



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00748510-00CL

DATE: October 24, 2025

NO. ON LIST: 2

**TITLE OF PROCEEDING: IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF QM GP INC. AND HIGHPOINT ENVIRONMENTAL SERVICES INC**

BEFORE: JUSTICE Cavanagh

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sharon Kour	Lawyers for the Applicant	skour@reconllp.com
Natasha Rambaran		nrambaran@reconllp.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Josh Nevsky	Monitor, Alvarez & Marsal Canada Inc.	jnevsky@alvarezandmarsal.com
Nate Fennema		nfennema@alvarezandmarsal.com
Chris Armstrong	Lawyers for the Monitor	carmstrong@goodmans.ca
Erik Axell		eaxell@goodmans.ca

Evan Cobb	Lawyer for DIP Lender and Purchaser, WeShall Investments Inc.	evan.cobb@nortonrosefulbright.com
Harvey Chaiton	Lawyer for The Bank of Nova Scotia	Harvey@chaitons.com
William Ribeiro	Lawyer for lien claimant, Historic Restoration Inc.	wribeiro@azevedonelson.com
Brendan Carr	Lawyer for lien claimant, Donalco Western Inc	Brendan@carrdefir.com
Andrew Sain	Lawyer for the Government of Manitoba	adfs@tdslaw.com

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] On October 24, 2025, I released three orders as requested on this motion, with reasons to follow. These are my reasons.

[2] On August 7, 2025, the Court granted a SISP Approval Order, which approved a sale and investment solicitation process (the "SISP") to solicit offers for a sale, recapitalization, refinancing, restructuring or other strategic transaction in respect of some or all of the property and/or business of QM GP Inc. and Highpoint Environmental Services Inc. (the "Applicants" and, together with QM LP, QMF LP, TWT LP and Quantum Holdings LP, the "Company").

[3] The Court-approved SISP resulted in two successful bids: (a) a Back-Stop Credit Bid from WeShall Investments Inc. (the "QM Purchaser"), which constituted an offer to purchase substantially all of the Company's Business and Property through a reverse vesting transaction; and (b) a Bid from 1001367859 Ontario Inc. (the "HWT Purchaser"), which constituted an offer to purchase the assets related to the waste transfer station business in Hamilton, Ontario (the "Hamilton Waste Transfer Station"), through an asset purchase agreement.

[4] On this motion, the Applicants seek approval of:

- a. an Approval and Reverse Vesting Order (the "RVO") to, among other things:
 - i. approve the Subscription Agreement dated October 3, 2025 (the "Subscription Agreement") entered into between QM GP Inc., Highpoint Environmental Services Inc., QM LP, QMF LP and Quantum Holdings LP, each by their general partner QM GP Inc., as vendors (the "QM Vendors"), and the QM Purchaser, as purchaser;
 - ii. approve the transactions contemplated in the Subscription Agreement (the "QM Transaction"), and authorize and direct the QM Vendors to perform their obligations under the Subscription Agreement and to take such additional steps and execute such additional documents as are necessary or desirable for the completion of the QM Transaction;
 - iii. add 1001387025 Ontario Inc. ("ResidualCo") as an Applicant to the CCAA Proceedings;
 - iv. approve the D&O Released Claims in favour of the Released D&Os;
 - v. approve the Released Claims in favour of the Released Parties;

- vi. grant certain enhanced powers to the Monitor; and
- vii. order that no person shall be permitted to preserve or perfect Pre-Filing Lien Claims, and that any such Pre-Filing Lien Claims be vacated and shall only be entitled to seek recovery on account of any Pre-Filing Lien Claims by way of a claim on the Lien Charge.

b. an Approval and Vesting Order (the "AVO") to, among other things:

- i. approve the Asset Purchase Agreement dated October 17, 2025 (the "APA") entered into between TWT LP by its general partner QM GP Inc. dba Quantum Murray Materials Management, as vendor (the "HWT Vendor") and the HWT Purchaser, as purchaser, and
- ii. approve the transactions contemplated in the APA (the "HWT Transaction", together with the QM Transaction, the "Transactions") and authorize and direct the HWT Vendor to take such additional steps and execute such additional documents as are necessary or desirable for the completion of the HWT Transaction.

c. an Order for ancillary relief (the "Ancillary Relief Order") to, among other things:

- i. extend the Stay until and including January 30, 2026 (the "Stay Period"); and
- ii. seal the Confidential Exhibit to the Affidavit of Ian Gregoire sworn October 17, 2025 (the "Grégoire Affidavit") and the Confidential Appendix to the Second Report of the Monitor dated October 22, 2025 (the "Second Report").

[5] The facts with respect to this motion are more fully set out in the Grégoire Affidavit.

Should the Subscription Agreement and the QM Transaction be approved?

[6] The proposed QM Transaction is structured as a reverse vesting transaction. Reverse vesting orders have been granted by the Court in circumstances where it is satisfied that a reverse vesting structure is appropriate and warranted. See *Harte Gold Corp (Re)*, 2022 ONSC 653, at paras 18-20 and 37.

[7] I am satisfied that the QM Transaction satisfies the factors in s. 36(3) of the CCAA and the *Soundair* factors for the following reasons:

- a. The SISP was developed with the Monitor and approved by the Court. Given that the QM Purchaser acts both as the DIP Lender and the principal shareholder of QM, the SISP contemplated the non-typical procedure of allowing a Back-Stop Credit Bid by an insider, which mandated continuous consultation with the Monitor and BNS. The Monitor reviewed the Back-Stop Credit Bid in consultation with BNS and the Company and assessed it alongside the other Bids submitted;
- b. The resulting QM Transaction is commercially reasonable and ensures that the Business continues as a going concern. The Monitor properly administered the SISP, canvassing the market by contacting 107 Interested Parties;
- c. The SISP provided adequate time (approximately 11 weeks) for Interested Parties to prepare and submit Bids. The Monitor reviewed, provided feedback and negotiated with all Bidders to improve their Bids. The QM Transaction was the only Bid received that would preserve QM's Business as a going concern, thereby maximizing value relative to the liquidation scenario presented by other Bidders;
- d. The QM Transaction ensures the core Business continues as a going concern, preserving employment for at least 200 employees and permitting the QM Vendors to complete the

Continuing Projects, minimizing losses for sureties and project owners. The QM Purchaser ensures the QM Vendors retain liability for all Post-Filing Trade Liabilities, and funds will be provided to satisfy certain unpaid obligations related to Terminated Employees, including KERP obligations, ensuring creditors and employees are addressed;

- e. The Monitor is of the view that together, the Transactions constitute best available offer. The Transactions avoid a liquidation or a piecemeal sale of the Business, maximize creditor recovery, and preserve a substantial portion of the Business;
- f. The QM Transaction is the only available option that ensures the continuity of the core Business operations, including Environmental Services, Construction, and Emergency Response. Absent the QM Transaction, the Company would be forced into liquidation, resulting in the destruction of value and greater exposure to creditors;
- g. The consideration provided by the QM Purchaser is fair and reasonable in the circumstances. The purchase price includes the Credit Bid Consideration, extinguishing the DIP Facility obligations (approximately \$7.198 million). I am satisfied that the RVO structure is necessary to preserve valuable, non-transferrable Certifications, bonding arrangements, and critical contractual relationships, thereby ensuring the inherent value of the going concern is preserved, justifying the consideration provided; and
- h. No creditor is materially prejudiced by the QM Transaction, as the outcome is superior to the liquidation scenario.

[8] The QM Purchaser acts both as the DIP Lender and the principal shareholder of QM. Given this, the QM Transaction is a related party transaction for the purposes of section 36(4) of the CCAA. When considering a related party transaction, the Court must be satisfied that the following additional criteria in section 36(4) of the CCAA have been met: (a) that good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the company; and (b) that the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition. The Court should be satisfied that sufficient safeguards were adopted to ensure that a related party transaction is in the best interests of all stakeholders and that the risks associated with a related party transaction have been mitigated.

[9] I am satisfied that the s. 36(4) factors have been met for the following reasons:

- a. I am satisfied that good faith efforts were made to solicit interest from third parties. The Monitor contacted 107 Interested Parties, including 67 strategic buyers and 40 financial sponsors and other parties; and
- b. I accept the Monitor's report that the proposed Transactions are the best going concern outcome for stakeholders and are superior to the alternative liquidation of the Business as: (a) the Transactions are estimated to provide a similar or higher economic recovery to the Affected Creditor Group as they would otherwise receive in a bankruptcy or liquidation; and (b) the Transactions also provide incremental going concern benefit to the majority of the Company's stakeholders.

[10] The parties seeking approval of a reverse vesting transaction should also be prepared to address the following additional questions: (a) why the reverse vesting order is necessary in this case; (b) whether the reverse vesting transaction structure produces an economic result at least as favourable as any other viable alternative; (c) whether any stakeholder is worse off under the reverse vesting transaction structure than they would have been under any other viable alternative; and (d) whether the consideration being paid for the debtors' business reflects

the importance and value of the licences and permits (or other intangible assets) being preserved under the reverse vesting transaction structure. See *Harte Gold*, at para. 38.

[11] I am satisfied that the reverse vesting structure is necessary and appropriate for the following reasons:

- a. The QM Vendors are party to hundreds of project contracts and subcontracts across approximately 50 active projects. Many of these contracts contain clauses that prohibit or restrict assignment without express consent. I accept that a conventional asset sale requiring individual consents to assignment would be time-consuming, uncertain, and risks interruption to critical contracts, which would fundamentally impair the Business value. Further, the Company relies on active bonding arrangements with its sureties (Intact and Aviva) for numerous ongoing projects. Preserving the existing entity through the RVO ensures that current bonding arrangements remain in full force and effect.
- b. QM operates in a highly regulated environment, providing environmental services, hazardous waste management, and construction services. The continuation of the Business is dependent on retaining its existing array of approximately 15 specialized licences, certifications, and permits. I accept that these certifications are difficult, if not impossible, to transfer to a new entity. The RVO structure is the most appropriate mechanism to allow the QM Purchaser to retain the QM Vendors' existing legal entity structure and preserve its critical regulatory approvals.
- c. The Back-Stop Credit Bid was the sole Bid received that would preserve the Company as a going concern, whereas all other Bids submitted by the Bid Deadline would have resulted in a liquidation. The QM Transaction, utilizing the RVO structure, directly results in the continuation of substantially all of QM's Business operations.
- d. I am satisfied that under the proposed RVO, no stakeholder is worse off than under any viable alternative. The QM Transaction will allow the Company to continue operating as a going concern, preserving at least 200 jobs and enabling completion of the Continuing Projects, which will benefit suppliers, trade creditors, project owners, and sureties more than a liquidation or piecemeal sale of the Business and Property would.
- e. The Monitor reports that a liquidation scenario would likely result in significant set-off claims that would materially impair the Company's ability to collect outstanding receivables, as well as the incurrence of significant additional liabilities.
- f. the QM Transaction will provide meaningful recoveries through several mechanisms:
 - i. all Cure Costs for the Retained Contracts and Retained Leases will be satisfied and paid notwithstanding that no contractual assignments are required;
 - ii. there will be no deficiency claims against ResidualCo as all outstanding DIP Facility and BNS Credit Facility obligations will remain as Retained Liabilities; and
 - iii. the Excluded Assets, including \$1 million in cash and the sale proceeds from the HWT Transaction, are anticipated to generate distributions to creditors through ResidualCo.
- g. The Purchase Price reflects the value obtained after a broad canvassing of potentially interested parties during the SISP. The resulting bid represents the best price achieved, as validated by the lack of any superior Qualified Bids. The Monitor supports approval of the Transactions.

[12] The RVO also seeks to add ResidualCo as an applicant in these proceedings. Upon the transfer of all of the Excluded Assets and Excluded Liabilities to ResidualCo, ResidualCo will have minimal assets and at least \$5 million in debt. Therefore, it will also be a "debtor company" to which the CCAA applies.

Should the Releases in the RVO be approved?

[13] The Court has jurisdiction to grant third-party releases under section 11 of the CCAA. In considering whether to approve releases in favour of third parties, courts will consider the circumstances and the objectives of the CCAA including the factors identified in *Lydian International Limited (Re)*, 2020 ONSC 4006 (CanLII), at para. 54.

[14] I am satisfied that the Releases should be approved for the following reasons:

- a. I accept that the Released Parties have made significant and material contributions to the CCAA Proceedings including the implementation of the SISP and the negotiation of the Subscription Agreement.
- b. The Releases are limited to and directly connected to the CCAA proceedings and the proposed Transactions. The Releases ensure that the Released D&Os and the Released Parties will be able to implement the proposed Transactions with certainty and finality. The Releases are sufficiently narrow in the circumstances, as the Releases both preserve claims (a) arising out of any gross negligence or willful misconduct; and (b) that are not permitted to be released pursuant to section 5.1(2) of the CCAA.
- c. I am satisfied that the Releases are necessary to encourage the directors and officers to continue their service and to provide them with the certainty required to focus their efforts on the successful closing of the Transactions.
- d. The Monitor supports the granting of the Releases as part of the approval of the proposed Transactions.

Should the Court Prevent the Enforcement of Pre-Filing Lien Claims?

[15] As part of the RVO, the Applicants are also seeking relief to prevent any person from preserving or perfecting a Pre-Filing Lien Claim on any Continuing Project Contracts in respect to services or work performed prior to the Filing Date.

[16] Following the commencement of the CCAA Proceedings, the Court granted the Lien Regularization Order on August 7, 2025 ("LRO") which specifically governed claims under Provincial Lien Legislation (as defined in the LRO) related to the Continuing QM Projects. The LRO operated by staying the rights of any person who had a Lien Claim to serve, register, preserve, or perfect that claim against the projects. Instead of pursuing individual project security, the LRO provided a centralized process. Lien Claimants were required to assert their interests by delivering a Lien Notice to the Monitor. This mechanism was intended to support the Company's flow of funds and minimize disruption to the restructuring efforts caused by piecemeal lien registrations.

[17] I am satisfied that this relief is appropriate in the circumstances. The Pre-Filing Lien Claims will be vested out to ResidualCo and can be advanced as a claim against the Lien Charge against the proceeds of the Transactions.

Should the Monitor be granted enhanced powers?

[18] To facilitate and streamline the process of winding down ResidualCo and concluding these CCAA Proceedings, the RVO seeks to grant the Monitor with certain enhanced powers to facilitate the effective and

efficient administration of ResidualCo (including in its capacity as new general partner of TWT LP) following the closing of the Transactions, the completion of the CCAA Proceedings (or any subsequent proceeding) and the wind-down of ResidualCo and TWT LP.

[19] The Monitor reports that it is best positioned to supervise and administer ResidualCo's and TWT LP's wind-down and that the proposed expansion of its powers is appropriate. I accept the recommendation of the Monitor in this respect for the reasons given in its Second Report, at para. 7.2

Should the Court Approve the HWT Transaction and the APA?

[20] The Company relies on the same application of the facts above with respect to the QM Transaction as support for the section 36(3) and *Soundair* factors being met in the context of the HWT Transaction.

[21] In addition, the HWT Transaction will also result in (a) payment in cash, which form proceeds of sale that can be distributed to creditors in order of priority; (b) payment by the HWT Purchaser of the Cure Costs, if any; and (c) continuation of the operations of the Hamilton Waste Transfer Station for the benefit of customers, suppliers and employees.

[22] The HWT Transaction provides for the assumption by the HWT Purchaser of the rights and obligations of the HWT Vendor with respect to Equipment Leases and Real Property Leases (the "Assumed Contracts"), which include certain Equipment Leases and the Real Property Lease for the Hamilton Waste Transfer Station. The proposed AVO seeks to assign all of the rights and obligations of the HWT Vendor under the Assumed Contracts to the HWT Purchaser. This Court has jurisdiction to make an order assigning the rights and obligations of a debtor company under an agreement to a third party who agrees to such assignment under section 11.3 of the CCAA. I am satisfied that the requirements in section 11.3 are met, as (a) no exception applies; (b) the Monitor supports approval of the AVO and (c) the APA contemplates that the HWT Purchaser will pay the Cure Costs, if any.

[23] I am satisfied that the requested order in respect of the HWT Transaction should be made.

Should the requested stay extension be granted?

[24] The proposed Ancillary Relief Order seeks to extend the Stay Period until and including January 30, 2026.

[25] Pursuant to section 11.02 of the CCAA, the Court may grant an extension of a stay of proceedings "for any period that the court considers necessary" where it is satisfied that: (a) circumstances exist that make the order appropriate; and (b) the debtor has acted, and continues to act, in good faith and with due diligence.

[26] I am satisfied that since the Stay was last extended, the Company has acted in good faith and with due diligence to stabilize the Business, prepare and assist the Monitor with the implementation of the SISP, and negotiate and consummate the Transactions.

[27] The updated cash flow forecast appended to the Monitor's Second Report reflects that the Company has sufficient liquidity to fund its operations and the costs of the CCAA Proceedings during the Stay Period. the Monitor and the Company are not aware of any stakeholders that would be prejudiced by the proposed extension of the Stay Period and the Monitor supports the proposed extension of the Stay Period.

Should the Court seal the Confidential Sale Agreement?

[28] The proposed Ancillary Relief Order also contemplates sealing the Confidential Materials until the earlier of the Closing of the Transactions or further Order of the Court. The Confidential Materials include: (a) the Confidential Exhibit to the Gregoire Affidavit, which is an unredacted version of the APA; and (b) the

Confidential Appendix to the Second Report, which includes the Monitor's summary of the Bids and its liquidation analysis.

[29] I am satisfied that the requirements in *Sherman Estate v Donovan*, 2021 SCC 25 at para 38; and *Sierra Club of Canada v. Canada (Minister of Finance)*, 2002 SCC 41 at para 53 are satisfied.

Disposition

[30] These are my reason for making the Orders released on October 24, 2025.

Released: November 4, 2025
