Court File No. CV-25-00748510-00CL

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 1001387025 ONTARIO INC.

FACTUM OF THE MONITOR
(Phantom Disposal Lift-Stay Motion)
(Returnable July 28, 2026)

July 24, 2026

Goodmans LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Chris Armstrong LSO# 55148B
carmstrong@goodmans.ca

Erik Axell LSO# 85345O
eaxell@goodmans.ca

Tel: 416.979.2211
Fax: 416.979.1234

Lawyers for the Monitor

TABLE OF CONTENTS

ADDENDA

PART I. OVERVIEW[1]

1. This factum is filed by Alvarez & Marsal Canada Inc. ("**A&M**"), in its capacity as monitor (the "**Monitor**") of 1001387025 Ontario Inc. ("**ResidualCo**"), in response to the motion (the "**Lift-Stay Motion**") of 2386843 Ontario Inc. o/a Phantom Disposal ("**Phantom**") to lift the CCAA Stay to pursue an action it commenced on November 20, 2025, against ResidualCo, Eastern Construction Company Limited ("**Eastern**") and New QM in respect of materials and services supplied by Phantom to the QM Group prior to the filing date at a project that was disclaimed during the CCAA Proceedings, known as Project 218031 (the "**Phantom Lien Action**").

2. The Monitor takes no issue with the CCAA Stay being lifted to permit the Phantom Lien Action to proceed in relation to Phantom's lien claim in respect of Project 218031.

3. The sole issue in dispute on the motion is the terms on which the CCAA Stay should be lifted to ensure that the Phantom Lien Action: (i) is not used to pursue claims, rights or remedies that are inconsistent with prior orders of this Court made in the CCAA Proceedings, in particular the Approval and Reverse Vesting Order dated October 24, 2025 (the "**ARVO**"); and (ii) does not result in ResidualCo or the Monitor being required to expend estate funds participating in litigation in which ResidualCo and its creditors have no economic interest.

4. Should this Court be inclined to grant the Lift-Stay Motion, the Monitor respectfully submits that it should be granted on the terms set out in the Monitor's proposed form of lift-stay order (the "**Monitor's Proposed Order**"), a copy of which is attached as Schedule C to this

[1] Capitalized terms used and not otherwise defined have the meaning ascribed to them in the Lien Regularization Order of this Court dated July 29, 2025 (the "**LRO**"), the Approval and Reverse Vesting Order of this Court dated October 24, 2025 (the "**ARVO**"), the Fifth Report of the Monitor dated May 13, 2026 (the "**Fifth Report**"), or the Subscription Agreement dated October 3, 2025 between QM GP Inc., Highpoint Environmental Services Inc. and QM LP, QMF LP and Quantum Holdings LP, each by its general partner QM GP Inc, as vendors, and WeShall Investments Inc., as purchaser (the "**Subscription Agreement**").

factum. The Monitor's Proposed Order addresses the Monitor's concerns described above by establishing guardrails that appropriately balance the interests of Phantom in pursuing the Phantom Lien Action, with the interests of ResidualCo and its stakeholders in ensuring prior orders of this Court are respected and the progress of the Phantom Lien Action does not impact on the progress of these proceedings or require the Monitor to expend limited estate resources facilitating ResidualCo's participation in litigation in which it has no economic interest.

PART II. FACTS

A. Background

5. On July 29, 2025, QM GP Inc. and Highpoint Environmental Services Inc. (the "**Initial Applicants**") obtained the Initial Order under the CCAA. The Initial Order, among other things, appointed the Monitor, granted the CCAA Stay, and extended the CCAA Stay and other protections to QM LP, QMF LP, TWT LP and Quantum Holdings LP (collectively with the Initial Applicants, the "**QM Group**").[2]

6. On July 29, 2025, the Court also approved the LRO, which established a streamlined Court-supervised process, administered by the Monitor, to replace the various technical requirements for preserving and perfecting liens under Provincial Lien Legislation. The LRO applies only to those construction projects of the QM Group designated as Continuing QM Projects.[3]

7. On October 24, 2025, the Court granted the ARVO, which, among other things, approved a going-concern reverse vesting transaction in respect of most of the QM Group's business, including all of the Continuing QM Projects which were designated as Retained Assets (the "**QM Transaction**"). Upon closing, the QM Vendors ceased being Applicants and ResidualCo became

[2] Fifth Report at paras. 1.1 - 1.2 [E868].

[3] Fifth Report at para. 1.3 [E868].

the sole remaining Applicant in the CCAA Proceedings. All Excluded Assets and Excluded Liabilities were transferred to ResidualCo pursuant to the ARVO.[4]

8. Of particular relevance to this motion, the ARVO provides, at paragraph 6, that:

> […] all of the Excluded Assets and the Excluded Liabilities shall become assets and obligations of ResidualCo and shall no longer be assets and obligations of the Vendors **and all of the Retained Assets […] shall be and are hereby forever released and discharged from such Excluded Assets and the Excluded Liabilities and all related Claims and all Encumbrances affecting or relating to the Retained Assets […] are to be expunged and discharged as against the Retained Assets** […][5]

> […] **the Retained Assets will be retained by the applicable Vendors, in each case free and clear of and from any and all Claims and, for greater certainty, all of the Encumbrances, other than Permitted Encumbrances, affecting or relating to the Retained Assets be and are hereby expunged and discharged as against the Retained Assets** and the Retained Liabilities will be retained by the applicable Vendors; [emphasis added][6]

9. "Excluded Liabilities" (as the term is used in the ARVO and defined in the Subscription Agreement) is broadly defined, in part, as "…all Claims and all debts, obligations and Liabilities of the Vendors or any predecessors thereof, of any kind or nature […]" save for specifically designated "Retained Liabilities" that were not vested out pursuant to the ARVO.[7] Other defined terms referenced in the provisions of the ARVO and the Subscription Agreement (e.g. "Claims", which specifically includes liens, and "Liabilities") have similarly broad meanings. [8]

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[4] Fifth Report at paras. 1.5 and 1.7 [E869 - E870]; ARVO at para. 6, Appendix B to the Fifth Report [E905 – E906].

[5] ARVO at para. 6(c), Appendix B to the Fifth Report [E905 – E906].

[6] ARVO at para. 6(e), Appendix B to the Fifth Report [E905 – E906].

[7] Phantom Disposal's Supplementary Motion Record ("**SMR**"), Affidavit of Ian Grégoire sworn October 17, 2025, Subscription Agreement appended thereto, ss 2.5. [A5193] [**SMR** p. 263]

[8] Affidavit of Ian Grégoire sworn October 17, 2025, Subscription Agreement appended thereto, ss 1.1 (u) (definition of Claims) and (bbb) (definition of Liabilities) [A5181 & A5184] [**SMR** p. 251 & 254.]

10. The QM Transaction closed on November 4, 2025.By operation of the ARVO, the QM Group (including the Retained Assets) emerged from the CCAA Proceedings free and clear of Excluded Liabilities, Claims and Encumbrances and ResidualCo became the sole remaining Applicant.[9] For ease of reference, the QM Group post-emergence from the CCAA Proceedings pursuant to the terms of the ARVO is referred to as "**New QM**".

11. ResidualCo is a shell company established in connection with the QM Transaction to assume the Excluded Liabilities and has no employees and no knowledge of the QM Group's activities in respect of Project 218031 (the project at issue in the Phantom Lien Action) or any issues that may be in dispute in the Phantom Lien Action. Similarly, the Monitor has only limited information available to it in respect of Project 218031, none of which has any apparent relevance to the issues that may be in dispute on the Phantom Lien Action. ResidualCo has no remaining economic interest in Project 218031.[10]

12. ResidualCo had approximately $4 million of remaining cash as at April 22, 2026. The Monitor is in the process of completing the LRO Claims Process and intends to return to Court to propose an allocation and distribution methodology to distribute funds to creditors.[11]

B. Project 217708 and Project 218031

13. The remediation and construction activities carried out by the QM Group at 131 Farnham Avenue, Toronto, Ontario prior to the commencement of the CCAA Proceedings involved two separate projects: Project 217708 (or the demolition subcontract, as Phantom refers to it) and

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[9] Fifth Report at para. 1.6 – 1.7 [E870].

[10] Fifth Report at para. 6.5 [E875 – E876].

[11] Fourth Report of the Monitor dated April 22, 2026 at paras. 5.1, 5.5 & 4.11 [A5403, A5404 & A5401] [SMR p. 473 & 471].

Project 218031 (or the excavation subcontract, as Phantom refers to it).[12] The issues in dispute have arisen as a result of the different treatment of these two projects in the CCAA Proceedings, one of which was disclaimed by the QM Group and one of which was retained by New QM on a "free and clear" basis pursuant to the terms of the ARVO.

14. Project 217708 was designated as a Continuing QM Project under the LRO and was a Retained Asset under the Subscription Agreement that was retained by New QM free and clear of Excluded Liabilities, Claims and Encumbrances pursuant to the ARVO, together with all related Accounts Receivables, including holdbacks.[13] For ease of reference, Project 217708 is sometimes referred to herein as the "**Retained Project**".

15. Phantom submitted a Lien Notice to the Monitor on August 29, 2025 for $52,130.46 in respect of the Retained Project, which claim is subject to the LRO Claims Process.[14]

16. In contrast, Project 218031 was estimated not to be profitable on a go-forward basis, and the QM Group, with the approval of the Monitor, disclaimed all subcontracts relating to Project 218031 on or around July 31, 2025. Neither Phantom nor Eastern objected to the disclaimer of their subcontracts pertaining to Project 218031, which disclaimers became effective on August 30, 2025.[15] For ease of reference, Project 217708 is sometimes referred to herein as the "**Disclaimed Project**".

17. As Project 218031 is a not a Continuing QM Project, lien claims in relation to it are not subject to the LRO Claims Process. Further, claims against the QM Group in relation to the

[12] Fifth Report at para. 4.1 [E872].

[13] Fifth Report at para 4.2 [E872]; Affidavit of Ian Grégoire sworn October 17, 2025, Subscription Agreement appended thereto, ss 2.3 and 1.1 (a) (definition of Accounts Receivable) [A5192 & A5178] [**SMR** p. 262 & 248]

[14] Fifth Report at para. 4.2 [E872].

[15] Fifth report at para. 4.3 [E872 – E873] .

Disclaimed Project are Excluded Liabilities that were vested out against New QM and the Retained Assets pursuant to the ARVO.[16]

18. On November 20, 2025, Phantom commenced the Phantom Lien Action against ResidualCo, Eastern and New QM. Despite having been on the service list since early on in these proceedings and having asserted numerous lien claims in the LRO Claims Process, Phantom did not seek the consent of the Monitor or leave of this Court prior to commencing the Phantom Lien Action against ResidualCo. Phantom has since discontinued the Phantom Lien Action against New QM. The Phantom Lien Action seeks to recover approximately $280,000 owing to Phantom in respect of the Disclaimed Project.[17]

C. Monitor's Proposed Form of Lift-Stay Order

19. To try to resolve the Lift-Stay Motion consensually, the Monitor provided comments on Phantom's proposed lift-stay order to the other parties in interest (Phantom, New QM and Eastern), setting out terms which addressed the Monitor's concerns regarding ResidualCo's participation, the scope of permissible claims to be pursued in the Phantom Lien Action, and consistency with the LRO and the ARVO.[18]

20. Phantom takes issue with paragraph 6 of the Monitor's Proposed Order, which provides that:

> **THIS COURT ORDERS** that (i) Phantom shall not pursue any claim, right, remedy or other relief in the Lien Action in respect of a Continuing QM Project or a Continuing Project, (ii) nothing in this Order shall be so construed as to amend, vary or otherwise modify the relief granted pursuant to the LRO and the ARVO, and (iii) to the extent any of New QM, Eastern

[16] ARVO at para. 6(c), Appendix B to the Fifth Report [E905 – E906]; Affidavit of Ian Grégoire sworn October 17, 2025, Subscription Agreement appended thereto, ss 2.5 (definition of Excluded Liabilities) [A5193] [**SMR** p. 263].

[17] Fifth Report at paras. 3.1 – 3.2 [E871 – E872].

[18] Fifth Report at para. 5.3 [E874].

> or the Monitor takes the position that any claim, right, remedy or other relief sought by Phantom in the Lien Action is a violation of the LRO and/or the ARVO, this Court shall retain the jurisdiction to address and determine any such dispute on a motion brought on not less than seven (7) days' prior notice to each of the foregoing parties and Phantom.

21. Eastern may take issue with paragraph 4 of the Monitor's Proposed Order, which provides that:

> **THIS COURT ORDERS** that ResidualCo shall not be required to deliver a statement of defence, attend examinations for discovery, produce documents, participate in documentary or oral discoveries, attend at trial, respond to undertakings, or otherwise take any further steps or actively participate in the Phantom Lien Action, and the CCAA Stay shall remain in full force and effect as relates to all of the foregoing as relates to ResidualCo. For the avoidance of any doubt, the Monitor shall also not be required to do any of the foregoing and the Stay remains in full force and effect in favour of the Monitor.

PART III. ISSUES AND THE LAW

22. The issues to be considered on this motion, and the Monitor's positions on them, are:

(a) whether the Stay should be lifted to permit Phantom to pursue the Phantom Lien Action in respect of Project 218031. **The Monitor takes no issue with the Stay being lifted, subject to the terms of the Monitor's Proposed Order**; and

(b) if the Stay is lifted, what terms ought to be imposed to appropriately balance the interest of the parties. **The Monitor's Proposed Order establishes appropriate guardrails that will ensure the Phantom Lien Action does not negatively impact the progress of these proceedings, including the distribution of remaining available funds to creditors, and that the prior Orders of this Court are respected**.

A. The Legal Test for Lifting the Stay

23. Section 11.02 of the CCAA grants the Court broad discretion to impose a stay of proceedings and to determine whether such stay should be lifted. The onus is on the party seeking to lift the stay to demonstrate that such relief is warranted, and this Court has held that the party seeking to do so faces a very heavy onus.[19]

24. In determining whether to lift the CCAA Stay, the Court should consider whether there are sound reasons for doing so consistent with the objectives of the CCAA, including a consideration of the balance of convenience, the relative prejudice to parties and, where relevant, the merits of the proposed action.[20] In the exercise of its discretion to lift the stay, the Court also retains the authority to impose terms on the lifting of the stay, as the Monitor requests here.[21]

B. The Terms Proposed by the Monitor Appropriately Balance the Interests of Stakeholders

25. As noted, the Monitor takes no issue in principle with Phantom pursuing the Phantom Lien Action in relation to the Disclaimed Project. However, the Monitor submits that any lift-stay relief must include terms which ensure that (i) the prior orders of this Court, and in particular the ARVO, are respected in the conduct of the Phantom Lien Action; and (ii) ResidualCo – and by extension its creditors and other stakeholders – will not be negatively impacted by the progress of the Phantom Lien Action.

(i) Paragraph 6 - Prior Orders of the Court must be Respected

26. Although the Phantom Lien Action only seeks to recover amounts owing in respect of the Disclaimed Project, it is apparent from Phantom's factum that, in pursuing its claim, it intends to

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[19] *Canwest Global Communications Corp. (Re)*, 2009 CanLII 70508 (Ont SCJ) at para. 32. [*Canwest*].

[20] *Canwest* at para. 32

[21] *Nortel Networks Corp., Re* , 2017 CarswellOnt 7971 at para. 3

seek recourse against the holdback amounts in respect of the Retained Project. Any such attempt would be a plain violation of, and collateral attack upon, the ARVO which was granted on notice to Phantom more than six months ago.[22]

27. Phantom attempts to justify its position (and opposition to paragraph 6 of the Monitor's Proposed Order) by reference to a portion of paragraph 20 of the ARVO, which addresses how holdback amounts are to be treated in respect of Continuing Projects (including the Retained Project) post-closing as relates to Pre-Filing Lien Claims. Paragraph 20 provides that, following the closing, holdback amounts on Continuing Projects will no longer be paid to the Monitor in accordance with the LRO, but will instead be paid "…in accordance with the relevant Provincial Lien Legislation, *except that any Pre-Filing Lien Claim shall not be considered as preserved, perfected, or otherwise valid liens for the purpose of Provincial Lien Legislation*." [emphasis added][23] As is evident from its plain language, the purpose of paragraph 20 (as germane to the present dispute) is that Pre-Filing Lien Claims (*i.e.* Lien Claims on Continuing Projects that are subject to and will be resolved within the LRO Claims Process) will no longer be a relevant consideration to the release of Holdback under Provincial Lien Legislation in the post-closing period, in turn permitting payors to release holdback funds in accordance with Provincial Lien Legislation notwithstanding the existence of Pre-Filing Lien Claims.

28. Phantom attempts to contort the drafting of paragraph 20 to transform a provision intended to benefit New QM into a provision that, it argues, has preserved its (alleged) lien claim on the Disclaimed Project a*gainst the Holdback on the Retained Project*. Although not stated explicitly,

[22] Participant Information Form, October 24, 2025 [A3054].

[23] ARVO at para. 20, Appendix B to the Fifth Report [E912].

its argument appears to be based on the defined term "Pre-Filing Lien Claims"[24] only capturing Lien Claims in respect of Continuing Projects (*i.e.* Lien Claims[25] subject to the LRO), which, as defined, does not include Phantom's lien claim in respect of the Disclaimed Project. The reason for this is obvious: paragraph 20 was intended to address how the holdback regime would operate on Continuing Projects on a go-forward basis having regard to the intervening LRO Claims Process and the different treatment of Pre-Filing Lien Claims on Continuing Projects (which are subject to the LRO Claims Process) and any lien claims on the Continuing Projects which may arise post-closing (which are not subject to the LRO Claims Process). It was not intended to be (and, on a plain reading of the ARVO, is not) a comprehensive recitation of rights in relation to holdbacks on Continuing Projects on a go forward basis.

29. To the contrary, paragraph 6 of the ARVO contains the core reverse vesting relief which operates to release and discharge New QM and the Retained Assets, including the Retained Project, from Excluded Liabilities, Claims and Encumbrances. Nowhere in its argument does Phantom attempt to address how its lien claim on the Disclaimed Project (clearly an "Excluded Liability" and "Claim" within the meaning of the ARVO) could continue to attach to the Holdback on the Retained Project in the face of the expansive "free and clear" reverse vesting relief in paragraph 6 of the ARVO. In the face of this relief, there is no credible basis upon which Phantom can attempt to assert its lien claim on the Disclaimed Project against the Holdback on the Retained Project. Even if paragraph 20 could be read in this manner (which is denied), it cannot be read in

[24] ARVO at para. 19, Appendix B to the Fifth Report [E912].
[25] LRO at para. 2 (j), Appendix A to the Fifth Report [E882].

isolation from the ARVO's reverse vesting provisions which plainly preclude the claim Phantom intends to pursue and are the basis upon which the QM Transaction was completed.[26]

30. As Stinson J. observed in *Extreme Retail*, an approval and vesting order is "a final judicial determination of the rights of the parties represented in that proceeding in respect of the assets that were the subject of the sale."[27] The Court cautioned that the CCAA's objective of providing a mechanism for the efficient restructuring of corporations in financial difficulty would be seriously undermined if parties who failed to assert or protect their rights at the time of the restructuring were permitted to return to court later to undo past transactions. That approach, the Court held, should be discouraged.[28] The same reasoning was adopted by Morawetz J. in *Royal Bank v. Body Blue Inc.*The Court held that the approval and vesting order determined the rights of the parties represented in the proceeding in respect of the assets sold. Although, the affected counterparty had not been given notice and was not represented at the approval and vesting hearing, that did not change the result. Once aware of the order, the counterparty took no steps to set aside, vary or appeal it and was therefore bound by its terms.[29]

31. The Retained Project and all associated rights, including Accounts Receivable and entitlements to holdback amounts, were retained by New QM on a free and clear basis under the ARVO. The ARVO finally determined the rights to that holdback as against Phantom, in particular that any claim it may have to the holdback in respect of its work on the Disclaimed Project was an Excluded Liability that was discharged and vested out. Having chosen not to oppose or appeal the

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[26] *Winalta Inc., Re*, 2011 ABQB 399 at para. 96.

[27] *Extreme Retail (Canada) Inc. v. Bank of Montréa*l, [2007] O.J. No. 3304 (Ont. S.J.) [Commercial List] at para. 21 [*Extreme Retail*].

[28] *Extreme Retail* at para. 21.

[29] *Royal Bank v. Body Blue Inc.*, [2008] O.J. No. 1628 (S.C.J.) at paras. 19 and 20.

ARVO, Phantom cannot now attempt to pursue a lien claim against the holdback on the Retained Project through the Phantom Lien Action in respect of the Disclaimed Project. Subparagraph (i) of paragraph 6 of the Monitor's Proposed Order simply makes that clear, and should preclude a potential future dispute about the scope of the relief granted pursuant to the ARVO in the context of the Phantom Lien Action.

(i) Paragraph 4 - ResidualCo Should Not Be Required to Participate in the Phantom Lien Action

32. Eastern may object to paragraph 4 of the Monitor's Proposed Order on the basis it would be unfair for Eastern to have to defend the Phantom Lien Action without the participation of the Monitor, ResidualCo or New QM.[30]

33. ResidualCo is a shell company with no employees and no knowledge of the QM Group's activities in respect of the Disclaimed Project or any issues that may be in dispute in the Phantom Lien Action. It has no economic interest in the Phantom Lien Action and any claim against it relating to the Disclaimed Project would be an unsecured claim that is not expected to have any recovery.[31]

34. The Monitor similarly has only limited information available to it in respect of the Disclaimed Project, comprised of the financial information it reviewed to assist the QM Group in performing its project profitability analysis.[32] Although the relevance of this information to the Phantom Lien Action is unclear, the Monitor has offered to provide it to Eastern provided New

[30] Fifth Report at para. 6.5 [E875].

[31] Fifth Report at para. 6.5 [E875].

[32] Fifth Report at para. 6.5 [E875].

QM consents to same (based on the confidentiality obligations ResidualCo owes New QM under the Subscription Agreement).[33]

35. In the circumstances, there is no basis upon which it would be appropriate for ResidualCo (or the Monitor) to participate in the Phantom Lien Action on a go-forward basis (whether in respect of discovery matters or otherwise), and any requirement to do so would come at a cost to the estate and be borne by creditors who are already expected to suffer a significant shortfall on their claims. Even if ResidualCo were required to participate in the discovery process, it does not have any ability to ameliorate the potential prejudice Eastern has raised, as it has no knowledgeable personnel or relevant records. In the circumstances, Eastern should pursue discovery from Phantom in the normal course. To the extent it believes further information is required to defend the Phantom Lien Action, it can avail itself of the usual third-party discovery rights under the *Rules* as it considers fit.

36. The Monitor's Proposed Order accordingly provides that ResidualCo shall not be required to deliver a statement of defence, attend examinations for discovery, produce documents, participate in documentary or oral discoveries, attend at trial, respond to undertakings, or otherwise take any further steps or actively participate in the Phantom Lien Action, and no procedural or substantive consequences shall flow from ResidualCo's failure to do so. Further and in any event, the CCAA Stay remains in place, and the Monitor intends to rely on same in respect of any discovery demands ResidualCo (or the Monitor) may receive from time to time.

[33] Fifth Report at para. 6.5 [E875].

PART IV. CONCLUSION

37. For the reasons set out herein and in the Fifth Report, the Monitor respectfully submits that if this Court is inclined to grant the Lift-Stay Motion, it should grant it on the terms of the Monitor's Proposed Order, which strikes a balanced approach that accommodates Phantom's desire to advance its lien claim in respect of the Disclaimed Project, while safeguarding the integrity of these CCAA proceedings, upholding prior orders of this Court, and protecting the interests of ResidualCo and its stakeholders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 24th day of July, 2026.

Erik Axell

GOODMANS LLP

Chris Armstrong LSO# 55148B
carmstrong@goodmans.ca

Erik Axell LSO# 85345O
eaxell@goodmans.ca

Lawyers for the Monitor

SCHEDULE A
LIST OF AUTHORITIES

1. *Canwest Global Communications Corp. (Re)*, 2009 CanLII 70508 (Ont SCJ).

2. *Nortel Networks Corp., Re* , 2017 CarswellOnt 7971.

3. *Winalta Inc., Re*, 2011 ABQB 399.

4. *Extreme Retail (Canada) Inc. v. Bank of Montréal*, [2007] O.J. No. 3304 (Ont. S.J.) [Commercial List].

5. *Royal Bank v. Body Blue Inc.*, [2008] O.J. No. 1628 (S.C.J.)

I certify that I am satisfied as to the authenticity of every authority.

Date: July 24, 2026

Erik Axell

Signature

SCHEDULE B
STATUTORY REFERENCES

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

General power of court

11 Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Stays, etc. — other than initial application

11.02 (2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

11.02 (3) The court shall not make the order unless

> **(a)** the applicant satisfies the court that circumstances exist that make the order appropriate; and
>
> **(b)** in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

SCHEDULE C
MONITOR'S PROPOSED ORDER

Court File No. CV-25-00748510-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	TUESDAY, THE 28TH
	)	
JUSTICE MYERS	)	DAY OF JULY, 2026

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 1001387025 ONTARIO INC.

Applicant

[CONSENT] ORDER (LIFTING STAY)

THIS MOTION made by 2386843 Ontario Inc. o/a Phantom Disposal ("**Phantom**") for an Order lifting the stay of proceedings (the "**Stay**") contained in the Amended and Restated Initial Order of this Court dated August 7, 2025 (the "**Initial Order**"), as the Stay has been or may be subsequently extended by further Orders of this Court from time to time, for the limited purpose of permitting the continuation of Phantom's Lien Action (as defined below) relating to the disclaimed construction project of QM LP (Job# 218031) at Del La Salle College – Oaklands, Student Wellness Centre (the "**Project**"), at the property municipally known as 131 Farnham Avenue, Toronto, Ontario, being PIN 21192-0379 (LT) (the "**Property**") on the terms contemplated by this Order, was heard this day.

ON READING the Amended Notice of Motion and the Amended Motion Record of Phantom dated April 12, 2026, filed, the Supplementary Motion Record of Phantom dated July 20, 2026, the Responding Motion Record of Eastern Construction Company Limited ("**Eastern**") dated May 8, 2026, the Fifth Report of Alvarez & Marsal Canada Inc. in its capacity as Monitor in the within proceedings (the "**Monitor**") dated May 13, 2026, and on hearing the submissions of counsel for Phantom, counsel for the Monitor, counsel for Eastern, counsel for QM LP by its general partner QM GP Inc. ("**New QM**") and counsel for those other parties listed on the counsel slip, no one else appearing although duly served;

[AND UPON BEING ADVISED that Phantom, the Monitor, New QM and Eastern consent to this Order;]

AND WHEREAS Phantom registered a claim for lien in respect of the Project against title to the Property as Instrument No. AT6887642 on August 22, 2025 in the principal amount of $279,041.02;

AND WHEREAS the lien was vacated by Order of Associate Justice Robinson dated October 6, 2025 in Court File No. CV-25-00753430-0000 upon Eastern posting security in the total amount of $348,801.28, comprised of the lien principal of $279,041.02 and security for costs in the amount of $69,760.26, which security was registered as Application to Delete Lien Instrument No. AT6921854 on October 14, 2025;

AND WHEREAS Phantom perfected its claim for lien by commencing an action under the *Construction Act*, Court File No. CV-25-00755681-0000 (the "**Lien Action**"), against Eastern, New QM and 1001387025 Ontario Inc. ("**ResidualCo**") on November 20, 2025;

AND WHEREAS Phantom has discontinued the Lien Action against New QM;

AND WHEREAS the Project is not a Continuing QM Project (as such term is defined in the Lien Regularization Order of this Court dated July 29, 2025 (the "**LRO**")) or a Continuing Project (as such term is used in the Approval and Reverse Vesting Order of the Court dated October 24, 2025 (the "**ARVO**") and defined in the Subscription Agreement (as defined in the ARVO), as amended);

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record is hereby abridged and validated so that this Motion is properly returnable today and further service thereof is dispensed with.

2. **THIS COURT ORDERS** that the Stay is lifted solely to permit Phantom to prosecute the Lien Action solely as relates to the Project (and not, for the avoidance of doubt, any Continuing QM Project or Continuing Project) for the purpose of determining the validity and quantum of its construction lien claim in respect of the Project, including bringing a motion for judgment of reference, fixing the action for trial, setting the action down for trial, and/or taking such procedural steps as are necessary under the *Construction Act*, provided that any judgment obtained shall be only in respect of Phantom's claim for lien in the Lien Action and the lien security posted pursuant to the Order of Associate Justice Robinson dated October 6, 2025 in Court File No. CV-25-00753430-0000, and not for any other purpose.

3. **THIS COURT ORDERS** that, to the extent Phantom has taken steps to preserve or perfect its lien in respect of the Project following the commencement of the CCAA proceedings that may have contravened the Stay, the Stay is hereby lifted *nunc pro tunc* for such limited purposes.

4. **THIS COURT ORDERS** that ResidualCo shall not be required to deliver a Statement of Defence, attend examinations for discovery, produce documents, participate in documentary or oral discoveries, attend at trial, respond to undertakings, or otherwise take any step in or participate in an way as a party to the Lien Action, and no procedural or substantive consequences shall flow from ResidualCo's failure to do so and the Stay shall remain in full force and effect as relates to all of the foregoing as relates to ResidualCo. For the avoidance of any doubt, the Monitor shall also not be required to do any of the foregoing and the Stay remains in full force and effect in favour of the Monitor.

5. **THIS COURT ORDERS** that nothing in this Order authorizes any personal judgment against ResidualCo in the Lien Action, that no order for costs shall be made against ResidualCo in the Lien Action, and that any judgment obtained in the Lien Action shall be enforceable only against the Lien Security and not by way of execution or otherwise against ResidualCo or its property or assets. For the avoidance of doubt, the establishment of any claim against ResidualCo or its property or assets shall remain subject to the exclusive jurisdiction of this Court and nothing in the Lien Action shall give rise to a provable claim against ResidualCo in these *Companies' Creditors Arrangement Act* proceedings or in any subsequent bankruptcy of ResidualCo.

6. **THIS COURT ORDERS** that: (i) Phantom shall not pursue any claim, right, remedy or other relief in the Lien Action in respect of a Continuing QM Project or a Continuing Project, (ii) nothing in this Order shall be so construed as to amend, vary or otherwise modify the relief granted pursuant to the LRO and the ARVO, and (iii) to the extent any of New QM, Eastern or the Monitor takes the position that any claim, right, remedy or other relief sought by Phantom in the Lien Action is a violation of the LRO and/or the

ARVO, this Court shall retain the jurisdiction to address and determine any such dispute on a motion brought on not less than seven (7) days' prior notice to each of the foregoing parties and Phantom.

7. **THIS COURT ORDERS** that, except as expressly provided herein, the Stay otherwise remains in full force and effect in accordance with its terms.

8. **THIS COURT ORDERS** that there shall be no costs on this Motion.

Court File No. CV-25-00748510-00CL

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
1001387025 ONTARIO INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at TORONTO

[CONSENT] ORDER (Lifting Stay)

RAR LITIGATION LAWYERS

Professional Corporation
1 West Pearce Street, Suite 505
Richmond Hill, ON L4B 3K3

Rocco A. Ruso LSO #50875I
rocco@rarlitigation.com

Jérémie Lachance LSO #80042B
jlachance@rarlitigation.com

Tel: 905-731-8100

Lawyers for 2386843 Ontario Inc. o/a Phantom Disposal

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

Court File No. CV-25-00748510-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1001387025 ONTARIO INC.

Applicant

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

FACTUM OF THE MONITOR
(Lift Stay Motion)
Returnable July 28, 2026

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Christopher Armstrong LSO# 55148B
carmstrong@goodmans.ca

Erik Axell LSO# 85345O
eaxell@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Monitor