5% facility fee, professional costs of the lender	1.5%
Energold Drilling Corp.	Energold DIP Lender, LLC	CCAA	FTI Consulting	September 13, 2019	British Columbia	Mining	3,800	8% for the first 45 days post-filings, 12% for the next 30 days, 18% thereafter	16.3%	\$90 closing fee, \$90 agent fee and \$90 exit fee	7.1%

Eureka 93 Inc.	Spouter Corporation Inc., David and Donna VanSegbrook	NOI	Deloitte	February 14, 2020	Ontario	Cannabis	2,300	15.0%	15.0%	Commitment fee of \$320.	13.9%
Fluid Brands Inc.	CIBC	NOI	Richter	October 25, 2018	Ontario	Retail	25,300	In accordance with company's pre- filing credit agreement with lender.	5.2%	\$165 commitment fee; professional costs of lender.	0.7%
Forme Development Group Inc.	Kingsett Mortgage Corporation	CCAA	KSV	November 30, 2018	Ontario	Real Estate	5,000	RBC's prime rate + 4.55% (minimum rate of 8.5%)	8.5%	\$75 commitment fee, extension fee of \$25 on each 4-month extension; professional costs of the lender.	2.0%
Fortress Global Enterprises Inc.	Investissement Quebec	CCAA	Deloitte	December 16, 2019	Quebec	Forestry	6,000	10.0%	10.0%	N/A	0.0%
Gedex Systems Inc.	FCMI Parent Co.	CCAA	Zeifmans	August 12, 2019	Ontario	Technology	600	In accordance with company's pre- filing credit agreement with lender.	Unknown	Unknown	Unknown
Gestion KnightsBridge Inc. and Investissements KnightsBridge S.E.C.	Claric Drolet Limited Partnership and Claric Bromont Limited Partnership	NOI	Richter	November 15, 2019	Quebec	Real Estate	100	10.0%	10.0%	N/A	0.0%
Harvest Fraser Richmond Organics	Pillar Capital Corporation	CCAA	EY	October 12, 2018	British Columbia	Cleantech	1,000	14.0%	14.0%	Unknown	Unknown
Harvest Fraser Richmond Organics	Maynbridge Capital	CCAA	EY	October 12, 2018	British Columbia	Cleantech	1,000	10.0%	10.0%	4% commitment fee, 2% standby fee	4.0%
Hollander Sleep Products Canada Limited (Canadian borrower of US group under Chapter 11 bankruptcy protection)	Syndicate of prepetition ABL lenders	Foreign order recognition	KSV	May 23, 2019	Ontario	Manufacturing	90,000 (Canadian debtor sublimit of 20,000)	Effective interest estimated to be 6.5%	6.5%	\$1,350 closing fee (1.5% of committed amount)	1.5%
ILTA Grain Inc.	Farm Credit Canada	CCAA	PwC	July 7, 2019	British Columbia	Agriculture	8,000	8.0%	8.0%	2.5% commitment fee	2.5%
Invictus MD Strategies	ATB Financial	CCAA	PwC	February 13, 2020	British Columbia	Cannabis	3,000	10.0%	10.0%	\$60 upfront fee (2% of total commitment, \$.5/mo. monitoring fee.	2.2%
Jack Cooper Ventures	Prepetition ABL Lenders	Foreign order recognition	Alvarez & Marsal	August 9, 2019	Ontario	Automotive	85,000	LIBOR plus 3.5% or Base Rate plus 2.5%	6.3%	0.25% standby fee	0.0%
Kolsy Homes	KV Capital Corporation	CCAA	Bowra Group	July 9, 2018	Alberta	Real Estate	600	Unknown	Unknown	Unknown	Unknown
Le groupe S.M. Inc. et als	Integrated Asset Management	CCAA	Deloitte	August 24, 2018	Quebec	Construction	2,000	9.0%	9.0%	1% standby fee	0.0%
Miniso Canada	MIHK Management Inc.	CCAA	Alvarez & Marsal	July 11, 2019	British Columbia	Retail	2,000	10.0%	10.0%	N/A	0.0%
Nautilus Minerals Inc.	Deap Sea Mining Finance Ltd.	CCAA	PwC	February 21, 2019	British Columbia	Mining	4,000	8.0%	8.0%	Professional costs of the lender	0.0%
North American Fur Auctions Inc.	Waygar Capital Inc.	CCAA	Deloitte	October 31, 2019	Ontario	Distribution	5,000 USD	12.0%	12.0%	2% closing fee	2.0%
Ontario Graphite	Orionis Corporation	CCAA	Deloitte	February 12, 2020	Ontario	Mining	2,800	15.0%	15.0%	N/A	0.0%
OpenHydro	OpenHydro Group Limited (In Liquidation	CCAA	Grant Thornton	November 7, 2018	Nova Scotia	Biotech	500	N/A	N/A	N/A	N/A
Orbcare Inc.	iGan Partners Inc.	NOI	MNP	May 25, 2019	Ontario	Technology	1,200	10.0%	10.0%	\$250	20.8%
Pier 1 Imports (U.S.), Inc.	Various pre-petition lenders	Foreign order recognition	Alvarez & Marsal	February 18, 2020	Ontario	Retail	256,000 USD	Revolving loans: LIBOR + 3% FILO Loans: LIBOR + 4.5% ABL Term Loan: LIBOR + 8%	5.4%	\$2,400 in aggregate fees (equal to 0.9% of the total financing)	0.9%
Prendville Industries Ltd.	CIBC	NOI	EY	December 5, 2019	Ontario	Forestry	1,000	CIBC prime rate + 4.0%	8.0%	N/A	0.0%
Purcell Basin Minerals Inc. et al.	Braveheart Resources Inc.	CCAA	MNP	May 29, 2018	British Columbia	Mining	200	12.0%	12.0%	Professional costs of lender	0.0%
Purcell Basin Minerals Inc. et al.	MLM Pacific LLC	CCAA	MNP	May 29, 2018	British Columbia	Mining	600	7.0%	7.0%	Finance fee equal to 10% of each advance, professional costs of lender	10.0%
Purewal Blueberry Farms Ltd.	Blueberry Holding (GP) Ltd.	NOI	FTI Consulting	April 30, 2018	British Columbia	Agriculture	500	15.0%	15.0%	\$15 lending fee upon court acceptance	3.0%
Ranch Energy Corporation et al.	Third Eye Capital Corporation	CCAA	EY	July 10, 2018	Alberta	Oil and Gas	1,400	12.0%	12.0%	Unknown	0.0%
Rebuts Solides Canadiens inc. et al	RECYC-QUÉBEC	CCAA	PwC	February 3, 2020	Quebec	Recycling	7,000	5.0%	5.0%	N/A	0.0%

Resource Capital Gold	Sprott Private Resource Lending (Collector) LP	NOI	PwC	January 28, 2019	British Columbia	Mining	2,200	18.0%	18.0%	Professional costs of the lender	0.0%
Stantive Technologies Group Inc.	1968392 Ontario Inc. and 233073 Ontario Inc.	NOI	EY	November 14, 2018	Ontario	Technology	800	12.0%	12.0%	2% commitment fee.	2.0%
Stornaway Diamond Corporation	Osisko Gold Royalties Ltd., CDPQ Resources Inc., 1078243 Canada Limited and Diaquem Inc.	CCAA	Deloitte	September 9, 2019	Quebec	Mining	20,000	12.5%	12.5%	N/A	0.0%
TELEoIP Inc.	Adarsan Holdings Limited and Dicot Holdings Ltd.	CCAA	PwC	June 27, 2018	Ontario	Technology	1,500	5.0%	5.0%	Professional costs of lender	0.0%
Trade Secret Web Printing Inc.	B&Y Property Holdings Inc.	NOI	Crowe Soberman	November 22, 2019	Ontario	Printing	300	5.0%	5.0%	2% closing fee	2.0%
Vari-Form	11032569 Canada Inc. (also the stalking horse bidder in these proceedings).	CCAA	PwC	January 8, 2019	Ontario	Automotive	22,800	5.0%	5.0%	N/A	0.0%
Viafoura Inc.	Intercap Equity Inc.	NOI	KSV	December 1, 2019	Ontario	Technology	1,000	RBC prime rate plus 2%	6.0%	1% of loan payable upon each extension of loan maturity beyond January 30, 2020.	1.0%
VistaCare Communications Services of Canada Inc., et als	Bank of Montreal and Roynat Inc.	NOI	Grant Thornton	June 19, 2019	Nova Scotia	Telecommunications	2,700	9.5%	9.5%	\$25 commitment fee	0.9%
Wayland Group Corp. et al	The House of Turlock Ltd.	CCAA	PwC	December 2, 2019	Ontario	Cannabis	1,100	13.0%	13.0%	\$50 initial commitment fee, subsequent commitment fee equal to the greater of \$125 and \$4% of the difference between the maximum DIP availability and the amount of the initial advance.	15.9%
Yukon Zinc	Century Acquisitions Inc.	NOI	PwC	July 31, 2019	British Columbia	Mining	3,000	18.0%	18.0%	N/A	0.0%
Discovery Air Inc.	CEP IV Co-Investment Limited Partnership	CCAA	KSV	March 21, 2018	Ontario	Transportation	12,600	10.0%	10.0%	Professional costs of lender	0.0%
Société en commandite Tilly de Laval et Promotions Anne Delisle Inc.	La Financiere Transcapitale Inc.	CCAA	Lemieux Nolet Inc.	February 14, 2018	Quebec	Construction	800	Unknown	Unknown	Unknown	Unknown
Manitok Energy	SCCC Petroleum Corporation	NOI	FTIConsulting	January 10, 2018	Alberta	Oil and Gas	800	8.0%	8.0%	2% standby fee, \$150 commitment fee, 2% prepayment fee, exit fee of \$150, professional costs of lender	37.5%