



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-23-00703933-00CL

DATE: 27 October 2023

NO. ON LIST: 6

TITLE OF PROCEEDING: In the Matter of a Plan of Compromise or Arrangement of Quality Rugs of Canada Limited and the Other Companies

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Christopher Besant	Counsel for Quality Rugs of Canada Ltd.	cbesant@grllp.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Steven L. Graff	Counsel for Waygar Capital Inc., as agent for Ninepoint Canadian Senior Debt Master Fund L.P.	sgraff@airberlis.com
Matilda Lici		mlici@airdberlis.com

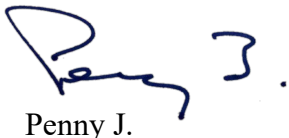
For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Joseph Latham	Counsel for the Monitor (RSM Canada Limited)	jlatham@goodmans.ca
Erik Axell		eaxell@goodmans.ca
Bryan Tannenbaum	Representative of the Monitor (RSM Canada Limited)	Bryan.tannenbaum@rsmcanada.com
Arif Dhanani		Arif.dhanani@rsmcanada.com
Akhil Vohra	Counsel for Ames Tile and Stone Ltd.	avohra@ogilvielaw.com
Michael Farace	Counsel for GG Eight Cumberland	Michael.farace@devrylaw.ca
Daniel Wright	Counsel for United Brotherhood of Carpenters and Joiners of America	dwright@rousseau Mazzuca.com

Natasha MacParland	Counsel for Ironbridge Equity Partners Management Ltd.	nmacparland@dwpv.com
Natalie Renner		nrenner@dwpv.com
Haddon Murray	Counsel for Torlys Inc.	Haddon.murray@gowlingwlg.com
Bruce Darlington	Counsel for Macro-Universe Enterprises Ltd.	Bruce.darlington@dlapiper.com
Gerard Borean	Counsel for Ciot Creditor	gborean@parenteborean.com

ENDORSEMENT OF JUSTICE PENNY:

- [1] This case conference was requested by Waygar, which is owed over \$50 million by the debtor. The entire service list is not provided notice of the conference.
- [2] Since this proceeding began, it is been plagued by the parties' inability to reach accommodation on significant issues including the terms and conditions of an asset purchase agreement between the debtor and Ironbridge (the proposed purchaser), priority and other issues between Waygar and the Ironbridge, and the terms of a lien regularization order, the purpose of which was to preserve lien claimants rights under an alternative process conducted within the four corners of the CCA proceeding.
- [3] The stay expires on October 31, 2023. The \$5 million of DIP financing has been fully drawn down. The preconditions to the advance of an additional \$2 million have not been met. The debtor is effectively back in the position it was in August 2023, only now is even deeper in debt. The protracted nature of the process has also led to other problems, including non-payment by customers, which have aggravated the cash flow problem even further. I was advised, however, that senior representatives of Waygar and Ironbridge were meeting next Monday afternoon in a final effort to see if there was any path forward for a going concern transaction.
- [4] The debtor may bring a motion to extend the stay, returnable before me on Tuesday October 31, 2023 at 10:00 AM. It must be supported by evidence which warrants such extension.
- [5] Perhaps this crisis will galvanize the parties to action. If not, other realization measures will have to be considered and pursued.



Penny J.